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32

Parts 191 to 399

Revised as of July 1, 2007

National Defense

Containing a codification of documents of general applicability and future effect

As of July 1, 2007

With Ancillaries

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Cite this Code: CFR

To cite the regulations in this volume use title, part and section number. Thus, 32 CFR 191.1 *refers to title 32, part 191, section 1.*

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Title 17 through Title 27.....as of April 1
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RAYMOND A. MOSLEY,
Director,
Office of the Federal Register.

July 1, 2007.

THIS TITLE

Title 32—NATIONAL DEFENSE is composed of six volumes. The parts in these volumes are arranged in the following order: parts 1–190, parts 191–399, parts 400–629, parts 630–699, parts 700–799, and part 800 to End. The contents of these volumes represent all current regulations codified under this title of the CFR as of July 1, 2007.

The current regulations issued by the Department of Defense appear in the volumes containing parts 1–189 and parts 190–399; those issued by the Department of the Army appear in the volumes containing parts 400–629 and parts 630–699; those issued by the Department of the Navy appear in the volume containing parts 700–799, and those issued by the Department of the Air Force, Defense Logistics Agency, Selective Service System, National Counterintelligence Center, Central Intelligence Agency, Information Security Oversight Office, National Security Council, Office of Science and Technology Policy, Office for Micronesian Status Negotiations, and Office of the Vice President of the United States appear in the volume containing parts 800 to end.

For this volume, Cheryl E. Sirofchuck was Chief Editor. The Code of Federal Regulations publication program is under the direction of Frances D. McDonald, assisted by Ann Worley.

Title 32—National Defense

(This volume contains parts 191 to 399)

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191.3 Definitions.
191.4 Policy.
191.5 Responsibilities.
191.6 Procedures.
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191.8 Defense equal opportunity council and EEO boards.
191.9 Information requirements.
191.10 Effective date.

AUTHORITY: 5 U.S.C. 301, 10 U.S.C. 113.

SOURCE: 53 FR 30990, Aug. 17, 1988, unless otherwise noted.

§ 191.1 Purpose.

This part:

(a) Implements the DoD Humans Goals Charter; 29 U.S.C. 791, 792, 793, and 795; guidance from the Equal Employment Opportunity Commission (EEOC); guidance from the Office of Personnel Management (OPM); Executive Order 11830; General Services Administration Order ADM 5420.71A; Executive Orders 11141; 11246 Part II, 11375, and 12086; Office of Management and Budget (OMB) Circular No. A–11; 42 U.S.C. 2000E–16; Executive Order 11478; 38 U.S.C. 2014; 29 U.S.C. 631(b) and 633a; 5 U.S.C. chapters 43 and 72; Secretary of Defense Policy on Sexual Harassment, July 17, 1981; Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) Multiple Addressee Memorandum, August 16, 1981; and 29 U.S.C. 206(d) by establishing the Civilian Equal Employment Opportunity (EEO) Program, to include affirmative action programs, consistent with guidance from the Equal Employment Opportunity Commission (EEOC), Office of Personnel Management (OPM), and the DoD Human Goals Charter.

(b) Consolidates in a single document provisions of Secretary of Defense Multiple Addressee Memorandum, June 23, 1981; DoD Directive 1100.11, DoD Directive 1450.1, DoD Directive 5120.46, and DoD Directive 1100.15, therefore cancelling each document.

(c) Authorizes, as an integral part of the Civilian EEO Program, the establishment of Special Emphasis Programs (SEPs) entitled the Federal Women's Program (FWP), the Hispanic Employment Program (HEP), and the Program for People with Disabilities (PPD), the Asian/Pacific Islander Employment Program (AEP), the American Indian/Alaskan Native Employment Program (AIEP), and the Black Employment Program (BEP).

(d) Establishes the Defense Equal Opportunity Council (DEOC), the Civilian EEO Review Board, the SEP Boards.

(e) Authorizes the issuance of DoD Instructions and Manuals to implement this part and guidance from standard-setting agencies such as EEOC and OPM, consistent with DoD 5025.1–M.

[53 FR 30990, Aug. 17, 1988, as amended at 56 FR 10170, Mar. 11, 1991; 57 FR 35755, Aug. 11, 1992]

§ 191.2 Applicability and scope.

This part:

(a) Applies to the Office of the Secretary of Defense (OSD) and activities supported administratively by OSD, the Military Departments, the Organization of the Joint Chiefs of Staff (as an element of the OSD for the purposes of this program), the Unified and Specified Commands, the Defense Agencies, the Army and Air Force Exchange Service, the National Guard Bureau, the Uniformed Services University of the Health Sciences, the Office of Civilian Health and Medical Programs of the Uniformed Services, and the DoD Dependents Schools (hereafter referred to collectively as ''DoD Components'').

(b) Applies worldwide to all civilian employees and applicants for civilian employment within the Department of Defense in appropriated and non-appropriated fund positions.

(c) Does not apply to military personnel, for whom equal opportunity is covered by DoD Directive 1350.2[1].

[1] Copies may be obtained from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

(d) Covers Federal employment issues under section 504 of the Rehabilitation Act of 1973, as amended, even though DoD Directive 1020.1[2] implements section 504 with respect to programs conducted and assisted by the Department of Defense. The standards established under section 501 of the Rehabilitation Act of 1973, as amended, (29 U.S.C. 791, 792, 793, and 795), are to be applied under section 504 of the Act with respect to civilian employees and applicants for civilian employment in Federal Agencies.

[53 FR 30990, Aug. 17, 1988, as amended at 56 FR 10170, Mar. 11, 1991]

§ 191.3 Definitions.

Affirmative action. A tool to achieve equal employment opportunity. A program of self-analysis, problem identification, data collection, policy statements, reporting systems, and elimination of discriminatory policies and practices, past and present.

Age. A prohibited basis discrimination. For purposes of this Directive, persons protected under age discrimination provisions are those 40 years of age or older, except when a maximum age requirement has been established by statute or the OPM. Aliens employed outside the limits of the United States are not covered by this definition.

Discrimination. Illegal treatment of a person or group based on race, color, national origin, religion, sex, age, or disability.

Equal Employment Opportunity (EEO). The right of all persons to work and advance on the basis of merit, ability, and potential, free from social, personal, or institutional barriers of prejudice and discrimination.

Minorities. All persons classified as black (not of Hispanic origin), Hispanic, Asian or Pacific Islander, and American Indian or Alaskan Native.

National origin. A prohibited basis for discrimination. An individual's place of origin or his or her ancestor's place of origin or the possession of physical, cultural, or linguistic characteristics of a national origin group.

People with disabilities. People who have physical or mental impairments that substantially limits one or more major life activities, has a record of such impairment, or is regarded as having such an impairment. For purposes of this part, such term does not include any individual who is an alcoholic or drug abuser and whose current use of alcohol or drugs prevents such individual from performing the duties of the job in question, or whose employment, by reason of such current alcohol or drug abuse, would constitute a direct threat to property or to the safety of others. As used in this paragraph:

(a) *Physical or mental impairment.* Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: neurological; musculoskeletal and special sense organs; respiratory, including speech organs; cardiovascular; reproductive; digestive; genitourinary; hemic and lymphatic; skin; and endocrine; or any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities.

(b) *Major life activities.* Functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working.

(c) *Has a record of such impairment.* Has a history of, or has been misclassified as having, a mental or physical impairment that substantially limits one or more major life activities.

(d) *Is regarded as having an impairment.* Has:

(1) A physical or mental impairment that does not substantially limit major life activities but is treated by an employer as constituting such a limitation;

(2) A physical or mental impairment that substantially limits major life activities only as a result of the attitude of others toward such impairment; or

(3) None of the impairments defined above but is treated by an employer as having an impairment.

Race. A prohibited basis for discrimination. For purposes of this part, all persons are classified as black (not of Hispanic origin), Hispanic, Asian or Pacific Islander, American Indian or Alaskan Native, and White, as follows:

[2] See footnote 1 to §191.2(c).

(a) *Black (not of Hispanic origin).* A person having origins in any of the black racial groups of Africa.

(b) *Hispanic origin.* A person of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin regardless of race.

(c) *Asian or Pacific Islander.* A person having origin in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands. This area includes, for example, China, India, Japan, Korea, the Philippine Islands, and Samoa.

(d) *American Indian or Alaskan Native.* A person having origins in any of the original peoples of North America, and who maintains cultural identification through tribal affiliation or community recognition.

(e) *White.* A person having origins in any of the original peoples of Europe, North Africa, or the Middle East.

Religion. Traditional systems of religious belief and moral or ethical beliefs as to what is right and wrong that are sincerely held with the strength of traditional religious views. The phrase ''religious practice'' as used in this part includes both religious observances and practices. DoD Components are expected to accommodate an employee's religious practices unless doing so causes undue hardship on the conduct of the Component's business.

Sexual Harassment. A form of sex discrimination that involves unwelcomed sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

(a) Submission to or rejection of such conduct is made either explicitly or implicitly a term or condition of a person's job, pay, or career; or

(b) Submission to or rejection of such conduct by a person is used as a basis for career or employment decisions affecting that person, or

(c) Such conduct interferes with an individual's performance or creates an intimidating, hostile, or offensive environment.

Any person in a supervisory or command position who uses or condones implicit or explicit sexual behavior to control, influence, or affect the career, pay, or job of a military member of civilian employee is engaging in sexual harassment. Similarly, any military member of civilian employee who makes deliberate or repeated unwelcomed verbal comments, gestures, or physical contact of a sexual nature is also engaging in sexual harassment.

Special Emphasis Program (SEPs). Programs established as integral parts of the overall EEO program to enhance the employment, training, and advancement of a particular minority group, women, or people with disabilities.

Standard-setting agencies. Non-DoD Federal Agencies authorized to establish Federal Government-wide EEO policy or program requirements. The term includes the EEOC; OPM: DoL, Office of Federal Contract Compliance Programs (OFCCP); and OMB.

[53 FR 30990, Aug. 17, 1988, as amended at 54 FR 15752, Apr. 19, 1989; 57 FR 35755, Aug. 11, 1992]

§ 191.4 Policy.

It is DoD Policy to:

(a) Recognize equal opportunity programs, including affirmative action programs, as essential elements of readiness that are vital to the accomplishment of the DoD national security mission. Equal employment opportunity is the objective of affirmative action programs.

(b) Develop and implement affirmative action programs to achieve the objective of a civilian work force in which the representation of minorities, women, and people with disabilities at all grade levels, in every occupational series, and in every major organization element is commensurate with the representation specified in EEOC and OPM guidance. Such programs, which shall be designed to identify, recruit, and select qualified personnel, shall be coordinated with the cognizant legal offices.

(c) Ensure that Civilian EEO Program activities for minorities, women, and people with disabilities are integrated fully into the civilian personnel management system.

(d) Assess progress in DoD Component programs in accordance with the affirmative action goals of the Department of Defense.

(e) Prohibit discrimination based on race, color, religion, sex, national origin, mental or physical disability, or age.

(f) Eliminate barriers and practices that impede equal employment opportunity for all employees and applicants for employment, including sexual harassment in the work force and at work sites and architectural, transportation, and other barriers affecting people with disabilities.

[53 FR 30990, Aug. 17, 1988, as amended at 54 FR 15752, Apr. 19, 1989; 57 FR 35756, Aug. 11, 1992]

§ 191.5 Responsibilities.

(a) The *Assistant Secretary of Defense (Force Management and Personnel* (ASD(FM&P)), or designee, shall:

(1) Represent the Secretary of Defense in all matters related to the DoD Civilian EEO Program, consistent with DoD Directive 5124.2[3]

(2) Establish and chair the DEOC.

(3) Establish a Civilian EEO Review Board.

(4) Develop policy and provide program oversight for the Civilian EEO Program.

(5) Ensure full implementation of this part, monitor progress of affirmative action program elements, and advise the Secretary of Defense on matters relating to the Civilian EEO Program.

(6) Ensure that realistic goals that provide for significant continuing increases in the percentages of minorities, women, and people with disabilities in entry, middle, and higher grade positions in all organizations and occupations are set and accomplished until the overall DoD objective is met and sustained.

(7) Prepare a new DoD Human Goals Charter each time a new Secretary of Defense is appointed.

(8) Ensure fair, impartial, and timely investigation and resolution of complaints of discrimination in employment, including complaints of sexual harassment.

(9) Establish DoD SEPs for the FWP, HEP, HIP, AEP, AIEP, and BEP.

(10) Establish DoD Special Emphasis Program Boards to assist with implementation of SEPs under this part.

(11) Establish DoD Civilian EEO Award Programs to provide for the annual issuance of Secretary of Defense Certificates of Merit to DoD Components and individuals for outstanding achievement in the major areas covered by this part, and to review all awards and management training programs within the Department of Defense to ensure that minorities, women, and people with disabilities receive full and fair consideration consistent with their qualifications and the applicable program criteria.

(12) Issue implementing instructions and other documents, as required, to achieve the goals of the DoD Civilian EEO Program and to provide policy direction and overall guidance to the DoD Components.

(13) Represent the Department of Defense on programmatic EEO matters with EEOC, OPM, the Department of Justice, other Federal Agencies, and Congress.

(14) Represent the Department of Defense on the Interagency Committee on Handicapped Employees under E.O. 11830, as amended, and the Council on Accessible Technology under General Services Administration Order ADM 5420.71A.

(15) Represent the Department of Defense at meetings and conferences of non-Federal organizations concerned with EEO programs, and coordinate DoD support of such organizations' activities with the Assistant Secretary of Defense (Public Affairs) and with DoD General Counsel in accordance with DoD Directive 5410.18[4], DoD Instruction 5410.19[5], DoD Directive 5500.2[6], and DoD Directive 5500.7[7].

(16) Serve as the DoD liaison with the Office of Federal Contract Compliance Programs (OFCCP), Department of Labor (DoL), for the purpose of providing contract information, forwarding complaints of discrimination filed against DoD contractors, and implementing administrative sanctions imposed against DoD contractors for

[3] See footnote 1 to §191.2(c).

[4] See footnote 1 to §191.2(c).
[5] See footnote 1 to §191.2(c).
[6] See footnote 1 to §191.2(c).
[7] See footnote 1 to §191.2(c).

violations of E.O. 11141; E.O. 11246; as amended by E.O. 11375, E.O. 12088; and DoL implementing regulations.

(17) Ensure that the DoD FAR Supplement contains appropriate contract provisions for EEO for Government contractors and subcontractors under Executive Orders 11141, 11246 Part II, 11375, and 12086; Section 402 of the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended; Section 503 of the Rehabilitation Act of 1973, as amended; and DoL implementing regulations.

(b) The *Heads of DoD Components*, or their designees, shall:

(1) Ensure that all EEO policies are disseminated widely and that they are understood and implemented at all levels within their Components.

(2) Ensure that their Components comply with EEOC and OPM guidance and this part and that minorities, women, and people with disabilities receive full and fair consideration for civilian employment in all grade levels, occupations, and major organizations, with special emphasis on mid-level and higher grades and executive-level jobs, including the Senior Executive Service (SES) and SES candidate pools.

(3) Treat equal opportunity and affirmative action programs as essential elements of readiness that are vital to accomplishment of the national security mission.

(4) Designate a Director of Civilian Equal Opportunity and allocate sufficient staff and other resources to ensure a viable EEO program under this Directive. This includes assignment of staff to be responsible for EEO and affirmative action programs generally and SEP Managers for the SEPs established under this part at the Component level.

(5) Establish DoD SEPs, for the FWP, HEP, PPD, AEP, AIEP, and BEP at Headquarters level and at all field activities levels unless exemptions are granted to field activities. Authority to grant exceptions to field activities of DoD Components is delegated to the Component Heads who, in turn, may redelegate this authority.

(6) Require that EEO be included in critical elements in the performance appraisals of all supervisors, managers, and other Component personnel, military and civilian, with EEO responsibilities.

(7) Ensure fair, impartial, and timely investigation and resolution of complaints of discrimination in employment, including complaints of sexual harassment.

(8) Set realistic Component goals and motivate subordinate managers and supervisors to set and meet their own goals until overall DoD and Component goals are met and sustained.

(9) Evaluate employment policies, practices, and patterns within their respective Components and identify and correct and institutional barriers that restrict opportunities for recruitment, employment, advancement, awards, or training for minorities, women, and people with disabilities and ensure that EEO officers and civilian personnel officers provide leadership in eliminating these barriers.

(10) Ensure that installations and activities establish focused external recruitment programs to produce employment applications from minorities, women, and people with disabilities who are qualified to compete effectively with internal DoD candidates for employment at all levels and in all occupations.

(11) Establish a continuing EEO educational program (including training in the prevention of sexual harassment) for civilian and military personnel who supervise civilian employees.

(12) Establish EEO Awards Programs to recognize individuals and organizational units for outstanding achievement in one or all of the major EEO areas covered by this part.

(13) Review all award and management training programs to ensure that minorities, women, and people with disabilities are considered, consistent with their qualifications and program criteria.

(14) At military installations having a civilian work force and military units, ensure that the Civilian EEO Program is managed by and conducted for civilian personnel only and that the Military Equal Opportunity Program is managed by and conducted for military personnel only. Any exceptions to this

policy must be authorized by the Component head.

[53 FR 30990, Aug. 17, 1988, as amended at 56 FR 10170, Mar. 11, 1991; 57 FR 35756, Aug. 11, 1992]

§ 191.6 Procedures.

(a) Officials designated in this Directive shall allocate resources necessary to develop methods and procedures to ensure that all elements of this part are fully implemented and are in compliance with the spirit and intent of the DoD Human Goals Charter, laws, executive orders, regulatory requirements, and other Directive and Instructions governing the Civilian EEO Program within the Department of Defense.

(b) Heads of DoD Components, in accordance with EEOC and OPM guidance and subject to oversight by and supplemental guidance from the ASD(FM&P), or designee shall:

(1) Develop procedures for and implement an affirmative action program for minorities and women, consistent with section 717 of the Civil Rights Act of 1964, as amended; E.O. 11478; guidance from EEOC; and guidance from OPM.

(2) Develop procedures for and implement an affirmative action program for people with disabilities consistent with section 501 of Rehabilitation Act of 1973, as amended, and guidance from EEOC.

(3) Develop procedures for and implement an affirmative action program for disabled veterans, consistent with DoD Directive 1341.6.[8] This program shall be consistent with the program established in paragraph (b)(2) of this section and coordinated with the Component's PPD manager.

(4) Develop procedures for and implement systems for investigation and resolution of complaints of employment discrimination under section 717 of the Civil Rights Act of 1964, as amended; sections 501, 503, and 504 of the Rehabilitation Act of 1973, as amended and DoD Directive 1020.1; section 402 of the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended; the Age Discrimination in Employment Act of 1967, as amended; guidance from EEOC; and applicable case law.

(5) Develop procedures for and implement a Federal Equal Opportunity Recruitment Program for minorities and women and a comparable special recruitment program for people with disabilities in accordance with the Civil Service Reform Act of 1978; EEOC instruction concerning affirmative action programs for people with disabilities; guidance from OPM; external recruitment programs to obtain employment applications from minorities, women, and people with disabilities who are competitive with internal DoD candidates for employment at all levels.

(6) Develop procedures for and implement all SEPs established under this part at the Component level. These SEPs shall be integral parts of the Civilian EEO Program and shall be conducted in accordance with the provisions of this part and applicable EEOC and OPM guidance.

(7) Develop procedures for and implement a program to eliminate sexual harassment in Component work places, consistent with DoD Policy on Sexual Harassment memorandums, and to ensure compliance with the Equal Pay Act.

(8) Develop procedures for and implement a program of employment preference for spouses of military personnel, in accordance with DoD Instruction 1404.12.[9]

(9) Develop procedures for and implement a selective placement program for people with disabilities in accordance with guidance from OPM. This program shall be consistent with the program established in paragraph (b)(2) of this section, and coordinated with the Component's PPD manager.

(10) Develop procedures for and implement staffing initiatives, training and development programs, and upward mobility programs designed to increase the representation of qualified minorities, women, and people with disabilities on certificates of eligibility and accompanying lists of individuals eligible for special appointments that are provided to selecting officials at all levels within the Component. These

[8] See footnote 1 to §191.2(c).

[9] See footnote 1 to §191.2(c).

programs should include SES candidate programs and shall be targeted in career field in which there is underrepresentation and a likelihood of vacancies (e.g., science and engineering positions).

(11) Develop procedures for and implement a program to evaluate all supervisors and managers with EEO responsibilities on their contributions to and support of the Component's EEO program. Specifically, Component SES and General Manager personnel, when appropriate, shall have their EEO responsibilities defined as a critical element in their performance appraisals in accordance with the Civil Service Reform Act of 1978.

(12) Develop procedures for an implement a program to participate in and conduct ceremonies, where appropriate, at all levels of the Component to observe nationally proclaimed or other specially-designated community activities that particularly affect minorities, women, and people with disabilities and that support the Civilian EEO Program. Military and civilian personnel should both participate whenever possible. Example of special observances include Dr. Martin Luther King Jr.'s Birthday, Black History Month, National Women's History Week, Women's Equality Day, Hispanic Heritage Week, National Disability Employment Awareness Month, and the Decade of Disabled Persons.

(13) Develop procedures for and implement a program to revise documents and change practices and policies that discriminate against civilian personnel on the basis or race, color, sex, religion, national origin, mental or physical disability, or age.

(14) Develop procedures for and implement and affirmative action program for the continued Federal employment of minorities, women, and people with disabilities who have lost their jobs in DoD Components because of contracting decisions made under OMB Circular No. A–76. (Under OMB Circular Federal employees have, in general, the right of first refusal of employment under these contracts.)

(15) Develop procedures for and implement a program for computer support of employees with disabilities consistent with DoD participation in activities of the Council on Accessible Technology in accordance with General Services Administration Order ADM 5420.71A.

[53 FR 30990, Aug. 17, 1988, as amended at 54 FR 15752, Apr. 19, 1989; 57 FR 35756, Aug. 11, 1992]

§ 191.7 Civilian EEO program staff.

(a) EEO Managers, including SEP Managers and other staff who are responsible for EEO and affirmative action programs, shall function at a level that is sufficiently responsible with the assigned organization to enable them to communicate effectively the goals and objectives of the program and to enable them to obtain the understanding, support, and commitment of managers and other officials at all levels within the organization.

(b) It shall be the responsibility of EEO Managers, SEP Managers, and other program staff to develop, coordinate, implement, and recommend to managers, other officials, and covered groups the policy, guidance, information, and activities necessary to attain the goals of the SEPs and the overall DoD Civilian EEO Program.

§ 191.8 Defense equal opportunity council and EEO boards.

(a) The DEOC shall be chaired by the ASD (FM&P) and shall coordinate policy for and review civilian and military equal opportunity programs, monitor progress of program elements, and advise the secretary of Defense on pertinent matters. One of the mandates of the DEOC shall be to pursue an aggressive course of action to increase the numbers of minorities, women, and people with disabilities in management and executive positions at grades 13 and above, including the SES and, at the request of the Secretary of Defense, Schedule C, and other noncareer executive positions in the SES and on the Executive Schedule. Members of the DEOC shall include the assistant Secretary of Defense (Reserve Affairs), Director of Administration and Management, and the Assistant Secretaries with responsibility for personnel policy and reserve affairs in the Military Departments.

(b) The Civilian EEO Review Board shall be chaired by the ASD(FM&P), or

designee. The Board shall support the DEOC and shall be made up of designated EEO and personnel representatives from the DoD Components and such other individuals as may be necessary to carry out the work of the DEOC and implement this part. The Board shall work with career management officials, other key management officials, and union representatives in developing policies, programs, and objectives.

(c) The DoD SEP Boards shall be chaired by the DoD SEP Managers. These Boards shall be comprised of designated SEP Managers from the DoD Components and such other individuals as may be necessary to advise and assist in EEO activities and policy development in the Department of Defense. The Boards shall work with career management officials, other key management officials, and union representatives in developing policies, programs, and objectives.

(d) The DEOC, Civilian EEO Review Board, and each SEP Board established at the DoD level shall have a Charter that describes its organization, management, functions, and operating procedures, consistent with DoD Directive 5105.18.[10]

(e) Civilian EEO Review Boards and SEP Boards may be established at Component, command, and installation levels as well as the DoD level to assist in program activities.

(f) Members of covered groups should be represented on Civilian EEO Review Boards, SEP Boards, and subcommittees at all levels; and consideration should be given to participation by military personnel and by Federal employees who are union representatives.

[53 FR 30990, Aug. 17, 1988, as amended at 54 FR 15752, Apr. 19, 1989; 57 FR 35756, Aug. 11, 1992]

§ 191.9 Information requirements.

(a) The ASD(FM&P) shall:

(1) Submit an annual report to the Secretary of Defense on the status of the DoD EEO program. This report shall be developed from existing documents, such as affirmative action plan accomplishment reports, civil rights budget reports, semiannual discrimination complaint reports, and Federal Equal Opportunity Recruitment Program reports, plus statistical data obtained from the Defense Manpower Data Center and reports of visits to DoD installations.

(2) Submit consolidated DoD annual reports on discrimination complaints to the EEOC in accordance with EEOC guidance. This reporting requirement is assigned Interagency Report Control Number 0288-EEO-NA.

(b) Heads of DoD Components shall:

(1) Submit annual reports on discrimination complaints to the ASD(FM&P), or designee, in accordance with guidance from the EEOC. This reporting requirement is assigned Interagency Report Control Number 0288-EEO-NA.

(2) Submit copies of affirmative action program plan, affirmative action program plan updates, and affirmative action plan accomplishment reports for minorities, women, and people with disabilities to the ASD(FM&P), or designee, in addition to copies of annual reports for the Federal Equal Opportunity Recruitment Program.

(3) Ensure that designated officials submit information for an annual report on computer support of employees with disabilities and for reports on individual computer accommodations for employees with disabilities. These reporting requirements are assigned RCS DD-FM&P (A) 1731 and RCS DD-FM&P (AR) 1732.

[53 FR 30990, Aug. 17, 1988, as amended at 54 FR 15752, Apr. 19, 1989; 57 FR 35756, Aug. 11, 1992]

§ 191.10 Effective date.

This part is effective May 21, 1987.

PART 192—EQUAL OPPORTUNITY IN OFF-BASE HOUSING

Sec.

192.1 Purpose.
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[10] See footnote 1 to § 191.2(c).

AUTHORITY: 42 U.S.C. 3601 *et seq.*

SOURCE: 55 FR 6248, Feb. 22, 1990, unless otherwise noted. Redesignated at 56 FR 32964, July 18, 1991.

§ 192.1 Purpose.

This part:

(a) Revises 32 CFR part 192.

(b) Revises the references, policies, and procedures covering off-base housing and fair housing enforcement.

(c) Outlines discrimination complaint inquiries or investigative procedures and hearing requirements.

(d) Deletes the requirement for each Military Department to submit a semiannual housing discrimination report to the Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)).

(e) Requires each Military Service to report to the ASD(FM&P) any housing discrimination cases and their results in their Annual Military Equal Opportunity Assessment Report to the ASD(FM&P).

(f) Requires each Military Department to maintain all completed or resolved housing discrimination cases.

(g) Emphasizes liaison with other Government (local, State, or Federal) agencies.

[55 FR 6248, Feb. 22, 1990. Redesignated and amended at 56 FR 32964, July 18, 1991]

§ 192.2 Applicability.

This part applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Joint Chiefs of Staff (JCS), the Joint Staff, the Unified and Specified Commands, the Inspector General of the Department of Defense (IG, DoD), the Uniformed Services University of the Health Sciences (USUHS), the Defense Agencies, and DoD Field Activities (hereafter referred to collectively as ''DoD Components''). The term ''Military Services,'' as used herein, refers to the Army, Navy, Air Force, and Marine Corps. DoD civilian employees (as defined in § 192.3) will be offered the same services that members of the Armed Forces receive.

[55 FR 6248, Feb. 22, 1990. Redesignated and amended at 56 FR 32964, July 18, 1991]

§ 192.3 Definitions.

Agent. Real estate agency, manager, landlord, or owner of a housing facility doing business with DoD personnel or a housing referral service (HRS).

Area Outside the United States. Foreign countries where DoD personnel reside.

Commander. The military or civilian head of any installation, organization, or agency of the Department of Defense who is assigned responsibility for the off-base housing program.

Commuting Area. That area which is within a 1 hour commute by a privately-owned vehicle during rush hour and no farther than 30 miles from the installation, or within other limits to satisfy mission requirements.

Complainant. A member of the Armed Forces (or authorized dependent designated by the member) or a civilian employee of the Department of Defense (or authorized dependent designated by the civilian employee) who submits a complaint of discrimination under this part.

Discrimination. An act, policy, or procedure that arbitrarily denies equal treatment in housing because of race, color, religion, sex, national origin, age, handicap, or familial status to an individual or group of individuals.

DoD Personnel. (1) Members of the Armed Forces (and their dependents) authorized to live off-base.

(2) DoD civilian employees (and their dependents) who are transferred from one place of residence to another because of job requirements or recruited for job opportunities away from their current place of residence in the United States, and all DoD U.S. citizen appropriated fund and nonappropriated fund civilian employees and their dependents outside the United States.

Familial Status. One or more individuals (who have not attained the age of 18 years) being domiciled with a parent or another person having legal custody of such an individual or individuals; or the designee of such parent or other person having such custody, with the written permission of such parent or other person.

Listed Facility. A suitable housing facility (not on restrictive sanction) listed with the HRS as available for occupancy by DoD personnel.

Minorities. All persons classified as black (not of Hispanic origin), Hispanic, Asian or Pacific Islander, or American Indian or Alaskan native.

Relief for the Complainant. Action taken by a commander for the benefit of a complainant.

Restrictive Sanctions. Actions taken by a commander to prevent military personnel from moving to, or entering into a rental, lease, or purchase arrangement with, a housing facility, when its agent has been found to have discriminated against DoD personnel. Restrictive sanctions are effective against the agent and the facility.

Survey. The procedure by which the HRS identifies housing resources to ascertain the availability of housing facilities for occupancy by DoD personnel.

Verifiers. Volunteers used by the commander during the course of a housing discrimination investigation to determine if, in fact, housing discrimination is being practiced by an agent, as alleged. Verifiers are not required to be prospective tenants.

§ 192.4 Policy.

It is DoD policy that under DoD Directive 1350.2[1] the Department of Defense is fully committed to the goal of obtaining equal treatment for all DoD personnel. Specific guidance on off-base housing and fair housing enforcement is as follows:

(a) *National Housing Policy.* Federal law prohibits discrimination in housing in the United States against any person because of race, color, religion, sex, age, national origin, handicap, or familial status.

(1) Title VIII of P.L. 90–284 contains the following:

(i) The fair housing provisions.

(ii) Outlines the responsibilities of the Secretary of Housing and Urban Development (HUD) with regard to Public Law 90–284.

(iii) Requires all Executive Departments and Agencies to administer housing and urban development programs and activities under their jurisdiction in a manner that shall reflect ''affirmatively'' the furthering of title VIII.

(2) Title IX of Public Law 90–284 makes it a crime to intimidate willfully or interfere with any person by force or threat because of that person's activities in support of fair housing.

(3) Title 42 U.S.C. 1982 prohibits discrimination in housing in the United States. This statute protects DoD personnel.

(4) Public Law 100–430 amends title VIII of Public Law 90–284 by revising the procedures for the enforcement of fair housing requirements and adding protected classes of individuals.

(5) Title VIII of Public Law 90–284, as amended by Public Law 100–430, does not limit the applicability of any reasonable local, State, or Federal restrictions regarding the maximum number of occupants permitted to occupy a dwelling. Additionally, provisions of such title VIII regarding familial status do not apply with respect to housing intended for, and solely occupied by, persons 62 years of age or older or intended and operated for occupancy, but at least one person 55 years of age or older. For guidance regarding housing occupied by those 55 years of age or older, use the statutory provision at section 805 b(2)(c), 102 Stat. 1623, of Public Law 100–430.

(b) *DoD Fair Housing Policy.* The Department of Defense intends that Federal fair housing law shall be supported and that DoD personnel shall have equal opportunity for available housing regardless of race, color, religion, sex, age, national origin, handicap, or familial status.

(1) That policy includes the objective of eliminating discrimination against DoD personnel in off-base housing. That objective is not achieved simply by finding a place to live in a particular part of town or in a particular facility for a specific person.

(2) The intent is achieved when a person meeting the ordinary standards of character and financial responsibility is able to obtain off-base housing equally as any other person anywhere in the area surrounding a military installation, without suffering discrimination based on race, color, religion,

[1] Copies of all DoD issuances listed in this part may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

sex, age, national origin, handicap or familial status.

(i) The accomplishment of this objective shall not be hampered by requiring the submission of a formal complaint of discrimination. A suspected discriminatory act, with or without the filing of a formal complaint, is a valid basis for investigation and, if discrimination is substantiated, imposition of restrictive sanctions.

(ii) On substantiation that an agent practiced discrimination, restrictive sanctions shall be imposed for a minimum of 180 days.

(iii) The fact that Public Law 90–284, 42 U.S.C. 1982, and Public Law 100–430 may or may not provide a remedy in a given case of discrimination affecting DoD personnel does not relieve a commander of the responsibility to ensure equal treatment and equal opportunity for such personnel or to impose restrictive sanctions against the agent and/or facility, when appropriate.

(iv) Military installations shall develop information programs to apprise Service members of the DoD policy and program for equal opportunity in off-base housing. Commanders should use local community resources, such as civil rights organizations, religious and service groups, and local information media, in support of their programs.

[55 FR 6248, Feb. 22, 1990. Redesignated and amended at 56 FR 32964, July 18, 1991]

§ 192.5 Responsibilities.

The *Secretaries of the Military Departments* shall:

(a) Ensure nondiscrimination in referring DoD personnel to off-base housing facilities.

(b) Continue efforts (as described in DoD 4165.63–M[2] to identify and solicit nondiscriminatory assurances for housing facilities within the commuting area, which are considered to be suitable for occupancy by Service members.

(c) Ensure that an office and staff required by DoD 4165.63–M are available in conjunction with the cognizant staff judge advocate or other legal authority to advise Service members on the following:

(1) The procedures in this part.

(2) The application of Public Law 90–284, 42 U.S.C. 1982, and Public Law 100–430 in specific situations.

(3) The rights of individuals to pursue remedies through civilian channels, without recourse and in addition to the procedures prescribed in this part, including the right to:

(i) Make a complaint directly to the Department of HUD and/or to the Department of Justice (DoJ) in the United States.

(ii) Bring a private civil action in any court of competent jurisdiction.

(d) Periodically review off-base housing procedures and policies to ensure effectiveness and compliance with this part. (Appendix A to this part is a checklist to help commanders with this review.)

(e) Cooperate with other Government Agencies investigating housing discrimination complaints filed by Service members.

(f) Ensure that each Military Service reports any housing discrimination cases and their results in the Annual Military Equal Opportunity Assessment Report required by DoD Instruction 1350.3.

[55 FR 6248, Feb. 22, 1990. Redesignated and amended at 56 FR 32964, July 18, 1991]

§ 192.6 Procedures.

(a) Appendix B to this part contains the detailed procedures for assisting Service members, investigating housing complaints, and reporting requirements for housing discrimination complaints.

(b) The complaint and investigative report required in section B., appendix B to this part is exempt from formal approval and licensing under DoD 7750.5–M.[3]

[55 FR 6248, Feb. 22, 1990. Redesignated and amended at 56 FR 32965, July 18, 1991]

APPENDIX A TO PART 192—CHECKLIST FOR COMMANDERS

A. Are all assigned personnel informed of the Equal Opportunity in Off-Base Housing Program requirements before obtaining housing off base?

B. Is there an effective information program ensuring equal opportunity in off-base housing information program?

[2] See footnote 1 to § 192.4.

[3] See footnote 1 to § 192.4.

C. Are community resources being used to support the equal opportunity in off-base housing information program?

D. Are housing discrimination complaints being processed within the required time?

E. Are complainants being informed in writing of the results of housing discrimination inquiry and/or investigating actions?

F. Are housing surveys being conducted periodically to obtain new listings?

G. Are restrictive sanctions being imposed immediately for a minimum of 180 days on agents found to be practicing discrimination?

H. Are the services of command representatives provided to assist applicants in their search for housing?

I. Are HHS personnel and equal opportunity personnel aware of and sensitive to housing problems encountered by DoD personnel?

J. Are equal opportunity in off-base housing reports being submitted accurately and on time?

APPENDIX B TO PART 192—PROCEDURES AND REPORTS

A. Off-Base Housing Procedures

DoD personnel seeking off-base housing shall be processed as follows:

1. Seen by an HRS when available (optional for DoD civilian personnel).

2. Provided assistance in seeking temporary and permanent off-base housing, as follows:

a. Counseling on the equal opportunity in off-base housing program with particular emphasis placed on reporting any indication of discrimination against DoD personnel in their search for housing.

b. Counseling and personal assistance shall include the following services:

(1) Offering to check by telephone the availability of selected listings. A record shall be made and retained for future reference of the date, time, and nature of any conversation confirming the availability of a facility. The race, color, religion, sex, national origin, handicap, or familial status of the applicant shall not be divulged. Caution must be exercised to ensure that a pattern of ''confirmation only for minorities'' does not develop.

(2) Offering the services of a command representative (such as a unit sponsor or other designated person, when available) to accompany and assist the applicant in the search for housing.

(3) Explaining various discriminatory methods that may be employed by agents. For instance, an agent may arbitrarily refuse to accept or consider the applicant as a tenant, falsely indicate the unit sought has been rented to another applicant, or refuse to make the unit available under the same terms and conditions as are ordinarily applied to applicants for the facilities. In such instances the following shall apply:

(a) The agent shall be queried on the reasons why the unit is not available. After all reasonable steps have been taken to ascertain whether any valid nondiscriminatory reason can be shown for the agent's rejection of the applicant, and if there appears to be no such reason, a reasonable effort shall be made to persuade the agent to make the unit available to the applicant.

(b) The incident shall be reported immediately by the command representative and the applicant to the HRS for appropriate command action.

B. Complaint Procedures—United States

Commanders shall ensure that all DoD personnel are informed of the scope and provisions of the DoD Equal Opportunity in Off-Base Housing Program and advised to report immediately to the HRS (when available) any form of discrimination encountered when seeking housing within a Civilian Community. Incidents should be reported to base agencies or command representatives when an HRS is not available (i.e., equal opportunity officer, unit commander, supervisor). A verbal or written statement of discriminatory policy by an agent is considered to be an act or incident of discrimination, and the investigative procedures outlined in this appendix shall be followed.

1. *Inquiry into Complaint.* Complaints of off-base housing discrimination must receive prompt attention. An inquiry into the complaint shall begin within 3 working days after receipt of the complaint. The inquiry may be informal, but must be detailed sufficiently to determine if discrimination occurred. Upon receipt of a discrimination complaint, the HRS (if there is no HRS, a command designated representative) shall take the following action:

a. Immediately notify the commander.

b. Promptly interview the complainant to determine the details and circumstances of the alleged discriminatory act.

c. Immediately telephone or visit the facility and/or agent concerned, if the complaint is received shortly after the time of the alleged act and it concerns the change in availability of a vacancy (i.e., ''just rented,'' etc.). Attempt to determine if a vacancy exists without making reference to the complaint received. Request the commander to authorize the use of verifiers, as necessary. (See this appendix, subsection B.2.)

d. Advise the complainant of the provisions and procedures in this Instruction and of the right to pursue further actions through HUD, DoJ, and local or State agencies. Coordinate efforts with the Office of Judge Advocate or other cognizant legal counsel to determine

to what extent legal assistance can be provided to the complainant. Assist the complainant in completing seven signed, dated, and notarized copies of HUD Form 903, ''Housing Discrimination Complaint.'' The fact that a complainant might report an act of alleged discriminatory treatment, but declines completing a HUD Form 903, does not relieve the command of responsibility for making further inquiry and taking such subsequent actions, as may be appropriate.

e. Document the complainant's action for future reference and inform the commander of the results of the HRS preliminary inquiry and actions taken. The commander shall take action to assist the complainant in obtaining suitable housing. If, due to previous discriminatory practices in the community, suitable housing cannot be obtained by the complainant in a reasonable amount of time, the complainant and the commander may use this fact to justify a request for priority in obtaining military housing or for humanitarian reassignment. Reassignment action is a last resort and must be justified fully through command personnel channels.

2. *Use of Verifiers.* Verifiers are authorized to determine if a vacancy exists and whether or not rental or such practices are discriminatory. Verifiers shall not be used only for determining sincerity or normal practices of an agent about whom the HRS has not received a housing discrimination complaint.

a. When selecting and using verifiers, the following applies:

(1) Verification of the vacancy shall be made expediently after alleged act of discrimination.

(2) Verifiers may be volunteers. (The equal opportunity office is a possible source for identifying individuals to be used as verifiers.)

(3) The purpose of verification is to isolate the attribute of race, color, religion, sex, national origin, age, handicap, or familial status that is the suspected basis for the alleged discrimination against the complainant. Except for those attributes that are considered to be the source of the discrimination complaint, the verifier should possess attributes that are similar to the complainant. If two verifiers are used, one may possess similar attributes to the complainant. Ideally, two verifiers should be used.

b. Instructions provided to the verifiers by HRS personnel should include the following:

(1) Explanation of the equal opportunity in off-base housing and off-base housing referral programs.

(2) Verifiers are to obtain information only on agent and/or facility operating policies, practices, and procedures for subsequent determination of complaint validity.

(3) Verifiers are not to make a verbal or written contract for the housing unit, pay any money, or say they want the housing unit.

(4) Verifiers shall be knowledgeable concerning family composition, pets, and housing requirements of the complainant; they shall ask for identical housing requirements.

(5) The following information shall be obtained by the verifier, if possible:

(a) *Concerning the Facility.* What is available? Does it meet the requirements of the complainant? Amount of rent or cost of facility? Deposit required? Is an application required? What is the time between filing an application and permission to move in? Are there minority families and/or singles in the facility? Make a note of the presence or absence of a vacancy sign, and any other information deemed appropriate.

(b) *Concerning the Prospective Tenants/Purchasers.* If possible, ascertain criteria and qualifications that must be met (credit rating, salary, marital status, deposit, written application, etc.) and obtain a complete description of all procedures for becoming a tenant/purchaser including all steps from initial inquiry to moving in. Does the agent's subjective impression of the applicant appear to play any part in the decision to rent the unit?

(6) The verifier's statement shall be completed immediately after the verification visit, if possible. It shall be accurate, objective, and factual. Include the following in the statement:

(a) Date, time of visit, persons contacted, positions of persons contacted. Include any other pertinent information obtained during visit; i.e., length of time employed at facility, in addition to the information in this appendix, subparagraph B.2.b.(5), above.

(b) When reconstructing a conversation, write in the first person and try to use direct quotes. Do not use pronouns such as ''he,'' ''she,'' or ''they.'' Clearly identify who said what to whom.

(c) Sign and date statement. Give full name, address, telephone number (duty or home), race, color, religion, sex, national origin, age, handicap or familial status, as relevant to the complaint.

3. *Complaint Process.* If the basic facts of the HRS preliminary inquiry appear to substantiate the complaint, the commander shall ensure that the following actions begin within 3 working days of receipt of the inquiry report:

a. *Informal Hearing.* Give written notice to the agent explaining the nature of the complaint and the agent's right to request an informal hearing with the commander. The notification shall state specifically the nature of the discrimination complaint and the right of the agent to appear personally at the hearing, to be represented by an attorney, to present evidence, and to call witnesses. The notification also shall state that the agent has 5 days after receipt of the written notice to request a hearing. If no request

is received within 5 days, the lack of response shall be considered as a waiver of the right to such hearing. The written notification either shall be delivered to the agent personally by a representative of the commander, or shall be sent to the agent by certified mail with return receipt requested.

(1) *Composition of an Informal Hearing.* The informal hearing shall be conducted by the commander or designee at a convenient location. The agent, agent's attorney, the complainant, the complainant's attorney, the equal opportunity officer, the HRS, the Staff Judge Advocate or other cognizant legal counsel, or other designated persons may attend.

(2) *Record of Hearing.* A summary of the hearing shall be made a part of the complaint file.

b. *Legal Review.* A legal review shall be accomplished following the inquiry and informal hearing (if applicable) and before the commander's final decision that the inquiry supports or fails to support the complaint. The summary and other pertinent documents shall be reviewed for content and completeness. A statement that such a review was conducted and signed by the Staff Judge Advocate or other cognizant legal counsel performing the review shall be made a part of the case file. That statement shall include:

(1) Any necessary explanatory remarks, including comments on the facts and evidence presented.

(2) Information known about pending complaints brought by other parties on the same facility and/or agent.

(3) Comments on the civil rights laws relevant to the particular case.

4. *Commander's Decision.* The responsibility for imposition of restrictive sanctions rests with the commander and cannot be delegated. The commander's decision shall be based on a full and impartial review of all facts and the policies and requirements as stated in this part. The commander's options include the following:

a. If the commander determines that more information is required, or for any reason further inquiry is deemed necessary, an officer shall be appointed from sources other than the HRS to conduct a formal inquiry or investigation, as the situation warrants. The officer, if not an attorney, shall be afforded the advice and assistance of a Staff Judge Advocate or other cognizant legal counsel.

b. If, in the commander's judgment, the inquiry or investigation fails to support the complaint the case shall be considered closed and the commander shall:

(1) Inform the complainant in writing of all actions taken and advise the complainant of rights to pursue further actions to include the following:

(a) The right to submit a complaint to the HUD and the DoJ.

(b) The right to bring a private civil action in a State or Federal court of competent jurisdiction.

(c) The availability of legal assistance from their local Staff Judge Advocate or other cognizant legal counsel in pursuing civil redress.

(2) Summarize in the report file the practices giving rise to the complaint, the actions and results of the inquiry or investigation, and if discriminatory practices were found, written assurances from the agent on future facility and/or agent practices. The following statement, completed by the complainant, shall be included, as part of the case file: ''I am (am not) satisfied with the efforts taken by the commander on my behalf to achieve satisfactory resolution of my off-base housing discrimination complaint.'' If the complainant indicates a lack of satisfaction, the reasons must be included in the case file.

(3) Inform the agent of the results of the inquiry by command correspondence if an informal hearing was held. Such correspondence should reiterate DoD policy and requirements for equal opportunity in off-base housing.

(4) Forward unsubstantiated complaint reports and HUD Form 903 to the HUD and the DoJ if requested by the complainant.

(5) Retain a copy of the report file for 2 years for future reference.

c. If the inquiry or investigation supports the complainant's charge of discrimination and the discriminatory act is determined by the commander to conflict with DoD policy, the commander shall:

(1) Impose restrictive sanctions against the agent and/or facility for a minimum of 180 days. Sanctions shall remain in effect until the requirements in this appendix, subparagraphs B.6.a.(1) or B.6.a.(2), below, are met. Restrictive sanctions shall be imposed when a suspected discriminatory act, despite the absence of a formal complaint, is investigated and found valid. The fact that a validated discrimination complaint and/or incident has been or is scheduled to be forwarded to another Agency (the HUD, the DoJ, etc.) is not cause for withholding sanction action pending the outcome of that Agency's further review or investigation. When imposing a restrictive sanction, the commander shall:

(a) Remove the facility listing(s) from HRO files.

(b) Impose restrictive sanctions against all facilities owned or operated by the agent concerned.

(c) Place the facility on the restrictive sanction list maintained by the HRS. The restrictive sanction list shall be prepared on official letterhead stationery, signed by the commander, and include the authority for and conditions of the restrictive sanctions.

(d) Inform the agent concerned by command correspondence that:

(1) Restrictive sanctions have been imposed.

(2) The reasons, nature, and minimum duration of the restrictions.

(3) The action required for the removal of sanctions at the conclusion of the minimum period.

The notification of restrictive sanctions shall be sent by certified mail, return receipt requested or delivered to the agent personally by a command representative.

(e) Provide all DoD personnel reporting to the HRS with a copy of the restrictive sanction list, and advise members of the Armed Forces that they may not rent, lease, purchase, or reside in any of the listed facilities. Obtain a signed acknowledgment of receipt of the restrictive sanction list from the HRS using a DD Form 1746, ''Application for Assignment to Housing.''

(f) Advise other military installations of the restrictive sanction action taken when the sanctioned facility is located within the commuting area of their military installations.

(2) Inform the complainant in writing of all actions taken and advise the complainant that his or her case will receive continuing action to include, if the complainant requests, forwarding the case file to the HUD and/or the DoJ for action.

(3) Before forwarding the report to the respective Military Department, prepare a memorandum outlining the following:

(a) The base efforts made to obtain housing relief for the complainant.

(b) The impact of restrictive sanctions on the off-base housing program and DoD personnel and their dependents.

(c) Any other considerations deemed relevant.

(4) Include a statement completed by the complainant for the case file. (See this appendix, subparagraph B.4.b.(3), above.)

(5) If the act of discrimination falls within existing regulations, forward a copy of the complaint and investigation report directly to the HUD within 180 days after the occurrence of the alleged discriminating act, using HUD Form 903. The original report shall be sent to the appropriate HUD Regional Office or the U.S. Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity, 451 7th Street SW., Washington, DC 20410. A copy of the complaint and investigation report shall be forwarded to the Civil Rights Division, Department of Justice, Washington, DC 20530.

(6) When more than one complaint alleging discrimination in the same facility or by the same agent has been received, consolidate the complaints for the inquiry, legal review, and commander's memorandum.

d. When a commander receives a complaint alleging further discrimination in a facility or by an agent after a completed case file has been closed, the commander shall forward the summary of the facts on the subsequent complaint, outlined in this enclosure, subparagraph B.4.c.(6), above. Include brief comments indicating the extent to which the new complaint affects the previous action.

5. *Followup Actions.* After forwarding the report and all required attachments to the HUD and the DoJ, the commander shall take the following actions:

a. Cooperate with the HUD, the DoJ, and the local and State agency representatives during their investigation and processing of the case, should those entities seek assistance.

b. Periodically determine the status of the case by maintaining liaison with the HUD office concerned. Contact shall be maintained until such time as the case is resolved by the HUD.

c. Ensure that the complainant is kept informed directly by the HUD and/or the DoJ.

d. Ensure that DoD personnel comply with the restrictive sanctions imposed on the facility and/or the agent. Housing personnel will comply with the following:

(1) Military personnel moving into or changing their place of residence in the commuting area of a military installation or activity may not enter into a rental, purchase, or lease arrangement with an agent or a facility that is under restrictive sanction.

(2) Implement procedures for ensuring that DoD personnel seeking housing are made aware of, and are counselled on, current restrictive sanctions.

(3) Sanctions are not applicable to the DoD personnel who may be residing in a facility when the sanction is imposed or to the extension or renewal of a rental or lease agreement originally entered into before the imposition of the sanction. Relocation of a military tenant within a restricted facility is prohibited without the written approval of the commander.

(4) If it is determined that a member of the Armed Forces has intentionally taken residency in a restricted facility contrary to instructions received by Housing Referral personnel, the commander shall take appropriate disciplinary action against that number.

(5) Periodically publish a current listing of restricted facilities in the base bulletin (or other appropriate means of internal distribution). Minimally, such publication shall occur when there has been an addition or deletion to the list.

6. *Removal of Restrictive Sanction*

a. A facility and/or agent may be removed from restrictive sanction only if one of the following actions is taken:

(1) The restrictive sanction may be removed before completion of the 180 day restrictive period if an approved waiver request is obtained from the senior installation commander concerned, or designee. Consideration shall be given to lifting an imposed sanction only in exceptional circumstances and in conjunction with a written assurance of nondiscrimination from the agent concerned.

(2) After completion of 180 days on restrictive sanction, if the agent provides written assurance of future nondiscrimination to the HRS.

b. The commander shall inform the HRS, the equal opportunity office, and the agent in writing of the removal from restrictive sanction.

7. *''Privacy Act'' and ''Freedom of Information Act'' Inquiries.* Requests for information from reports of housing discrimination shall be processed in accordance with 32 CFR parts 285 and 286a.

C. Compliant Procedures—Outside the United States

Commanders of installations or activities outside the United States shall ensure that all DoD personnel, on reporting to the HRS, are clearly informed of the scope and provisions of the DoD Equal Opportunity in Off-Base Housing Program and advised to report immediately to the HRS any form of discrimination encountered as a tenant, prospective tenant, or purchaser. Incidents reported to base agencies or representatives other than the HRS (i.e., equal opportunity officer, unit commander, supervisor) shall be brought to the immediate attention of the HRS for appropriate action. On receiving a complaint of discrimination, the commander and HRS shall:

1. Consult with the Staff Judge Advocate or other cognizant legal counsel to determine if the laws of the country concerned (or any subdivision thereof) prohibit any of the actions outlined in this appendix, section B., above.

2. Take actions outlined in this appendix, section B, above, except that a HUD Form 903 shall not be completed because reports of cases arising outside the United States are not forwarded to the HUD or the DoJ. Complainants should understand that the fair housing provisions of the P.L. 90–284, ''Civil Rights Act,'' Title 42, United States, 1982, and Public Law 100–430, ''Fair Housing Amendments Act of 1988,'' September 13, 1988, are not applicable in areas outside the United States.

3. Determine, with legal advice, whether redress for the discriminatory act should be sought from authorities in the host country. Redress shall be based on the laws of the country (or subdivision thereof) concerned.

D. Reporting Requirements

1. A copy of each complaint and investigative report that substantiates a housing discrimination shall be submitted to the appropriate Military Department (manpower and reserve affairs and/or the equal opportunity office) not later than 45 days from the date the case is completed. Under normal circumstances, the commander of the installation concerned shall complete the required investigation and processing complaints within 45 days from the date that a housing complaint is filed by a complainant.

2. A copy of complaint and investigative reports that do not substantiate allegations of housing discrimination shall be kept on file at the installation level for a 24-month period beginning from the date the case was completed.

PART 193—HIGHWAYS FOR NATIONAL DEFENSE

Sec.
193.1 Purpose and scope.
193.2 Applicability.
193.3 Policy.
193.4 Authorities and responsibilities.

AUTHORITY: 5 U.S.C. 301.

SOURCE: 33 FR 13016, Sept. 14, 1968, unless otherwise noted.

§ 193.1 Purpose and scope.

This part sets forth policy, responsibilities, and authority in matters pertaining to Department of Defense highway needs and, when appropriate, to the highway needs of other Federal agencies, during peacetime and emergencies in the United States and its territories and possessions.

§ 193.2 Applicability.

The provisions of this part apply to all components of the Department of Defense.

§ 193.3 Policy.

In order to insure that the national defense is served by adequate, safe and efficient highway transportation, it shall be the policy of the DoD to (a) integrate the highway needs of the national defense into the civil highway programs of the various State and Federal agencies, and (b) cooperate with those agencies in matters pertaining to the use of public highways and in planning their development and construction.

§ 193.4 Authorities and responsibilities.

(a) The Secretary of the Army, as the Single Manager for Military Traffic, Land Transportation, and Common-User Ocean Terminals (see DoD Directive 5160.53, Single Manager Assignment for Military Traffic, Land Transportation, and Common-User Ocean Terminals, March 24, 1967 (32 FR 5295)), is hereby designated as the Executive Agent for the Department of Defense (hereinafter referred to as the Executive Agent), in matters pertaining to public highways to serve the national defense in meeting both peacetime and mobilization highway transportation needs in the United States, its territories and possessions; and highway needs of other Federal agencies, when appropriate. The Executive Agent, or his designee, under the policy guidance of the Assistant Secretary of Defense (Installations and Logistics), will:

(1) Coordinate the defense transportation interest in public highways, including the implementation of subsection (h), section 210 of Title 23 U.S. Code, and integrate foreseen DoD highway needs and operational requirements into the highway programs of the United States, its territories and possessions.

(2) Review and analyze DoD access road needs, and, when appropriate, those of other Federal agencies from the standpoint of approved transportation engineering practices, statutory provisions, and policies and procedures of the Bureau of Public Roads, Department of Transportation.

(3) Represent the DoD in matters pertaining to highways to serve the national defense in liaison with the Bureau of Public Roads, the American Association of State Highway Officials, and other appropriate Government and non-Government agencies.

(4) Certify on behalf of the Secretary of Defense to the appropriate Government agency, the public highway needs of the DoD and, when appropriate, the needs of other Federal agencies, as being important to the national defense. (See section 210, Title 23, U.S. Code.)

(5) Advise and assist the Assistant Secretary of Defense (Comptroller) in matters pertaining to the (i) preparation and justification of budget requirements for defense access road needs, and (ii) transfer of funds appropriated for this purpose to the Bureau of Public Roads.

(6) Develop and maintain an efficient relationship between the design of military vehicles and State and Federal standards for the design of public highways to ensure the effective and efficient utilization of such highways by military vehicles.

(7) Provide highway traffic engineering services to DoD components, when requested.

(8) Insure effective cooperation between the Department of Defense and state highway authorities in matters pertaining to special defense utilization of public highways.

(b) The other DoD Components will:

(1) Maintain official liaison with the Executive Agent in matters pertaining to the provision of public highways to serve the national defense and the access road needs of new or expanded DoD installations and activities.

(2) Furnish the Executive Agent with information and data on current and potential access-road and highway-system needs on request.

(c) The Secretaries of the Military Departments, or their designees, are authorized to act for the Secretary of Defense under the provisions of subsection (h) of section 210, Title 23, U.S. Code, in determining, in connection with the funding of contracts for the construction of classified military installations and facilities for ballistic missiles, that construction estimates and the bids of contractors did not include allowances for repairing road damages.

(d) The Secretaries of the Military Departments and the Directors of DoD Agencies will program, budget, and finance for the responsibilities assigned by this part and their access road requirements (see Pub. L. 90–180, Military Construction Appropriation Act, fiscal year 1968, and successor statutes) in accordance with applicable program and financial guidelines and procedures.

PART 194 [RESERVED]

PART 195—NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS OF THE DEPARTMENT OF DEFENSE—EFFECTUATION OF TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

Sec.
195.1 Purpose.
195.2 Definitions.
195.3 Application.
195.4 Policy.
195.5 Responsibilities.
195.6 Assurances required.
195.7 Compliance information.
195.8 Conduct of investigations.
195.9 Procedure for effecting compliance.
195.10 Hearings.
195.11 Decisions and notices.
195.12 Judicial review.
195.13 Effect on other issuances.
195.14 Implementation.

APPENDIX A TO PART 195—PROGRAMS TO WHICH THIS PART APPLIES

AUTHORITY: Sec. 602, 78 Stat. 252; 42 U.S.C. 2000d–1; and the laws referred to in appendix A.

SOURCE: 29 FR 19291, Dec. 31, 1964, unless otherwise noted. Redesignated at 56 FR 32965, July 18, 1991.

§ 195.1 Purpose.

The purpose of this part is to effectuate the provisions of Title VI of the Civil Rights Act of 1964 (referred to in this part as the ''Act'') to the end that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance from any component of the Department of Defense.

§ 195.2 Definitions.

(a) *Component* means the Office of the Secretary of Defense, a military department or a Defense agency.

(b) *Responsible Department official* means the Secretary of Defense or other official of the Department of Defense or component thereof who by law or by delegation has the principal responsibility within the Department or component for the administration of the law extending such assistance.

(c) The term *United States* means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, the Canal Zone, and the territories and possessions of the United States, and the term ''State'' means any one of the foregoing.

(d) The term *Federal financial assistance* includes:

(1) Grants and loans of Federal funds,

(2) The grant or donation of Federal property and interests in property,

(3) The detail of Federal personnel,

(4) The sale and lease of, and the permission to use (on other than a casual or transient basis), Federal property or any interest in such property without consideration or at a nominal consideration, or at a consideration which is reduced for the purpose of assisting the recipient, or in recognition of the public interest to be served by such sale or lease to the recipient, and

(5) Any Federal agreement, arrangement, or other contract which has as one of its purposes the provision of assistance.

(e) The term *program* includes any program, project, or activity for the provision of services, financial aid, or other benefits to individuals, or for the provision of facilities for furnishing services, financial aid or other benefits to individuals. The services, financial aid, or other benefits provided under a program receiving Federal financial assistance shall be deemed to include any services, financial aid, or other benefits provided with the aid of Federal financial assistance or with the aid of any non-Federal funds, property, or other resources required to be expended or made available for the program to meet matching requirements or other conditions which must be met in order to receive the Federal financial assistance, and to include any services, financial aid, or other benefits provided in or through a facility provided with the aid of Federal financial assistance or such non-Federal resources.

(f) The term *facility* includes all or any portion of structures, equipment, or other real or personal property or interests therein, and the provision of facilities includes the construction, expansion, renovation, remodeling, alteration or acquisition of facilities.

(g) The term *recipient* means any State, political subdivision of any State, or instrumentality of any State or political subdivision, any public or private agency, institution, or organization, or other entity, or any individual, in any State, to whom Federal financial assistance is extended, directly or through another recipient, for any program, including any successor, assign, or transferee thereof, but such term does not include any ultimate beneficiary under any such program.

(h) The term *primary recipient* means any recipient which is authorized or required to extend Federal financial assistance to another recipient for the purpose of carrying out a program.

(i) The term *applicant* means one who submits an application, request, or plan required to be approved by a responsible Department official, or by a primary recipient, as a condition to eligibility for Federal financial assistance, and the term ''application'' means such an application, request or plan.

§ 195.3 Application.

This part applies to any program for which Federal financial assistance is authorized under a law administered by any component of the Department of Defense, including the federally assisted programs and activities listed in appendix A of this part. This directive applies to money paid, property transferred, or other Federal financial assistance extended under any such program after January 7, 1965 pursuant to an application approved prior to such date. This directive does not apply to: (a) Any Federal financial assistance by way of insurance guaranty contracts, (b) money paid, property transferred, or other assistance extended under any such program before January 7, 1965, (c) any assistance to any individual who is the ultimate beneficiary under any such program, or (d) any employment practice, under any such program, of any employer, employment agency, or labor organization, except as noted in §195.4(b)(5) of this part. The fact that a program or activity is not listed in appendix A shall not mean, if title VI of the Act is otherwise applicable, that such program is not covered. Other programs under statutes now in force or hereinafter enacted may be added to this list by notice published in the FEDERAL REGISTER.

[29 FR 19291, Dec. 31, 1964, as amended at 38 FR 17959, July 5, 1973. Redesignated and amended at 56 FR 32965, July 18, 1991]

§ 195.4 Policy.

(a) *General.* No person in the United States shall, on the ground of race, color, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program to which this (part) applies.

(b) *Specific discriminatory actions prohibited.* (1) A recipient under any program to which this part applies may not, directly or through contractual or other arrangements, on the ground of race, color, or national origin:

(i) Deny an individual any service, financial aid, or other benefit provided under the program;

(ii) Provide any service, financial aid, or other benefit to an individual which is different, or is provided in a different manner, from that provided to others under the program;

(iii) In determining the site or location of facilities, a recipient may not make selections with the purpose of excluding individuals from, denying them the benefits of, or subjecting them to discrimination under any program to which this part applies, on the ground of race, color, or national origin; or with the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of the Act or this part.

(iv) Subject an individual to segregation or separate treatment in any matter related to his receipt of any service, financial aid, or other benefit under the program;

(v) Restrict an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service, financial aid, or other benefit under the program;

(vi) Treat an individual differently from others in determining whether he satisfies any admission, enrollment, quota, eligibility, membership or other requirement or condition which individuals must meet in order to be provided any service, financial aid, or

other benefit provided under the program;

(vii) Deny an individual an opportunity to participate in the program through the provision of services or otherwise or afford him an opportunity to do so which is different from that afforded others under the program;

(viii) Deny a person the opportunity to participate as a member of a planning or advisory body which is an integral part of the program.

(2) A recipient, in determining the types of services, financial aid, or other benefits, or facilities which will be provided under any such program, or the class of individuals to whom, or the situations in which, such services, financial aid, other benefits, or facilities will be provided under any such program, or the class of individuals to be afforded an opportunity to participate in any such program, may not, directly or through contractual or other arrangements, utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination because of their race, color, or national origin, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program as respect individuals of a particular race, color, or national origin.

(3) As used in this section the services, financial aid, or other benefits provided under a program receiving Federal financial assistance shall be deemed to include any service, financial aid, or other benefit provided in or through a facility provided with the aid of Federal financial assistance.

(4)(i) In administering a program regarding which the recipient has previously discriminated against persons on the ground of race, color, or national origin, the recipient must take affirmative action to overcome the effects of prior discrimination.

(ii) Even in the absence of such prior discrimination, a recipient in administering a program may take affirmative action to overcome the effects of conditions which resulted in limiting participation by persons of a particular race, color, or national origin.

(5) Where a primary objective of the Federal financial assistance is not to provide employment, but nevertheless discrimination on the grounds of race, color or national origin in the employment practices of the recipient or other persons subject to this Directive tends, on the grounds of race, color, or national origin of the intended beneficiaries, to exclude intended beneficiaries from participation in, to deny them benefits of, or to subject them to discrimination under any program to which this Directive applies, the recipient or other persons subject to this Directive are prohibited from (directly or through contractual or other arrangements) subjecting an individual to discrimination on the grounds of race, color, or national origin in its employment practices under such program (including recruitment or recruitment advertising; employment, layoff or termination; upgrading, demotion or transfer; rates of pay and/or other forms of compensation; and use of facilities), to the extent necessary to assure equality of opportunity to, and nondiscriminatory treatment of the beneficiaries. Any action taken by a component pursuant to this provision with respect to a state or local agency subject to Standards for a Merit System of Personnel Administration, 45 CFR part 70, shall be consistent with those standards and shall be coordinated with the U.S. Civil Service Commission.

(6) The enumeration of specific forms of prohibited discrimination in this section does not limit the generality of the prohibition in paragraph (a) of this section.

[29 FR 19291, Dec. 31, 1964, as amended at 38 FR 17959, July 5, 1973]

§ 195.5 Responsibilities.

(a) The Assistant Secretary of Defense (Manpower) shall be responsible for insuring that the policies of this part are effectuated throughout the Department of Defense. He may review from time to time as he deems necessary the implementation of these policies by the components of the Department of Defense.

(b) The Secretary of each Military Department is responsible for implementing this part with respect to programs and activities receiving financial assistance from his Military Department; and the Assistant Secretary of Defense (Manpower) is responsible for similarly implementing this part

with respect to all other components of the Department of Defense. Each may designate official(s) to fulfill this responsibility in accordance with §195.2(b).

(c) The Assistant Secretary of Defense (Manpower) or, after consultation with the Assistant Secretary of Defense (Manpower), the Secretary of each Military Department or other responsible Department official designated by the Assistant Secretary of Defense (Manpower) may assign to officials of other departments or agencies of the Government, with the consent of such departments or agencies, responsibilities in connection with the effectuation of the purposes of Title VI of the Act and this part (other than responsibility for final decision as provided in §195.11), including the achievement of effective coordination and maximum uniformity within the Department and within the Executive Branch of the Government in the application of Title VI and this part to similar programs and in similar situations.

[29 FR 19291, Dec. 31, 1964. Redesignated and amended at 56 FR 32965, July 18, 1991]

§195.6 Assurances required.

(a) *General.* (1)(i) Every application for Federal financial assistance to carry out a program to which this part applies, except a program to which paragraph (b) of this section applies, and every application for Federal financial assistance to provide a facility shall, as a condition to its approval and the extension of any Federal financial assistance pursuant to the application, contain or be accompanied by an assurance that the program will be conducted or the facility operated in compliance with all requirements imposed by or pursuant to this part.

(ii) In the case where the Federal financial assistance is to provide or is in the form of personal property, or real property or interest therein or structures thereon, the assurance shall obligate the recipient, or, in the case of a subsequent transfer, the transferee, for the period during which the property or structures are used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services and benefits, or for as long as the recipient retains ownership or possession of the property, whichever is longer. In all other cases the assurance shall obligate the recipient for the period during which Federal financial assistance is extended pursuant to the application. In any case in which Federal financial assistance is extended without an application having been made, such extension shall be subject to the same assurances as if an application had been made. The responsible Department official shall specify the form of the foregoing assurances for each program, and the extent to which like assurances will be required of subguarantees, contractors and subcontractors, transferees, successors in interest, and other participants in the program. Any such assurance shall include provisions which give the United States a right to seek its judicial enforcement.

(2) In the case of real property, structures or improvements thereon, or interest therein, which was acquired through a program of Federal financial assistance, or in the case where Federal financial assistance is provided in the form of a transfer of real property or interest therein from the Federal Government, the instrument effecting or recording the transfer, shall contain a covenant running with the land assuring nondiscrimination for the period during which the real property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits, or for as long as the recipient retains ownership or possession of the property, whichever is longer. Where no transfer of property is involved, but property is improved under a program of Federal financial assistance, the recipient shall agree to include such a covenant in any subsequent transfer of such property. Where the property is obtained from the Federal Government, such covenant may also include a condition coupled with a right to be reserved by the Department to revert title to the property in the event of a breach of the covenant where, in the discretion of the responsible Department official, such a condition and right of reverter is appropriate to the program under which the real property

is obtained and to the nature of the grant and the grantee. In the event a transferee of real property proposes to mortgage or otherwise encumber the real property as security for financing construction of new, or improvement of existing facilities on such property for the purposes for which the property was transferred, the responsible Department official may agree, upon request of the transferee and if necessary to accomplish such financing, and upon such conditions as he deems appropriate, to forbear the exercise of such right to revert title for so long as the lien of such mortgage or other encumbrance remains effective. In programs receiving Federal financial assistance in the form, or for the acquisition of real property or an interest in real property, to the extent that rights to space on, over, or under any such property are included as part of the program receiving such assistance, the nondiscrimination requirements of this part shall extend to any facility located wholly or in part in such space.

(3) The assurance required in the case of a transfer of surplus personal property shall be inserted in a written agreement by and between the Department of Defense component concerned and the recipient.

(b) *Continuing State programs.* Every application by a State agency to carry out a program involving continuing Federal financial assistance to which this part applies shall as a condition to its approval and the extension of any Federal financial assistance pursuant to the application (1) contain or be accompanied by a statement that the program is (or, in the case of a new program, will be) conducted in compliance with all requirements imposed by or pursuant to this part, and (2) provide or be accompanied by provision for such methods of administration for the program as are found by the responsible Department official to give reasonable assurance that the applicant and all recipients of Federal financial assistance under such program will comply with all requirements imposed by or pursuant to this part. In cases of continuing State programs in which applications are not made, the extension of Federal financial assistance shall be subject to the same conditions under this subsection as if applications had been made.

(c) *Assurances from institutions.* (1) In the case of Federal financial assistance to an institution of higher education, the assurance required by this section shall extend to admission practices and to all other practices relating to the treatment of students.

(2) The assurance required with respect to an institution of higher education, or any other institution, insofar as the assurance relates to the institution's practices with respect to admission or other treatment of individuals as students of the institution or to the opportunity to participate in the provision of services or other benefits to such individuals, shall be applicable to the entire institution unless the applicant establishes, to the satisfaction of the responsible Department official, that the institution's practices in designated parts or programs of the institution will in no way affect its practices in the program of the institution for which Federal financial assistance is sought, or the beneficiaries of or participants in such program. If in any such case the assistance sought is for the construction of a facility or part of a facility, the assurance shall in any event extend to the entire facility and to facilities operated in connection therewith.

(d) *Elementary and secondary schools.* The requirement of paragraph (a), (b), or (c) of this section, with respect to any elementary or secondary school or school system shall be deemed to be satisfied if such school or school system (1) is subject to a final order of a court of the United States for the desegregation of such school or school system, and provides an assurance that it will comply with such order, including any future modification of such order, or (2) submits a plan for the desegregation of such school or school system which the responsible official of the Department of Health, Education, and Welfare determines is adequate to accomplish the purposes of the Act and this part, and provides reasonable assurance that it will carry out such plan; in any case of continuing Federal financial assistance the said Department officer may reserve the right to redetermine, after such period as may

be specified by him, the adequacy of the plan to accomplish the purpose of the Act or this part within the earliest practicable time. In any case in which a final order of a court of the United States for the desegregation of such school or school system is entered after submission of such a plan, such plan shall be revised to conform to such final order, including any future modification of said order.

[29 FR 19291, Dec. 31, 1964, as amended at 38 FR 17960, July 5, 1973]

§ 195.7 Compliance information.

(a) *Cooperation and assistance.* Each responsible Department official shall to the fullest extent practicable seek the cooperation of recipients in obtaining compliance with this part and shall provide assistance and guidance to recipients to help them comply voluntarily with this part.

(b) *Compliance reports.* Each recipient shall keep such records and submit to the responsible Department official timely, complete and accurate compliance reports at such times, and in such form and containing such information, as the responsible Department official may determine to be necessary to enable him to ascertain whether the recipient has complied or is complying with this part. In general, recipients should have available for the Department racial and ethnic data showing the extent to which members of minority groups are beneficiaries of federally assisted programs. In the case of any program under which a primary recipient extends Federal financial assistance to any other recipient, such other recipient shall also submit such compliance reports to the primary recipient as may be necessary to enable the primary recipient to carry out its obligations imposed pursuant to this part.

(c) *Access to sources of information.* Each recipient shall permit access by the responsible Department official during normal business hours to such of its books, records, accounts, and other sources of information, and its facilities as may be pertinent to ascertain compliance with this part. Where any information required of a recipient is in the exclusive possession of any other institution or person and this institution or person shall fail or refuse to furnish this information, the recipient shall so certify in its report and shall set forth what efforts it has made to obtain the information.

(d) *Information to beneficiaries and participants.* Each recipient shall make available to participants, beneficiaries, and other interested persons such information regarding the provisions of this part and its applicability to the program under which the recipient receives Federal financial assistance, and make such information available to them in such manner, as the responsible Department official finds necessary to apprise such persons of the protections against discrimination assured them by the Act and this part.

[29 FR 19291, Dec. 31, 1964, as amended at 38 FR 17960, July 5, 1973]

§ 195.8 Conduct of investigations.

(a) *Periodic compliance reviews.* The responsible Department official or his designee(s) shall from time to time review the practices of recipients to determine whether they are complying with this part.

(b) *Complaints.* Any person who believes himself or any specific class of individuals to be subjected to discrimination prohibited by this part may by himself or by a representative file with the responsible Department official a written complaint. A complaint must be filed not later than 180 days from the date of the alleged discrimination, unless the time for filing is extended by the responsible Department official.

(c) *Investigations.* The responsible Department official will make a prompt investigation whenever a compliance review, report, complaint, or any other information indicates a possible failure to comply with this part. The investigation should include, where appropriate, a review of the pertinent practices and policies of the recipient, the circumstances under which the possible noncompliance with this part occurred, and other factors relevant to a determination of whether the recipient has failed to comply with this part.

(d) *Resolution of matters.* (1) If an investigation pursuant to paragraph (c) of this section indicates a failure to comply with this part, the responsible Department official will so inform the

recipient and the matter will be resolved by informal means whenever possible. If it has been determined that the matter cannot be resolved by informal means, action will be taken as provided in §195.9.

(2) If an investigation does not warrant action pursuant to paragraph (d)(1) of this section, the responsible Department official will so inform the recipient and the complainant, if any, in writing.

(e) *Intimidatory or retaliatory acts prohibited.* No recipient or other person shall intimidate, threaten, coerce, or discriminate against any individual for the purpose of interfering with any right or privilege secured by section 601 of the Act or this part, or because he has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under this part. The identity of complainants shall not be disclosed except when necessary to carry out the purposes of this part including the conduct of any investigation, hearing, or judicial proceeding arising thereunder.

[29 FR 19291, Dec. 31, 1964, as amended at 38 FR 17960, July 5, 1974. Redesignated and amended at 56 FR 32965, July 18, 1991]

§195.9 Procedure for effecting compliance.

(a) *General.* If there appears to be a failure or threatened failure to comply with this part, and if the noncompliance or threatened noncompliance cannot be corrected by informal means, compliance with this part may be effected by the suspension or termination of or refusal to grant or to continue Federal financial assistance or by any other means authorized by law as determined by the responsible Department official. Such other means may include, but are not limited to (1) a reference to the Department of Justice with a recommendation that appropriate proceedings be brought to enforce any rights of the United States under any law of the United States (including other titles of the Act), or any assurance or other contractual undertaking, and (2) any applicable proceedings under State or local law.

(b) *Noncompliance with §195.6.* If an applicant fails or refuses to furnish an assurance required under §195.6 or otherwise fails or refuses to comply with a requirement imposed by or pursuant to that section Federal financial assistance may be refused in accordance with the procedures of paragraph (c) of this section. The component of the Department of Defense concerned shall not be required to provide assistance in such a case during the pendency of the administrative proceedings under such paragraph except that the component shall continue assistance during the pendency of such proceedings where such assistance is due and payable pursuant to an application therefor approved prior to the effective date of this part.

(c) *Termination of or refusal to grant or to continue Federal financial assistance.* Except as provided in paragraph (b) of this section no order suspending, terminating or refusing to grant or continue Federal financial assistance shall become effective until (1) the responsible Department official has advised the applicant or recipient of his failure to comply and has determined that compliance cannot be secured by voluntary means, (2) there has been an express finding, after opportunity for a hearing (as provided in §195.10), of a failure by the applicant or recipient to comply with a requirement imposed by or pursuant to this part, (3) the action has been approved by the Secretary of Defense pursuant to §195.11, and (4) the expiration of 30 days after the Secretary of Defense has filed with the committee of the House and the committee of the Senate having legislative jurisdiction over the program involved, a full written report of the circumstances and the grounds for such action. Any action to suspend or terminate or to refuse to grant or to continue Federal financial assistance shall be limited to the particular political entity, or part thereof, or other applicant or recipient as to whom such a finding has been made and shall be limited in its effect to the particular program, or part thereof, in which such noncompliance has been so found.

(d) *Other means authorized by law.* No action to affect compliance by any other means authorized by law shall be taken until (1) the responsible Department official has determined that compliance cannot be secured by voluntary means, (2) the action has been approved

by the Assistant Secretary of Defense (Manpower), (3) the recipient or other person has been notified of its failure to comply and of the action to be taken to effect compliance, and (4) the expiration of at least 10 days from the mailing of such notice to the recipient or other person. During this period of at least 10 days additional efforts shall be made to persuade the recipient or other person to comply with this part and to take such corrective action as may be appropriate.

[29 FR 19291, Dec. 31, 1964. Redesignated and amended at 56 FR 32965, July 18, 1991]

§ 195.10 Hearings.

(a) *Opportunity for hearing.* Whenever an opportunity for a hearing is required by §195.9, reasonable notice shall be given by registered or certified mail, return receipt requested, to the affected applicant or recipient. This notice shall advise the applicant or recipient of the action proposed to be taken, the specific provision under which the proposed action against it is to be taken, and the matters of fact or law asserted as the basis for this action, and either (1) fix a date not less than 20 days after the date of such notice within which the applicant or recipient may request of the responsible Department official that the matter be scheduled for hearing or (2) advise the applicant or recipient that the matter in question has been set down for hearing at a stated place and time. The time and place so fixed shall be reasonable and shall be subject to change for cause. The complainant, if any, shall be advised of the time and place of hearing. An applicant or recipient may waive a hearing and submit written information and argument. The failure of an applicant or recipient to request a hearing under this paragraph or to appear at a hearing for which a date has been set shall be deemed to be a waiver of the right to a hearing under section 602 of the Act and §195.11(c) and consent to the making of a decision on the basis of such information as is available.

(b) *Time and place of hearing.* Hearings shall be held at the offices of the responsible component of the Department of Defense in Washington, D.C., at a time fixed by the responsible Department official unless he determines that the convenience of the applicant or recipient or of the component requires that another place be selected. Hearings shall be held before the responsible Department official or, at his discretion, before a hearing examiner designated by him.

(c) *Hearing examiner.* The examiner shall be a field grade officer or civilian employee above the grade of GS–12 (or the equivalent) who shall be a person admitted to practice law before a Federal court or the highest court of a State.

(d) *Right to counsel.* In all proceedings under this section, the applicant or recipient and the responsible component of the Department shall have the right to be represented by counsel.

(e) *Procedures.* (1) The recipient shall receive an open hearing at which he or his counsel may examine any witnesses present. Both the responsible Department official and the applicant or recipient shall be entitled to introduce all relevant evidence on the issues as stated in the notice for hearing or as determined by the officer conducting the hearing at the outset of or during the hearing.

(2) Technical rules of evidence shall not apply to hearings conducted pursuant to this part, but rules or principles designed to assure production of the most credible evidence available and to subject testimony to test by cross-examination shall be applied where reasonably necessary by the officer conducting the hearing. The hearing officer may exclude irrelevant, immaterial, or unduly repetitious evidence. All documents and other evidence offered or taken for record shall be open to examination by the parties and opportunity shall be given to refute facts and arguments advanced on either side of the issues. A transcript shall be made of the oral evidence except to the extent the substance thereof is stipulated for the record. All decisions shall be based upon the hearing record and written findings shall be made.

(f) *Consolidated or joint hearings.* In cases in which the same or related facts are asserted to constitute noncompliance with this part with respect to two or more programs to which this part applies, or noncompliance with

this part and the regulations of one or more other Federal departments or agencies issued under Title VI of the Act, the Assistant Secretary of Defense (Manpower), the Secretary of a Military Department, or other responsible Department official designated by the Assistant Secretary of Defense (Manpower) after consultation with the Assistant Secretary of Defense (Manpower) may, by agreement with such other departments or agencies where applicable, provide for the conduct of consolidated or joint hearings, and for the application to such hearings of appropriate procedures not inconsistent with this part. Final decisions in such cases, insofar as this part is concerned, shall be made in accordance with §195.11.

[29 FR 19291, Dec. 31, 1964, as amended at 30 FR 133, Jan. 7, 1965. Redesignated and amended at 56 FR 32965, July 18, 1991]

§195.11 Decisions and notices.

(a) *Decision by person other than the responsible department official.* If the hearing is held by a hearing examiner such hearing examiner shall either make an initial decision, if so authorized, or certify the entire record including his recommended findings and proposed decision to the responsible Department official for a final decision, and a copy of such initial decision or certification shall be mailed to the applicant or recipient. Where the initial decision is made by the hearing examiner the applicant or recipient may within 30 days of the mailing of such notice of initial decision file with the responsible Department official his exceptions to the initial decision, with his reasons therefor. In the absence of exceptions, the responsible Department official may on his own motion within 45 days after the initial decision serve on the applicant or recipient a notice that he will review the decision. Upon the filing of such exceptions or of such notice of review the responsible Department official shall review the initial decision and issue his own decision thereon including the reasons therefor. In the absence of either exceptions or a notice of review the initial decision shall constitute the final decision of the responsible Department official.

(b) *Decisions on record or review by the responsible department official.* Whenever a record is certified to the responsible Department official for decision or he reviews the decision of a hearing examiner pursuant to paragraph (a) of this section or whenever the responsible Department official conducts the hearing, the applicant or recipient shall be given reasonable opportunity to file with him briefs or other written statements of its contentions, and a copy of the final decision of the responsible Department official shall be given in writing to the applicant or recipient and to the complainant, if any.

(c) *Decisions on record where a hearing is waived.* Whenever a hearing is waived pursuant to §195.10(a), a decision shall be made by the responsible Department official on the record and a copy of such decision shall be given in writing to the applicant or recipient, and to the complainant, if any.

(d) *Rulings required.* Each decision of a hearing officer or responsible Department official shall set forth his ruling on each finding, conclusion, or exception presented, and shall identify the requirement or requirements imposed by or pursuant to this part with which it is found that the applicant or recipient has failed to comply.

(e) *Approval by the Secretary of Defense.* Any final decision of a responsible Department official which provides for the suspension or termination of, or the refusal to grant or continue Federal financial assistance, or the imposition of any other sanction available under this part or the Act, shall promptly be transmitted to the Secretary of Defense, who may approve such decision, may vacate it, or remit or mitigate any sanction imposed.

(f) *Contents of orders.* The final decision may provide for suspension or termination of, or refusal to grant or continue Federal financial assistance, in whole or in part, under the program involved, and may contain such terms, conditions, and other provisions as are consistent with and will effectuate the purposes of the Act and this part, including provisions designed to assure that no Federal financial assistance will thereafter be extended under such program to the applicant or recipient determined by such decision to be in

default in its performance of an assurance given by it pursuant to this part, or to have otherwise failed to comply with this part, unless and until it corrects its noncompliance and satisfies the responsible Department official that it will fully comply with this part.

(g) *Post-termination proceedings.* (1) An applicant or recipient adversely affected by an order issued under paragraph (f) of this section shall be restored to full eligibility to receive Federal financial assistance if it satisfies the terms and conditions of that order for such eligibility or if it brings itself into compliance with this part and provides reasonable assurance that it will fully comply with this part.

(2) Any applicant or recipient adversely affected by an order entered pursuant to paragraph (f) of this section may at any time request the responsible Department official to restore fully its eligibility to receive Federal financial assistance. Any such request shall be supported by information showing that the applicant or recipient has met the requirements of paragraph (g)(1) of this section. If the responsible Department official determines that those requirements have been satisfied, he shall restore such eligibility.

(3) If the responsible Department official denies any such request, the applicant or recipient may submit a request for a hearing in writing, specifying why it believes such official to have been in error. It shall thereupon be given an expeditious hearing, with a decision on the record, in accordance with rules of procedure issued by the responsible Department official. The applicant or recipient will be restored to such eligibility if it proves at such a hearing that it satisfied the requirements of paragraph (g)(1) of this section. While proceedings under this subsection are pending, the sanctions imposed by the order issued under paragraph (f) of this section shall remain in effect.

[29 FR 19291, Dec. 31, 1964, as amended at 38 FR 17960, July 5, 1973. Redesignated and amended at 56 FR 32965, July 18, 1991]

§ 195.12 Judicial review.

Action taken pursuant to section 602 of the Act is subject to judicial review as provided in section 603 of the Act.

§ 195.13 Effect on other issuances.

All issuances heretofore issued by any officer of the Department of Defense or its components which impose requirements designed to prohibit any discrimination against individuals on the ground of race, color, or national origin under any program to which this part applies, and which authorize the suspension or termination of or refusal to grant or to continue Federal financial assistance to any applicant for or recipient of such assistance under such program for failure to comply with such requirements, are hereby superseded to the extent that such discrimination is prohibited by this part, except that nothing in this part shall be deemed to relieve any person of any obligation assumed or imposed under any such superseded regulation, order, instruction, or like direction prior to the effective date of this part. Nothing in this part, however, shall be deemed to supersede any of the following (including future amendments thereof):

(a) Executive Orders 10925 and 11114 and issuances thereunder,

(b) The ''Standards for a Merit System of Personnel Administration,'' issued jointly by the Secretaries of Defense, of Health, Education, and Welfare, and of Labor, 28 FR 734, or

(c) Executive Order 11063 and issuances thereunder, or any other issuances, insofar as such Order or issuances prohibit discrimination on the ground of race, color, or national origin in any program or situation to which this part is inapplicable, or prohibit discrimination on any other ground.

§ 195.14 Implementation.

The Secretary of each Military Department shall submit regulations implementing this part to the Assistant Secretary of Defense (Manpower).

APPENDIX A TO PART 195—PROGRAMS TO WHICH THIS PART APPLIES

1. The Army and Air National Guard (Title 32, United States Code).

2. Various programs involving loan or other disposition of surplus property (various general and specialized statutory provisions including: 40 United States Code 483, 484, 512; 49 United States Code 1101–1119; 10 United States Code 2541, 2542, 2543, 2572, 2662, 7308, 7541, 7542, 7545, 7546, 7547).

3. National Program for Promotion of Rifle Practice (10 United States Code 4307 and annual Department of Defense Appropriation Act).

4. National Defense Cadet Corps Program (10 United States Code 3540(b), 4651).

5. Office of Civil Defense assistance to programs of adult education in civil defense subjects (50 United States Code App. 2281 (e), (f)).

6. Office of Civil Defense radiological instruments grants (50 United States Code App. 2281(h)).

7. Office of Civil Defense program (with Public Health Service) for development of instructional materials on medical self-help (50 United States Code App. 2281 (e), (f)).

8. Office of Civil Defense university extension programs for civil defense instructor training (50 United States Code App. 2281 (e)).

9. Office of Civil Defense programs for survival supplies and equipment, survival training, emergency operating center construction, and personnel and administrative expenses (50 United States Code App. 2281(i), 2285).

10. Office of Civil Defense Shelter Provisioning Program (50 United States Code App. 2281(h)).

11. Office of Civil Defense assistance to students attending Office of Civil Defense schools (50 United States Code App. 2281(e)).

12. Office of Civil Defense loans of equipment or materials from OCD stockpiles for civil defense, including local disaster purposes (50 United States Code App. 2281).

13. Navy Science Cruiser Program (SecNav Instruction 5720.19A).

14. Civil Air Patrol (10 United States Code 9441).

15. Research grants made under the authority of Pub. L. 85–934 (42 United States Code 1892).

16. Contracts with nonprofit institutions of higher education or with nonprofit organizations whose primary purpose is the conduct of scientific research, wherein title to equipment purchased with funds under such contracts may be vested in such institutions or organizations under the authority of Pub. L. 85–934 (42 United States Code 1891).

17. Army Corps of Engineers participation in cooperative investigations and studies concerning erosion of shores of coastal and lake waters (33 United States Code 426).

18. Army Corps of Engineers assistance in the construction of works for the restoration and protection of shores and beaches (33 United States Code 426e–h).

19. Public park and recreational facilities at water resource development projects under the administrative jurisdiction of the Department of the Army (16 United States Code 460d and Federal Water Project Recreation Act, Pub. L. 89–72, 79 Stat. 218, July 9, 1965).

20. Payment to States of proceeds of lands acquired by the United States for flood control, navigation, and allied purposes (33 United States Code 701–c–3).

21. Grants of easements without consideration, or at a nominal or reduced consideration, on lands under the control of the Department of the Army at water resource development projects (33 United States Code 558c and 702d–1; 10 United States Code 2668 and 2669); 43 United States Code 961; 40 United States Code 319).

22. Army Corps of Engineers assistance in the construction of small boat harbor projects (33 United States Code 540 and 577, and 47 Stat. 42, Feb. 10, 1932).

23. Emergency bank protection works constructed by the Army Corps of Engineers for protection of highways, bridge approaches, and public works (33 United States Code 701r).

24. Assistance to States and local interests in the development of water supplies for municipal and industrial purposes in connection with Army Corps of Engineers reservoir projects (Water Supply Act of 1958, 43 United States Code 390b).

25. Army Corps of Engineers contracts for remedial works under authority of section 111 of Act of July 3, 1958 (33 United States Code 633).

[29 FR 19291, Dec. 31, 1964, as amended at 31 FR 6831, May 7, 1966]

PART 196—NONDISCRIMINATION ON THE BASIS OF SEX IN EDUCATION PROGRAMS OR ACTIVITIES RECEIVING FEDERAL FINANCIAL ASSISTANCE

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AUTHORITY: 20 U.S.C. 1681, 1682, 1683, 1685, 1686, 1687, 1688.

SOURCE: 65 FR 52865, 52885, Aug. 30, 2000, unless otherwise noted.

Subpart A—Introduction

§ 196.100 Purpose and effective date.

The purpose of these Title IX regulations is to effectuate Title IX of the Education Amendments of 1972, as amended (except sections 904 and 906 of those Amendments) (20 U.S.C. 1681, 1682, 1683, 1685, 1686, 1687, 1688), which is designed to eliminate (with certain exceptions) discrimination on the basis of sex in any education program or activity receiving Federal financial assistance, whether or not such program or activity is offered or sponsored by an educational institution as defined in these Title IX regulations. The effective date of these Title IX regulations shall be September 29, 2000.

§ 196.105 Definitions.

As used in these Title IX regulations, the term:

Administratively separate unit means a school, department, or college of an educational institution (other than a local educational agency) admission to which is independent of admission to any other component of such institution.

Admission means selection for part-time, full-time, special, associate, transfer, exchange, or any other enrollment, membership, or matriculation in or at an education program or activity operated by a recipient.

Applicant means one who submits an application, request, or plan required to be approved by an official of the Federal agency that awards Federal financial assistance, or by a recipient, as a condition to becoming a recipient.

Designated agency official means Assistant Secretary of Defense (Force Management Policy).

Educational institution means a local educational agency (LEA) as defined by 20 U.S.C. 8801(18), a preschool, a private elementary or secondary school, or an applicant or recipient that is an institution of graduate higher education, an institution of undergraduate higher education, an institution of professional education, or an institution of vocational education, as defined in this section.

Federal financial assistance means any of the following, when authorized or extended under a law administered by

the Federal agency that awards such assistance:

(1) A grant or loan of Federal financial assistance, including funds made available for:

(i) The acquisition, construction, renovation, restoration, or repair of a building or facility or any portion thereof; and

(ii) Scholarships, loans, grants, wages, or other funds extended to any entity for payment to or on behalf of students admitted to that entity, or extended directly to such students for payment to that entity.

(2) A grant of Federal real or personal property or any interest therein, including surplus property, and the proceeds of the sale or transfer of such property, if the Federal share of the fair market value of the property is not, upon such sale or transfer, properly accounted for to the Federal Government.

(3) Provision of the services of Federal personnel.

(4) Sale or lease of Federal property or any interest therein at nominal consideration, or at consideration reduced for the purpose of assisting the recipient or in recognition of public interest to be served thereby, or permission to use Federal property or any interest therein without consideration.

(5) Any other contract, agreement, or arrangement that has as one of its purposes the provision of assistance to any education program or activity, except a contract of insurance or guaranty.

Institution of graduate higher education means an institution that:

(1) Offers academic study beyond the bachelor of arts or bachelor of science degree, whether or not leading to a certificate of any higher degree in the liberal arts and sciences;

(2) Awards any degree in a professional field beyond the first professional degree (regardless of whether the first professional degree in such field is awarded by an institution of undergraduate higher education or professional education); or

(3) Awards no degree and offers no further academic study, but operates ordinarily for the purpose of facilitating research by persons who have received the highest graduate degree in any field of study.

Institution of professional education means an institution (except any institution of undergraduate higher education) that offers a program of academic study that leads to a first professional degree in a field for which there is a national specialized accrediting agency recognized by the Secretary of Education.

Institution of undergraduate higher education means:

(1) An institution offering at least two but less than four years of college-level study beyond the high school level, leading to a diploma or an associate degree, or wholly or principally creditable toward a baccalaureate degree; or

(2) An institution offering academic study leading to a baccalaureate degree; or

(3) An agency or body that certifies credentials or offers degrees, but that may or may not offer academic study.

Institution of vocational education means a school or institution (except an institution of professional or graduate or undergraduate higher education) that has as its primary purpose preparation of students to pursue a technical, skilled, or semiskilled occupation or trade, or to pursue study in a technical field, whether or not the school or institution offers certificates, diplomas, or degrees and whether or not it offers full-time study.

Recipient means any State or political subdivision thereof, or any instrumentality of a State or political subdivision thereof, any public or private agency, institution, or organization, or other entity, or any person, to whom Federal financial assistance is extended directly or through another recipient and that operates an education program or activity that receives such assistance, including any subunit, successor, assignee, or transferee thereof.

Student means a person who has gained admission.

Title IX means Title IX of the Education Amendments of 1972, Public Law 92–318, 86 Stat. 235, 373 (codified as amended at 20 U.S.C. 1681–1688) (except sections 904 and 906 thereof), as amended by section 3 of Public Law 93–568, 88 Stat. 1855, by section 412 of the Education Amendments of 1976, Public Law 94–482, 90 Stat. 2234, and by Section 3 of

Public Law 100–259, 102 Stat. 28, 28–29 (20 U.S.C. 1681, 1682, 1683, 1685, 1686, 1687, 1688).

Title IX regulations means the provisions set forth at §§196.100 through 196.605.

Transition plan means a plan subject to the approval of the Secretary of Education pursuant to section 901(a)(2) of the Education Amendments of 1972, 20 U.S.C. 1681(a)(2), under which an educational institution operates in making the transition from being an educational institution that admits only students of one sex to being one that admits students of both sexes without discrimination.

§ 196.110 Remedial and affirmative action and self-evaluation.

(a) *Remedial action.* If the designated agency official finds that a recipient has discriminated against persons on the basis of sex in an education program or activity, such recipient shall take such remedial action as the designated agency official deems necessary to overcome the effects of such discrimination.

(b) *Affirmative action.* In the absence of a finding of discrimination on the basis of sex in an education program or activity, a recipient may take affirmative action consistent with law to overcome the effects of conditions that resulted in limited participation therein by persons of a particular sex. Nothing in these Title IX regulations shall be interpreted to alter any affirmative action obligations that a recipient may have under Executive Order 11246, 3 CFR, 1964–1965 Comp., p. 339; as amended by Executive Order 11375, 3 CFR, 1966–1970 Comp., p. 684; as amended by Executive Order 11478, 3 CFR, 1966–1970 Comp., p. 803; as amended by Executive Order 12086, 3 CFR, 1978 Comp., p. 230; as amended by Executive Order 12107, 3 CFR, 1978 Comp., p. 264.

(c) *Self-evaluation.* Each recipient education institution shall, within one year of September 29, 2000:

(1) Evaluate, in terms of the requirements of these Title IX regulations, its current policies and practices and the effects thereof concerning admission of students, treatment of students, and employment of both academic and nonacademic personnel working in connection with the recipient's education program or activity;

(2) Modify any of these policies and practices that do not or may not meet the requirements of these Title IX regulations; and

(3) Take appropriate remedial steps to eliminate the effects of any discrimination that resulted or may have resulted from adherence to these policies and practices.

(d) *Availability of self-evaluation and related materials.* Recipients shall maintain on file for at least three years following completion of the evaluation required under paragraph (c) of this section, and shall provide to the designated agency official upon request, a description of any modifications made pursuant to paragraph (c)(2) of this section and of any remedial steps taken pursuant to paragraph (c)(3) of this section.

§ 196.115 Assurance required.

(a) *General.* Either at the application stage or the award stage, Federal agencies must ensure that applications for Federal financial assistance or awards of Federal financial assistance contain, be accompanied by, or be covered by a specifically identified assurance from the applicant or recipient, satisfactory to the designated agency official, that each education program or activity operated by the applicant or recipient and to which these Title IX regulations apply will be operated in compliance with these Title IX regulations. An assurance of compliance with these Title IX regulations shall not be satisfactory to the designated agency official if the applicant or recipient to whom such assurance applies fails to commit itself to take whatever remedial action is necessary in accordance with §196.110(a) to eliminate existing discrimination on the basis of sex or to eliminate the effects of past discrimination whether occurring prior to or subsequent to the submission to the designated agency official of such assurance.

(b) *Duration of obligation.* (1) In the case of Federal financial assistance extended to provide real property or structures thereon, such assurance shall obligate the recipient or, in the case of a subsequent transfer, the

transferee, for the period during which the real property or structures are used to provide an education program or activity.

(2) In the case of Federal financial assistance extended to provide personal property, such assurance shall obligate the recipient for the period during which it retains ownership or possession of the property.

(3) In all other cases such assurance shall obligate the recipient for the period during which Federal financial assistance is extended.

(c) *Form.* (1) The assurances required by paragraph (a) of this section, which may be included as part of a document that addresses other assurances or obligations, shall include that the applicant or recipient will comply with all applicable Federal statutes relating to nondiscrimination. These include but are not limited to: Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681–1683, 1685–1688).

(2) The designated agency official will specify the extent to which such assurances will be required of the applicant's or recipient's subgrantees, contractors, subcontractors, transferees, or successors in interest.

§ 196.120 Transfers of property.

If a recipient sells or otherwise transfers property financed in whole or in part with Federal financial assistance to a transferee that operates any education program or activity, and the Federal share of the fair market value of the property is not upon such sale or transfer properly accounted for to the Federal Government, both the transferor and the transferee shall be deemed to be recipients, subject to the provisions of §§196.205 through 196.235(a).

§ 196.125 Effect of other requirements.

(a) *Effect of other Federal provisions.* The obligations imposed by these Title IX regulations are independent of, and do not alter, obligations not to discriminate on the basis of sex imposed by Executive Order 11246, 3 CFR, 1964–1965 Comp., p. 339; as amended by Executive Order 11375, 3 CFR, 1966–1970 Comp., p. 684; as amended by Executive Order 11478, 3 CFR, 1966–1970 Comp., p. 803; as amended by Executive Order 12087, 3 CFR, 1978 Comp., p. 230; as amended by Executive Order 12107, 3 CFR, 1978 Comp., p. 264; sections 704 and 855 of the Public Health Service Act (42 U.S.C. 295m, 298b-2); Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e *et seq.*); the Equal Pay Act of 1963 (29 U.S.C. 206); and any other Act of Congress or Federal regulation.

(b) *Effect of State or local law or other requirements.* The obligation to comply with these Title IX regulations is not obviated or alleviated by any State or local law or other requirement that would render any applicant or student ineligible, or limit the eligibility of any applicant or student, on the basis of sex, to practice any occupation or profession.

(c) *Effect of rules or regulations of private organizations.* The obligation to comply with these Title IX regulations is not obviated or alleviated by any rule or regulation of any organization, club, athletic or other league, or association that would render any applicant or student ineligible to participate or limit the eligibility or participation of any applicant or student, on the basis of sex, in any education program or activity operated by a recipient and that receives Federal financial assistance.

§ 196.130 Effect of employment opportunities.

The obligation to comply with these Title IX regulations is not obviated or alleviated because employment opportunities in any occupation or profession are or may be more limited for members of one sex than for members of the other sex.

§ 196.135 Designation of responsible employee and adoption of grievance procedures.

(a) *Designation of responsible employee.* Each recipient shall designate at least one employee to coordinate its efforts to comply with and carry out its responsibilities under these Title IX regulations, including any investigation of any complaint communicated to such recipient alleging its noncompliance with these Title IX regulations or alleging any actions that would be prohibited by these Title IX regulations.

The recipient shall notify all its students and employees of the name, office address, and telephone number of the employee or employees appointed pursuant to this paragraph.

(b) *Complaint procedure of recipient.* A recipient shall adopt and publish grievance procedures providing for prompt and equitable resolution of student and employee complaints alleging any action that would be prohibited by these Title IX regulations.

§ 196.140 Dissemination of policy.

(a) *Notification of policy.* (1) Each recipient shall implement specific and continuing steps to notify applicants for admission and employment, students and parents of elementary and secondary school students, employees, sources of referral of applicants for admission and employment, and all unions or professional organizations holding collective bargaining or professional agreements with the recipient, that it does not discriminate on the basis of sex in the educational programs or activities that it operates, and that it is required by Title IX and these Title IX regulations not to discriminate in such a manner. Such notification shall contain such information, and be made in such manner, as the designated agency official finds necessary to apprise such persons of the protections against discrimination assured them by Title IX and these Title IX regulations, but shall state at least that the requirement not to discriminate in education programs or activities extends to employment therein, and to admission thereto unless §§ 196.300 through 196.310 do not apply to the recipient, and that inquiries concerning the application of Title IX and these Title IX regulations to such recipient may be referred to the employee designated pursuant to § 196.135, or to the designated agency official.

(2) Each recipient shall make the initial notification required by paragraph (a)(1) of this section within 90 days of September 29, 2000 or of the date these Title IX regulations first apply to such recipient, whichever comes later, which notification shall include publication in:

(i) Newspapers and magazines operated by such recipient or by student, alumnae, or alumni groups for or in connection with such recipient; and

(ii) Memoranda or other written communications distributed to every student and employee of such recipient.

(b) *Publications.* (1) Each recipient shall prominently include a statement of the policy described in paragraph (a) of this section in each announcement, bulletin, catalog, or application form that it makes available to any person of a type, described in paragraph (a) of this section, or which is otherwise used in connection with the recruitment of students or employees.

(2) A recipient shall not use or distribute a publication of the type described in paragraph (b)(1) of this section that suggests, by text or illustration, that such recipient treats applicants, students, or employees differently on the basis of sex except as such treatment is permitted by these Title IX regulations.

(c) *Distribution.* Each recipient shall distribute without discrimination on the basis of sex each publication described in paragraph (b)(1) of this section, and shall apprise each of its admission and employment recruitment representatives of the policy of nondiscrimination described in paragraph (a) of this section, and shall require such representatives to adhere to such policy.

Subpart B—Coverage

§ 196.200 Application.

Except as provided in §§ 196.205 through 196.235(a), these Title IX regulations apply to every recipient and to each education program or activity operated by such recipient that receives Federal financial assistance.

§ 196.205 Educational institutions and other entities controlled by religious organizations.

(a) *Exemption.* These Title IX regulations do not apply to any operation of an educational institution or other entity that is controlled by a religious organization to the extent that application of these Title IX regulations would not be consistent with the religious tenets of such organization.

(b) *Exemption claims.* An educational institution or other entity that wishes

to claim the exemption set forth in paragraph (a) of this section shall do so by submitting in writing to the designated agency official a statement by the highest-ranking official of the institution, identifying the provisions of these Title IX regulations that conflict with a specific tenet of the religious organization.

§ 196.210 Military and merchant marine educational institutions.

These Title IX regulations do not apply to an educational institution whose primary purpose is the training of individuals for a military service of the United States or for the merchant marine.

§ 196.215 Membership practices of certain organizations.

(a) *Social fraternities and sororities.* These Title IX regulations do not apply to the membership practices of social fraternities and sororities that are exempt from taxation under section 501(a) of the Internal Revenue Code of 1954, 26 U.S.C. 501(a), the active membership of which consists primarily of students in attendance at institutions of higher education.

(b) *YMCA, YWCA, Girl Scouts, Boy Scouts, and Camp Fire Girls.* These Title IX regulations do not apply to the membership practices of the Young Men's Christian Association (YMCA), the Young Women's Christian Association (YWCA), the Girl Scouts, the Boy Scouts, and Camp Fire Girls.

(c) *Voluntary youth service organizations.* These Title IX regulations do not apply to the membership practices of a voluntary youth service organization that is exempt from taxation under section 501(a) of the Internal Revenue Code of 1954, 26 U.S.C. 501(a), and the membership of which has been traditionally limited to members of one sex and principally to persons of less than nineteen years of age.

§ 196.220 Admissions.

(a) Admissions to educational institutions prior to June 24, 1973, are not covered by these Title IX regulations.

(b) *Administratively separate units.* For the purposes only of this section, §§ 196.225 and 196.230, and §§ 196.300 through 196.310, each administratively separate unit shall be deemed to be an educational institution.

(c) *Application of §§ 196.300 through 196.310.* Except as provided in paragraphs (d) and (e) of this section, §§ 196.300 through 196.310 apply to each recipient. A recipient to which §§ 196.300 through 196.310 apply shall not discriminate on the basis of sex in admission or recruitment in violation of §§ 196.300 through 196.310.

(d) *Educational institutions.* Except as provided in paragraph (e) of this section as to recipients that are educational institutions, §§ 196.300 through 196.310 apply only to institutions of vocational education, professional education, graduate higher education, and public institutions of undergraduate higher education.

(e) *Public institutions of undergraduate higher education.* §§ 196.300 through 196.310 do not apply to any public institution of undergraduate higher education that traditionally and continually from its establishment has had a policy of admitting students of only one sex.

§ 196.225 Educational institutions eligible to submit transition plans.

(a) *Application.* This section applies to each educational institution to which §§ 196.300 through 196.310 apply that:

(1) Admitted students of only one sex as regular students as of June 23, 1972; or

(2) Admitted students of only one sex as regular students as of June 23, 1965, but thereafter admitted, as regular students, students of the sex not admitted prior to June 23, 1965.

(b) *Provision for transition plans.* An educational institution to which this section applies shall not discriminate on the basis of sex in admission or recruitment in violation of §§ 196.300 through 196.310.

§ 196.230 Transition plans.

(a) *Submission of plans.* An institution to which § 196.225 applies and that is composed of more than one administratively separate unit may submit either a single transition plan applicable to all such units, or a separate transition plan applicable to each such unit.

(b) *Content of plans.* In order to be approved by the Secretary of Education, a transition plan shall:

(1) State the name, address, and Federal Interagency Committee on Education Code of the educational institution submitting such plan, the administratively separate units to which the plan is applicable, and the name, address, and telephone number of the person to whom questions concerning the plan may be addressed. The person who submits the plan shall be the chief administrator or president of the institution, or another individual legally authorized to bind the institution to all actions set forth in the plan.

(2) State whether the educational institution or administratively separate unit admits students of both sexes as regular students and, if so, when it began to do so.

(3) Identify and describe with respect to the educational institution or administratively separate unit any obstacles to admitting students without discrimination on the basis of sex.

(4) Describe in detail the steps necessary to eliminate as soon as practicable each obstacle so identified and indicate the schedule for taking these steps and the individual directly responsible for their implementation.

(5) Include estimates of the number of students, by sex, expected to apply for, be admitted to, and enter each class during the period covered by the plan.

(c) *Nondiscrimination.* No policy or practice of a recipient to which §196.225 applies shall result in treatment of applicants to or students of such recipient in violation of §§196.300 through 196.310 unless such treatment is necessitated by an obstacle identified in paragraph (b)(3) of this section and a schedule for eliminating that obstacle has been provided as required by paragraph (b)(4) of this section.

(d) *Effects of past exclusion.* To overcome the effects of past exclusion of students on the basis of sex, each educational institution to which §196.225 applies shall include in its transition plan, and shall implement, specific steps designed to encourage individuals of the previously excluded sex to apply for admission to such institution. Such steps shall include instituting recruitment programs that emphasize the institution's commitment to enrolling students of the sex previously excluded.

§196.235 Statutory amendments.

(a) This section, which applies to all provisions of these Title IX regulations, addresses statutory amendments to Title IX.

(b) These Title IX regulations shall not apply to or preclude:

(1) Any program or activity of the American Legion undertaken in connection with the organization or operation of any Boys State conference, Boys Nation conference, Girls State conference, or Girls Nation conference;

(2) Any program or activity of a secondary school or educational institution specifically for:

(i) The promotion of any Boys State conference, Boys Nation conference, Girls State conference, or Girls Nation conference; or

(ii) The selection of students to attend any such conference;

(3) Father-son or mother-daughter activities at an educational institution or in an education program or activity, but if such activities are provided for students of one sex, opportunities for reasonably comparable activities shall be provided to students of the other sex;

(4) Any scholarship or other financial assistance awarded by an institution of higher education to an individual because such individual has received such award in a single-sex pageant based upon a combination of factors related to the individual's personal appearance, poise, and talent. The pageant, however, must comply with other nondiscrimination provisions of Federal law.

(c) *Program or activity* or *program* means:

(1) All of the operations of any entity described in paragraphs (c)(1)(i) through (iv) of this section, any part of which is extended Federal financial assistance:

(i)(A) A department, agency, special purpose district, or other instrumentality of a State or of a local government; or

(B) The entity of such State or local government that distributes such assistance and each such department or agency (and each other State or local government entity) to which the assistance is extended, in the case of assistance to a State or local government;

(ii)(A) A college, university, or other postsecondary institution, or a public system of higher education; or

(B) A local educational agency (as defined in section 8801 of title 20), system of vocational education, or other school system;

(iii)(A) An entire corporation, partnership, or other private organization, or an entire sole proprietorship—

(*1*) If assistance is extended to such corporation, partnership, private organization, or sole proprietorship as a whole; or

(*2*) Which is principally engaged in the business of providing education, health care, housing, social services, or parks and recreation; or

(B) The entire plant or other comparable, geographically separate facility to which Federal financial assistance is extended, in the case of any other corporation, partnership, private organization, or sole proprietorship; or

(iv) Any other entity that is established by two or more of the entities described in paragraphs (c)(1)(i), (ii), or (iii) of this section.

(2)(i) *Program or activity* does not include any operation of an entity that is controlled by a religious organization if the application of 20 U.S.C. 1681 to such operation would not be consistent with the religious tenets of such organization.

(ii) For example, all of the operations of a college, university, or other postsecondary institution, including but not limited to traditional educational operations, faculty and student housing, campus shuttle bus service, campus restaurants, the bookstore, and other commercial activities are part of a ''program or activity'' subject to these Title IX regulations if the college, university, or other institution receives Federal financial assistance.

(d)(1) Nothing in these Title IX regulations shall be construed to require or prohibit any person, or public or private entity, to provide or pay for any benefit or service, including the use of facilities, related to an abortion. Medical procedures, benefits, services, and the use of facilities, necessary to save the life of a pregnant woman or to address complications related to an abortion are not subject to this section.

(2) Nothing in this section shall be construed to permit a penalty to be imposed on any person or individual because such person or individual is seeking or has received any benefit or service related to a legal abortion. Accordingly, subject to paragraph (d)(1) of this section, no person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any academic, extracurricular, research, occupational training, employment, or other educational program or activity operated by a recipient that receives Federal financial assistance because such individual has sought or received, or is seeking, a legal abortion, or any benefit or service related to a legal abortion.

Subpart C—Discrimination on the Basis of Sex in Admission and Recruitment Prohibited

§ 196.300 Admission.

(a) *General.* No person shall, on the basis of sex, be denied admission, or be subjected to discrimination in admission, by any recipient to which §§ 196.300 through §§ 196.310 apply, except as provided in §§ 196.225 and §§ 196.230.

(b) *Specific prohibitions.* (1) In determining whether a person satisfies any policy or criterion for admission, or in making any offer of admission, a recipient to which §§ 196.300 through 196.310 apply shall not:

(i) Give preference to one person over another on the basis of sex, by ranking applicants separately on such basis, or otherwise;

(ii) Apply numerical limitations upon the number or proportion of persons of either sex who may be admitted; or

(iii) Otherwise treat one individual differently from another on the basis of sex.

(2) A recipient shall not administer or operate any test or other criterion for admission that has a disproportionately adverse effect on persons on the

basis of sex unless the use of such test or criterion is shown to predict validly success in the education program or activity in question and alternative tests or criteria that do not have such a disproportionately adverse effect are shown to be unavailable.

(c) *Prohibitions relating to marital or parental status.* In determining whether a person satisfies any policy or criterion for admission, or in making any offer of admission, a recipient to which §§ 196.300 through 196.310 apply:

(1) Shall not apply any rule concerning the actual or potential parental, family, or marital status of a student or applicant that treats persons differently on the basis of sex;

(2) Shall not discriminate against or exclude any person on the basis of pregnancy, childbirth, termination of pregnancy, or recovery therefrom, or establish or follow any rule or practice that so discriminates or excludes;

(3) Subject to § 196.235(d), shall treat disabilities related to pregnancy, childbirth, termination of pregnancy, or recovery therefrom in the same manner and under the same policies as any other temporary disability or physical condition; and

(4) Shall not make pre-admission inquiry as to the marital status of an applicant for admission, including whether such applicant is ''Miss'' or ''Mrs.'' A recipient may make pre-admission inquiry as to the sex of an applicant for admission, but only if such inquiry is made equally of such applicants of both sexes and if the results of such inquiry are not used in connection with discrimination prohibited by these Title IX regulations.

§ 196.305 Preference in admission.

A recipient to which §§ 196.300 through 196.310 apply shall not give preference to applicants for admission, on the basis of attendance at any educational institution or other school or entity that admits as students only or predominantly members of one sex, if the giving of such preference has the effect of discriminating on the basis of sex in violation of §§ 196.300 through 196.310.

§ 196.310 Recruitment.

(a) *Nondiscriminatory recruitment.* A recipient to which §§ 196.300 through 196.310 apply shall not discriminate on the basis of sex in the recruitment and admission of students. A recipient may be required to undertake additional recruitment efforts for one sex as remedial action pursuant to § 196.110(a), and may choose to undertake such efforts as affirmative action pursuant to § 196.110(b).

(b) *Recruitment at certain institutions.* A recipient to which §§ 196.300 through 196.310 apply shall not recruit primarily or exclusively at educational institutions, schools, or entities that admit as students only or predominantly members of one sex, if such actions have the effect of discriminating on the basis of sex in violation of §§ 196.300 through 196.310.

Subpart D—Discrimination on the Basis of Sex in Education Programs or Activities Prohibited

§ 196.400 Education programs or activities.

(a) *General.* Except as provided elsewhere in these Title IX regulations, no person shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any academic, extracurricular, research, occupational training, or other education program or activity operated by a recipient that receives Federal financial assistance. Sections 196.400 through 196.455 do not apply to actions of a recipient in connection with admission of its students to an education program or activity of a recipient to which §§ 196.300 through 196.310 do not apply, or an entity, not a recipient, to which §§ 196.300 through 196.310 would not apply if the entity were a recipient.

(b) *Specific prohibitions.* Except as provided in §§ 196.400 through 196.455, in providing any aid, benefit, or service to a student, a recipient shall not, on the basis of sex:

(1) Treat one person differently from another in determining whether such person satisfies any requirement or condition for the provision of such aid, benefit, or service;

(2) Provide different aid, benefits, or services or provide aid, benefits, or services in a different manner;

(3) Deny any person any such aid, benefit, or service;

(4) Subject any person to separate or different rules of behavior, sanctions, or other treatment;

(5) Apply any rule concerning the domicile or residence of a student or applicant, including eligibility for in-state fees and tuition;

(6) Aid or perpetuate discrimination against any person by providing significant assistance to any agency, organization, or person that discriminates on the basis of sex in providing any aid, benefit, or service to students or employees;

(7) Otherwise limit any person in the enjoyment of any right, privilege, advantage, or opportunity.

(c) *Assistance administered by a recipient educational institution to study at a foreign institution.* A recipient educational institution may administer or assist in the administration of scholarships, fellowships, or other awards established by foreign or domestic wills, trusts, or similar legal instruments, or by acts of foreign governments and restricted to members of one sex, that are designed to provide opportunities to study abroad, and that are awarded to students who are already matriculating at or who are graduates of the recipient institution; *Provided,* that a recipient educational institution that administers or assists in the administration of such scholarships, fellowships, or other awards that are restricted to members of one sex provides, or otherwise makes available, reasonable opportunities for similar studies for members of the other sex. Such opportunities may be derived from either domestic or foreign sources.

(d) *Aids, benefits or services not provided by recipient.* (1) This paragraph (d) applies to any recipient that requires participation by any applicant, student, or employee in any education program or activity not operated wholly by such recipient, or that facilitates, permits, or considers such participation as part of or equivalent to an education program or activity operated by such recipient, including participation in educational consortia and cooperative employment and student-teaching assignments.

(2) Such recipient:

(i) Shall develop and implement a procedure designed to assure itself that the operator or sponsor of such other education program or activity takes no action affecting any applicant, student, or employee of such recipient that these Title IX regulations would prohibit such recipient from taking; and

(ii) Shall not facilitate, require, permit, or consider such participation if such action occurs.

§ 196.405 Housing.

(a) *Generally.* A recipient shall not, on the basis of sex, apply different rules or regulations, impose different fees or requirements, or offer different services or benefits related to housing, except as provided in this section (including housing provided only to married students).

(b) *Housing provided by recipient.* (1) A recipient may provide separate housing on the basis of sex.

(2) Housing provided by a recipient to students of one sex, when compared to that provided to students of the other sex, shall be as a whole:

(i) Proportionate in quantity to the number of students of that sex applying for such housing; and

(ii) Comparable in quality and cost to the student.

(c) *Other housing.* (1) A recipient shall not, on the basis of sex, administer different policies or practices concerning occupancy by its students of housing other than that provided by such recipient.

(2)(i) A recipient which, through solicitation, listing, approval of housing, or otherwise, assists any agency, organization, or person in making housing available to any of its students, shall take such reasonable action as may be necessary to assure itself that such housing as is provided to students of one sex, when compared to that provided to students of the other sex, is as a whole:

(A) Proportionate in quantity; and

(B) Comparable in quality and cost to the student.

(ii) A recipient may render such assistance to any agency, organization,

or person that provides all or part of such housing to students of only one sex.

§ 196.410 Comparable facilities.

A recipient may provide separate toilet, locker room, and shower facilities on the basis of sex, but such facilities provided for students of one sex shall be comparable to such facilities provided for students of the other sex.

§ 196.415 Access to course offerings.

(a) A recipient shall not provide any course or otherwise carry out any of its education program or activity separately on the basis of sex, or require or refuse participation therein by any of its students on such basis, including health, physical education, industrial, business, vocational, technical, home economics, music, and adult education courses.

(b)(1) With respect to classes and activities in physical education at the elementary school level, the recipient shall comply fully with this section as expeditiously as possible but in no event later than one year from September 29, 2000. With respect to physical education classes and activities at the secondary and post-secondary levels, the recipient shall comply fully with this section as expeditiously as possible but in no event later than three years from September 29, 2000.

(2) This section does not prohibit grouping of students in physical education classes and activities by ability as assessed by objective standards of individual performance developed and applied without regard to sex.

(3) This section does not prohibit separation of students by sex within physical education classes or activities during participation in wrestling, boxing, rugby, ice hockey, football, basketball, and other sports the purpose or major activity of which involves bodily contact.

(4) Where use of a single standard of measuring skill or progress in a physical education class has an adverse effect on members of one sex, the recipient shall use appropriate standards that do not have such effect.

(5) Portions of classes in elementary and secondary schools, or portions of education programs or activities, that deal exclusively with human sexuality may be conducted in separate sessions for boys and girls.

(6) Recipients may make requirements based on vocal range or quality that may result in a chorus or choruses of one or predominantly one sex.

§ 196.420 Access to schools operated by LEAs.

A recipient that is a local educational agency shall not, on the basis of sex, exclude any person from admission to:

(a) Any institution of vocational education operated by such recipient; or

(b) Any other school or educational unit operated by such recipient, unless such recipient otherwise makes available to such person, pursuant to the same policies and criteria of admission, courses, services, and facilities comparable to each course, service, and facility offered in or through such schools.

§ 196.425 Counseling and use of appraisal and counseling materials.

(a) *Counseling.* A recipient shall not discriminate against any person on the basis of sex in the counseling or guidance of students or applicants for admission.

(b) *Use of appraisal and counseling materials.* A recipient that uses testing or other materials for appraising or counseling students shall not use different materials for students on the basis of their sex or use materials that permit or require different treatment of students on such basis unless such different materials cover the same occupations and interest areas and the use of such different materials is shown to be essential to eliminate sex bias. Recipients shall develop and use internal procedures for ensuring that such materials do not discriminate on the basis of sex. Where the use of a counseling test or other instrument results in a substantially disproportionate number of members of one sex in any particular course of study or classification, the recipient shall take such action as is necessary to assure itself that such disproportion is not the result of discrimination in the instrument or its application.

(c) *Disproportion in classes.* Where a recipient finds that a particular class contains a substantially disproportionate number of individuals of one sex, the recipient shall take such action as is necessary to assure itself that such disproportion is not the result of discrimination on the basis of sex in counseling or appraisal materials or by counselors.

§ 196.430 Financial assistance.

(a) *General.* Except as provided in paragraphs (b) and (c) of this section, in providing financial assistance to any of its students, a recipient shall not:

(1) On the basis of sex, provide different amounts or types of such assistance, limit eligibility for such assistance that is of any particular type or source, apply different criteria, or otherwise discriminate;

(2) Through solicitation, listing, approval, provision of facilities, or other services, assist any foundation, trust, agency, organization, or person that provides assistance to any of such recipient's students in a manner that discriminates on the basis of sex; or

(3) Apply any rule or assist in application of any rule concerning eligibility for such assistance that treats persons of one sex differently from persons of the other sex with regard to marital or parental status.

(b) *Financial aid established by certain legal instruments.* (1) A recipient may administer or assist in the administration of scholarships, fellowships, or other forms of financial assistance established pursuant to domestic or foreign wills, trusts, bequests, or similar legal instruments or by acts of a foreign government that require that awards be made to members of a particular sex specified therein; *Provided,* that the overall effect of the award of such sex-restricted scholarships, fellowships, and other forms of financial assistance does not discriminate on the basis of sex.

(2) To ensure nondiscriminatory awards of assistance as required in paragraph (b)(1) of this section, recipients shall develop and use procedures under which:

(i) Students are selected for award of financial assistance on the basis of nondiscriminatory criteria and not on the basis of availability of funds restricted to members of a particular sex;

(ii) An appropriate sex-restricted scholarship, fellowship, or other form of financial assistance is allocated to each student selected under paragraph (b)(2)(i) of this section; and

(iii) No student is denied the award for which he or she was selected under paragraph (b)(2)(i) of this section because of the absence of a scholarship, fellowship, or other form of financial assistance designated for a member of that student's sex.

(c) *Athletic scholarships.* (1) To the extent that a recipient awards athletic scholarships or grants-in-aid, it must provide reasonable opportunities for such awards for members of each sex in proportion to the number of students of each sex participating in interscholastic or intercollegiate athletics.

(2) A recipient may provide separate athletic scholarships or grants-in-aid for members of each sex as part of separate athletic teams for members of each sex to the extent consistent with this paragraph (c) and § 196.450.

§ 196.435 Employment assistance to students.

(a) *Assistance by recipient in making available outside employment.* A recipient that assists any agency, organization, or person in making employment available to any of its students:

(1) Shall assure itself that such employment is made available without discrimination on the basis of sex; and

(2) Shall not render such services to any agency, organization, or person that discriminates on the basis of sex in its employment practices.

(b) *Employment of students by recipients.* A recipient that employs any of its students shall not do so in a manner that violates §§ 196.500 through 196.550.

§ 196.440 Health and insurance benefits and services.

Subject to § 196.235(d), in providing a medical, hospital, accident, or life insurance benefit, service, policy, or plan to any of its students, a recipient shall not discriminate on the basis of sex, or provide such benefit, service, policy, or plan in a manner that would violate §§ 196.500 through 196.550 if it were provided to employees of the recipient.

This section shall not prohibit a recipient from providing any benefit or service that may be used by a different proportion of students of one sex than of the other, including family planning services. However, any recipient that provides full coverage health service shall provide gynecological care.

§ 196.445 Marital or parental status.

(a) *Status generally.* A recipient shall not apply any rule concerning a student's actual or potential parental, family, or marital status that treats students differently on the basis of sex.

(b) *Pregnancy and related conditions.* (1) A recipient shall not discriminate against any student, or exclude any student from its education program or activity, including any class or extracurricular activity, on the basis of such student's pregnancy, childbirth, false pregnancy, termination of pregnancy, or recovery therefrom, unless the student requests voluntarily to participate in a separate portion of the program or activity of the recipient.

(2) A recipient may require such a student to obtain the certification of a physician that the student is physically and emotionally able to continue participation as long as such a certification is required of all students for other physical or emotional conditions requiring the attention of a physician.

(3) A recipient that operates a portion of its education program or activity separately for pregnant students, admittance to which is completely voluntary on the part of the student as provided in paragraph (b)(1) of this section, shall ensure that the separate portion is comparable to that offered to non-pregnant students.

(4) Subject to §196.235(d), a recipient shall treat pregnancy, childbirth, false pregnancy, termination of pregnancy and recovery therefrom in the same manner and under the same policies as any other temporary disability with respect to any medical or hospital benefit, service, plan, or policy that such recipient administers, operates, offers, or participates in with respect to students admitted to the recipient's educational program or activity.

(5) In the case of a recipient that does not maintain a leave policy for its students, or in the case of a student who does not otherwise qualify for leave under such a policy, a recipient shall treat pregnancy, childbirth, false pregnancy, termination of pregnancy, and recovery therefrom as a justification for a leave of absence for as long a period of time as is deemed medically necessary by the student's physician, at the conclusion of which the student shall be reinstated to the status that she held when the leave began.

§ 196.450 Athletics.

(a) *General.* No person shall, on the basis of sex, be excluded from participation in, be denied the benefits of, be treated differently from another person, or otherwise be discriminated against in any interscholastic, intercollegiate, club, or intramural athletics offered by a recipient, and no recipient shall provide any such athletics separately on such basis.

(b) *Separate teams.* Notwithstanding the requirements of paragraph (a) of this section, a recipient may operate or sponsor separate teams for members of each sex where selection for such teams is based upon competitive skill or the activity involved is a contact sport. However, where a recipient operates or sponsors a team in a particular sport for members of one sex but operates or sponsors no such team for members of the other sex, and athletic opportunities for members of that sex have previously been limited, members of the excluded sex must be allowed to try out for the team offered unless the sport involved is a contact sport. For the purposes of these Title IX regulations, contact sports include boxing, wrestling, rugby, ice hockey, football, basketball, and other sports the purpose or major activity of which involves bodily contact.

(c) *Equal opportunity.* (1) A recipient that operates or sponsors interscholastic, intercollegiate, club, or intramural athletics shall provide equal athletic opportunity for members of both sexes. In determining whether equal opportunities are available, the designated agency official will consider, among other factors:

(i) Whether the selection of sports and levels of competition effectively accommodate the interests and abilities of members of both sexes;

(ii) The provision of equipment and supplies;

(iii) Scheduling of games and practice time;

(iv) Travel and per diem allowance;

(v) Opportunity to receive coaching and academic tutoring;

(vi) Assignment and compensation of coaches and tutors;

(vii) Provision of locker rooms, practice, and competitive facilities;

(viii) Provision of medical and training facilities and services;

(ix) Provision of housing and dining facilities and services;

(x) Publicity.

(2) For purposes of paragraph (c)(1) of this section, unequal aggregate expenditures for members of each sex or unequal expenditures for male and female teams if a recipient operates or sponsors separate teams will not constitute noncompliance with this section, but the designated agency official may consider the failure to provide necessary funds for teams for one sex in assessing equality of opportunity for members of each sex.

(d) *Adjustment period.* A recipient that operates or sponsors interscholastic, intercollegiate, club, or intramural athletics at the elementary school level shall comply fully with this section as expeditiously as possible but in no event later than one year from September 29, 2000. A recipient that operates or sponsors interscholastic, intercollegiate, club, or intramural athletics at the secondary or postsecondary school level shall comply fully with this section as expeditiously as possible but in no event later than three years from September 29, 2000.

§ 196.455 Textbooks and curricular material.

Nothing in these Title IX regulations shall be interpreted as requiring or prohibiting or abridging in any way the use of particular textbooks or curricular materials.

Subpart E—Discrimination on the Basis of Sex in Employment in Education Programs or Activities Prohibited

§ 196.500 Employment.

(a) *General.* (1) No person shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination in employment, or recruitment, consideration, or selection therefor, whether full-time or part-time, under any education program or activity operated by a recipient that receives Federal financial assistance.

(2) A recipient shall make all employment decisions in any education program or activity operated by such recipient in a nondiscriminatory manner and shall not limit, segregate, or classify applicants or employees in any way that could adversely affect any applicant's or employee's employment opportunities or status because of sex.

(3) A recipient shall not enter into any contractual or other relationship which directly or indirectly has the effect of subjecting employees or students to discrimination prohibited by §§ 196.500 through 196.550, including relationships with employment and referral agencies, with labor unions, and with organizations providing or administering fringe benefits to employees of the recipient.

(4) A recipient shall not grant preferences to applicants for employment on the basis of attendance at any educational institution or entity that admits as students only or predominantly members of one sex, if the giving of such preferences has the effect of discriminating on the basis of sex in violation of these Title IX regulations.

(b) *Application.* The provisions of §§ 196.500 through 196.550 apply to:

(1) Recruitment, advertising, and the process of application for employment;

(2) Hiring, upgrading, promotion, consideration for and award of tenure, demotion, transfer, layoff, termination, application of nepotism policies, right of return from layoff, and rehiring;

(3) Rates of pay or any other form of compensation, and changes in compensation;

(4) Job assignments, classifications, and structure, including position descriptions, lines of progression, and seniority lists;

(5) The terms of any collective bargaining agreement;

(6) Granting and return from leaves of absence, leave for pregnancy, childbirth, false pregnancy, termination of pregnancy, leave for persons of either sex to care for children or dependents, or any other leave;

(7) Fringe benefits available by virtue of employment, whether or not administered by the recipient;

(8) Selection and financial support for training, including apprenticeship, professional meetings, conferences, and other related activities, selection for tuition assistance, selection for sabbaticals and leaves of absence to pursue training;

(9) Employer-sponsored activities, including social or recreational programs; and

(10) Any other term, condition, or privilege of employment.

§ 196.505 Employment criteria.

A recipient shall not administer or operate any test or other criterion for any employment opportunity that has a disproportionately adverse effect on persons on the basis of sex unless:

(a) Use of such test or other criterion is shown to predict validly successful performance in the position in question; and

(b) Alternative tests or criteria for such purpose, which do not have such disproportionately adverse effect, are shown to be unavailable.

§ 196.510 Recruitment.

(a) *Nondiscriminatory recruitment and hiring.* A recipient shall not discriminate on the basis of sex in the recruitment and hiring of employees. Where a recipient has been found to be presently discriminating on the basis of sex in the recruitment or hiring of employees, or has been found to have so discriminated in the past, the recipient shall recruit members of the sex so discriminated against so as to overcome the effects of such past or present discrimination.

(b) *Recruitment patterns.* A recipient shall not recruit primarily or exclusively at entities that furnish as applicants only or predominantly members of one sex if such actions have the effect of discriminating on the basis of sex in violation of §§ 196.500 through 196.550.

§ 196.515 Compensation.

A recipient shall not make or enforce any policy or practice that, on the basis of sex:

(a) Makes distinctions in rates of pay or other compensation;

(b) Results in the payment of wages to employees of one sex at a rate less than that paid to employees of the opposite sex for equal work on jobs the performance of which requires equal skill, effort, and responsibility, and that are performed under similar working conditions.

§ 196.520 Job classification and structure.

A recipient shall not:

(a) Classify a job as being for males or for females;

(b) Maintain or establish separate lines of progression, seniority lists, career ladders, or tenure systems based on sex; or

(c) Maintain or establish separate lines of progression, seniority systems, career ladders, or tenure systems for similar jobs, position descriptions, or job requirements that classify persons on the basis of sex, unless sex is a bona fide occupational qualification for the positions in question as set forth in § 196.550.

§ 196.525 Fringe benefits.

(a) *''Fringe benefits'' defined.* For purposes of these Title IX regulations, *fringe benefits* means: Any medical, hospital, accident, life insurance, or retirement benefit, service, policy or plan, any profit-sharing or bonus plan, leave, and any other benefit or service of employment not subject to the provision of § 196.515.

(b) *Prohibitions.* A recipient shall not:

(1) Discriminate on the basis of sex with regard to making fringe benefits available to employees or make fringe benefits available to spouses, families, or dependents of employees differently upon the basis of the employee's sex;

(2) Administer, operate, offer, or participate in a fringe benefit plan that does not provide for equal periodic benefits for members of each sex and for equal contributions to the plan by such recipient for members of each sex; or

(3) Administer, operate, offer, or participate in a pension or retirement plan that establishes different optional or compulsory retirement ages based on sex or that otherwise discriminates in benefits on the basis of sex.

§ 196.530 Marital or parental status.

(a) *General.* A recipient shall not apply any policy or take any employment action:

(1) Concerning the potential marital, parental, or family status of an employee or applicant for employment that treats persons differently on the basis of sex; or

(2) Which is based upon whether an employee or applicant for employment is the head of household or principal wage earner in such employee's or applicant's family unit.

(b) *Pregnancy.* A recipient shall not discriminate against or exclude from employment any employee or applicant for employment on the basis of pregnancy, childbirth, false pregnancy, termination of pregnancy, or recovery therefrom.

(c) *Pregnancy as a temporary disability.* Subject to §196.235(d), a recipient shall treat pregnancy, childbirth, false pregnancy, termination of pregnancy, recovery therefrom, and any temporary disability resulting therefrom as any other temporary disability for all job-related purposes, including commencement, duration, and extensions of leave, payment of disability income, accrual of seniority and any other benefit or service, and reinstatement, and under any fringe benefit offered to employees by virtue of employment.

(d) *Pregnancy leave.* In the case of a recipient that does not maintain a leave policy for its employees, or in the case of an employee with insufficient leave or accrued employment time to qualify for leave under such a policy, a recipient shall treat pregnancy, childbirth, false pregnancy, termination of pregnancy, and recovery therefrom as a justification for a leave of absence without pay for a reasonable period of time, at the conclusion of which the employee shall be reinstated to the status that she held when the leave began or to a comparable position, without decrease in rate of compensation or loss of promotional opportunities, or any other right or privilege of employment.

§ 196.535 Effect of state or local law or other requirements.

(a) *Prohibitory requirements.* The obligation to comply with §§196.500 through 196.550 is not obviated or alleviated by the existence of any State or local law or other requirement that imposes prohibitions or limits upon employment of members of one sex that are not imposed upon members of the other sex.

(b) *Benefits.* A recipient that provides any compensation, service, or benefit to members of one sex pursuant to a State or local law or other requirement shall provide the same compensation, service, or benefit to members of the other sex.

§ 196.540 Advertising.

A recipient shall not in any advertising related to employment indicate preference, limitation, specification, or discrimination based on sex unless sex is a bona fide occupational qualification for the particular job in question.

§ 196.545 Pre-employment inquiries.

(a) *Marital status.* A recipient shall not make pre-employment inquiry as to the marital status of an applicant for employment, including whether such applicant is ''Miss'' or ''Mrs.''

(b) *Sex.* A recipient may make pre-employment inquiry as to the sex of an applicant for employment, but only if such inquiry is made equally of such applicants of both sexes and if the results of such inquiry are not used in connection with discrimination prohibited by these Title IX regulations.

§ 196.550 Sex as a bona fide occupational qualification.

A recipient may take action otherwise prohibited by §§196.500 through 196.550 provided it is shown that sex is a bona fide occupational qualification for that action, such that consideration of sex with regard to such action

is essential to successful operation of the employment function concerned. A recipient shall not take action pursuant to this section that is based upon alleged comparative employment characteristics or stereotyped characterizations of one or the other sex, or upon preference based on sex of the recipient, employees, students, or other persons, but nothing contained in this section shall prevent a recipient from considering an employee's sex in relation to employment in a locker room or toilet facility used only by members of one sex.

Subpart F—Procedures

§ 196.600 Notice of covered programs.

Within 60 days of September 29, 2000, each Federal agency that awards Federal financial assistance shall publish in the FEDERAL REGISTER a notice of the programs covered by these Title IX regulations. Each such Federal agency shall periodically republish the notice of covered programs to reflect changes in covered programs. Copies of this notice also shall be made available upon request to the Federal agency's office that enforces Title IX.

§ 196.605 Enforcement procedures.

The investigative, compliance, and enforcement procedural provisions of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (''Title VI'') are hereby adopted and applied to these Title IX regulations. These procedures may be found at 32 CFR 195.7 through 195.12.

[65 FR 52885, Aug. 30, 2000]

PART 199—CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE UNIFORMED SERVICES (CHAMPUS)

Sec.

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APPENDIX A TO PART 199—ACRONYMS

AUTHORITY: 5 U.S.C. 301; 10 U.S.C. chapter 55.

SOURCE: 51 FR 24008, July 1, 1986, unless otherwise noted.

§ 199.1 General provisions.

(a) *Purpose.* This part prescribes guidelines and policies for the administration of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) for the Army, the Navy, the Air Force, the Marine Corps, the Coast Guard, the Commissioned Corps of the U.S. Public Health Service (USPHS) and the Commissioned Corps of the National Oceanic and Atmospheric Administration (NOAA).

(b) *Applicability*—(1) *Geographic.* This part is applicable geographically within the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the United States possessions and territories, and in all foreign countries, unless specific exemptions are granted in writing by the Director, OCHAMPUS, or a designee.

(2) *Agency.* The provisions of this part apply throughout the Department of Defense (DoD), the Coast Guard, the Commissioned Corps of the USPHS, and the Commissioned Corps of the NOAA.

(c) *Authority and responsibility*—(1) *Legislative authority*—(i) *Joint regulations.* 10 U.S.C. chapter 55 authorizes the Secretary of Defense, the Secretary of Health and Human Services, and the Secretary of Transportation jointly to prescribe regulations for the administration of CHAMPUS.

(ii) *Administration.* 10 U.S.C. chapter 55 also authorizes the Secretary of Defense to administer CHAMPUS for the Army, Navy, Air Force, and Marine Corps under DoD jurisdiction, the Secretary of Transportation to administer CHAMPUS for the Coast Guard, when the Coast Guard is not operating as a service in the Navy, and the Secretary of Health and Human Services to administer CHAMPUS for the Commissioned Corps of the NOAA and the USPHS.

(2) *Organizational delegations and assignments*—(i) *Assistant Secretary of Defense (Health Affairs) (ASD(HA)).* The Secretary of Defense, by 32 CFR part 367, delegated authority to the ASD(HA) to provide policy guidance, management control and coordination as required for CHAMPUS, and to develop, issue, and maintain regulations with the coordination of the Military Departments and consistent with DoD 5025.1–M.[1] Additional implementing authority is contained in DoD Directive 5105.46.[2]

(ii) *Department of Health and Human Services.* The Secretary of Health and Human Services has delegated authority to the Assistant Secretary for Health, DHHS, to consult with the Secretary of Defense or a designee and to approve and issue joint regulations implementing 10 U.S.C. chapter 55. This delegation was effective April 19, 1976 (41 FR 18698, May 6, 1976).

(iii) *Department of Transportation.* The Secretary of Transportation has delegated authority to the Commandant, United States Coast Guard, to consult with the Secretary of Defense or a designee and to approve an issue joint regulations implementing 10 U.S.C., chapter 55.

(iv) *Office of CHAMPUS (OCHAMPUS).* By DoD Directive 5105.46, OCHAMPUS was established as an OSD field activity under the policy guidance and direction of the ASD(HA). The Director, OCHAMPUS, is directed to execute the following responsibilities and functions:

(A) Supervise and administer the programs and missions to:

(*1*) Provide technical direction and guidance on organizational, administrative, and operational matters.

(*2*) Conduct studies and research activities in the health care area to assist in formulating policy required to guide OCHAMPUS in carrying out its programs.

(*3*) Enter into agreements through the Department of Defense with respect to the Military Departments or other U.S. Government entities, as required, for the effective performance of CHAMPUS.

(*4*) Supervise and administer OCHAMPUS financial management activities to include:

(*i*) Formulating budget estimates and justifications to be submitted to the Deputy Assistant Secretary of Defense (Administration) (DASD(A)) for inclusion in the overall budget for the Office of the Secretary of Defense.

(*ii*) Ensuring the establishment and maintenance of necessary accounting records and submission of required financial reports to the DASD(A).

(*iii*) Ensuring the effective execution of approved budgets.

(*5*) Contract for claims processing services, studies and research, supplies, equipment, an other services necessary to carry out the CHAMPUS programs.

(*6*) Monitor claims adjudication and processing contracts to ensure that CHAMPUS fiscal intermediaries are fulfilling their obligations.

(*7*) Convey appropriate CHAMPUS information to providers of care, practitioners, professional societies, health industry organizations, fiscal agents, hospital contractors, and others who have need of such information.

(*8*) Collect, maintain, and analyze program cost and utilization data appropriate for preparation of budgets, fiscal planning, and as otherwise needed to carry out CHAMPUS programs and missions.

(*9*) Arrange for the facilities logistical and administrative support to be provided by the Military Departments.

[1] Copies may be obtained, if needed, from the National Technical Information Service (NTIS), U.S. Department of Commerce, 5285 Port Royal Road, Springfield, VA 22161.

[2] Copies may be obtained; if needed from the Naval Publications and Forms Center, 5801 Tabor Avenue, Code 301, Philadelphia, PA 19120.

(*10*) Execute such other functions as appropriate to administer the programs and missions assigned.

(B) Direct and control of the office, activities, and functions of OCHAMPUS Europe (OCHAMPUSEUR).

NOTE: The Director, OCHAMPUS, may also establish similar offices for OCHAMPUS Southern Hemisphere (OCHAMPUSSO) and OCHAMPUS Pacific (OCHAMPUSPAC).

(C) Develop for issuance, subject to approval by the ASD(HA), such policies or regulations as required to administer and manage CHAMPUS effectively.

(v) *Evidence of eligibility*. The Department of Defense, through the Defense Enrollment Eligibility Reporting System (DEERS), is responsible for establishing and maintaining a listing of persons eligible to receive benefits under CHAMPUS. Identification cards or devices bearing information necessary for preliminary evidence of eligibility, subject to verification through the DEERS, shall be issued to eligible persons by the appropriate Uniformed Services (DoD 1341.1–M, ''Defense Enrollment Eligibility Reporting System (DEERS) Program Manual'').

(d) *Medical benefits program*. The CHAMPUS is a program of medical benefits provided by the U.S. Government under public law to specified categories of individuals who are qualified for these benefits by virtue of their relationship to one of the seven Uniformed Services. Although similar in structure in many of its aspects, CHAMPUS is not an insurance program in that it does not involve a contract guaranteeing the indemnification of an insured party against a specified loss in return for a premium paid. Further, CHAMPUS is not subject to those state regulatory bodies or agencies that control the insurance business generally.

(e) *Program funds*. The funds used by CHAMPUS are appropriated funds furnished by the Congress through the annual appropriation acts for the Department of Defense and the DHHS. These funds are further disbursed by agents of the government under contracts negotiated by the Director, OCHAMPUS, or a designee, under the provisions of the Federal Acquisition Regulation (FAR). These agents (referred to in this part as CHAMPUS fiscal intermediaries) receive claims against CHAMPUS and adjudicate the claims under this part and in accordance with administrative procedures and instructions prescribed in their contracts. The funds expended for CHAMPUS benefits are federal funds provided CHAMPUS fiscal intermediaries solely to pay CHAMPUS claims, and are not a part of or obtained from the CHAMPUS fiscal intermediary's funds related to other programs or insurance coverage. CHAMPUS fiscal intermediaries are reimbursed for the adjudication and payment of CHAMPUS claims at a rate (generally fixed-price) prescribed in their contracts.

(f) *Claims adjudication and processing*. The Director, OCHAMPUS, is responsible for making such arrangements as are necessary to adjudicate and process CHAMPUS claims worldwide.

(1) *The United States*—(i) *Contracting out*. The primary method of processing CHAMPUS claims in the United States is through competitively procured, fixed-price contracts. The Director, OCHAMPUS, or a designee, is responsible for negotiating, under the provisions of the FAR, contracts for the purpose of adjudicating and processing CHAMPUS claims (and related supporting activities).

(ii) *In-house*. The Director, OCHAMPUS, or a designee, is authorized to adjudicate and process certain CHAMPUS claims in-house at OCHAMPUS, when it is determined to be in the best interests of CHAMPUS subject to applicable considerations set forth in OMB Circular A–76. Such in-house claims processing may involve special or unique claims, or all claims for a specific geographic area.

(2) *Outside the United States*—(i) *Special subsidiary office or contracting out*. For adjudicating and processing CHAMPUS claims for services or supplies provided outside the United States, the Director, OCHAMPUS, or a designee, has the option of either setting up a special subsidiary claims paying operation (such as OCHAMPUSEUR) or contracting out as described in paragraph (f)(1)(i) of this section. Such claims paying operations are reviewed periodically to determine

whether current arrangements continue to be appropriate and the most effective.

(ii) *Support agreements.* In those situations outside the United States that demand special arrangements, the Director, OCHAMPUS, may enter into support agreements through the Department of Defense with any of the Military Departments or other government agency to process CHAMPUS claims in specific geographic locations. Such agreements may be negotiated for such period of time as the Director, OCHAMPUS, or designee, may determine to be necessary to meet identified special demands.

(g) *Recommendations for change to part.* The Director, OCHAMPUS, or a designee, shall establish procedures for receiving and processing recommendations for changes to this part from interested parties.

(h) *CHAMPUS, claims forms.* The Director, OCHAMPUS, or a designee, is responsible for the development and updating of all CHAMPUS claim forms and any other forms necessary in the administration of CHAMPUS.

(i) *The CHAMPUS handbook.* The Director, OCHAMPUS, or a designee, shall develop the CHAMPUS, Handbook. The CHAMPUS Handbook is a general program guide for the use of CHAMPUS beneficiaries and providers and shall be updated, as required.

(j) *Program integrity.* The Director, OCHAMPUS, or a designee, shall oversee all CHAMPUS personnel, fiscal intermediaries, providers, and beneficiaries to ensure compliance with this part. The Director, OCHAMPUS, or a designee, shall accomplish this by means of proper delegation of authority, separation of responsibilities, establishment of reports, performance evaluations, internal and external management and fiscal audits, personal or delegated reviews of CHAMPUS responsibilities, taking affidavits, exchange of information among state and Federal governmental agencies, insurers, providers and associations of providers, and such other means as may be appropriate. Compliance with law and this part shall include compliance with specific contracts and agreements, regardless of form, and general instructions, such as CHAMPUS policies, instructions, procedures, and criteria relating to CHAMPUS operation.

(k) *Role of CHAMPUS Health Benefits Advisor (HBA).* The CHAMPUS HBA is appointed (generally by the commander of a Uniformed Services medical treatment facility) to serve as an advisor to patients and staff in matters involving CHAMPUS. The CHAMPUS HBA may assist beneficiaries or sponsors in applying for CHAMPUS benefits, in the preparation of claims, and in their relations with OCHAMPUS and CHAMPUS fiscal intermediaries. However, the CHAMPUS HBA is not responsible for CHAMPUS policies and procedures and has no authority to make benefit determinations or obligate Government funds. Advice given to beneficiaries as to determination of benefits or level of payment is not binding on OCHAMPUS or CHAMPUS fiscal intermediaries.

(l) *Cooperation and exchange of information with other Federal programs.* The Director, OCHAMPUS, or a designee, shall disclose to appropriate officers or employees of the DHHS:

(1) *Investigation for fraud.* The name and address of any physician or other individual actively being investigated for possible fraud in connection with CHAMPUS, and the nature of such suspected fraud. An active investigation exists when there is significant evidence supporting an initial complaint but there is need for further investigation.

(2) *Unnecessary services.* The name and address of any provider of medical services, organization, or other person found, after consultation with an appropriate professional association or appropriate peer review body, to have provided unnecessary services. Such information will be released only for the purpose of conducting an investigation or prosecution, or for the administration of titles XVIII and XIX of the Social Security Act, provided that the information will be released only to the agency's enforcement branch and that the agency will preserve the confidentiality of the information received and will not disclose such information for other than program purposes.

(m) *Disclosure of information to the public.* Records and information acquired in the administration of

CHAMPUS are records of the Department of Defense and may be disclosed in accordance with DoD Directive 5400.7[3], DoD 5400.7–R[4], and DoD 5400.11–R[5] (codified in 32 CFR parts 286 and 286a), constituting the applicable DoD Directives and DoD Regulations implementing the Freedom of Information and the Privacy Acts.

(n) *Discretionary authority*. When it is determined to be in the best interest of CHAMPUS, the Director, OCHAMPUS, or a designee, is granted discretionary authority to waive any requirements of this part, except that any requirement specifically set forth in 10 U.S.C. chapter 55, or otherwise imposed by law, may not be waived. It is the intent that such discretionary authority be used only under very unusual and limited circumstances and not to deny any individual any right, benefit, or privilege provided to him or her by statute or this part. Any such exception granted by the Director, OCHAMPUS, or a designee, shall apply only to the individual circumstance or case involved and will in no way be construed to be precedent-setting.

(o) *Demonstration projects*—(1) *Authority*. The Director, OCHAMPUS may waive or alter any requirements of this regulation in connection with the conduct of a demonstration project required or authorized by law except for any requirement that may not be waived or altered pursuant to 10 U.S.C. chapter 55, or other applicable law.

(2) *Procedures*. At least 30 days prior to taking effect, OCHAMPUS shall publish a notice describing the demonstration project, the requirements of this regulation being waived or altered under paragraph (o)(1) of this section and the duration of the waiver or alteration. Consistent with the purpose and nature of demonstration projects, these notices are not covered by public comment practices under DoD Directive 5400.9 (32 CFR part 296) or DoD Instruction 6010.8.

(3) *Definition*. For purposes of this section, a ''demonstration project'' is a project of limited duration designed to test a different method for the finance, delivery or administration of health care activities for the uniformed services. Demonstration projects may be required or authorized by 10 U.S.C. 1092, any other statutory provision requiring or authorizing a demonstration project or any other provision of law that authorizes the activity involved in the demonstration project.''.

(p) *Military-Civilian Health Services Partnership Program*. The Secretary of Defense, or designee, may enter into an agreement (external or internal) providing for the sharing of resources between facilities of the uniformed services and facilities of a civilian health care provider or providers if the Secretary determines that such an agreement would result in the delivery of health care in a more effective, efficient or economical manner. This partnership allows CHAMPUS beneficiaries to receive inpatient and outpatient services through CHAMPUS from civilian personnel providing health care services in military treatment facilities and from uniformed service professional providers in civilian facilities. The policies and procedures by which partnership agreements may be executed are set forth in Department of Defense Instruction (DoDI) 6010.12, ''Military-Civilian Health Services Partnership Program.'' The Director, OCHAMPUS, or a designee, shall issue policies, instructions, procedures, guidelines, standards, or criteria as may be necessary to provide support for implementation of DoDI 6010.12, to promulgate and manage benefit and financial policy issues, and to develop a program evaluation process to ensure the Partnership Program accomplishes the purpose for which it was developed.

(1) *Partnership agreements*. Military treatment facility commanders, based upon the authority provided by their representative Surgeons General of the military departments, are responsible for entering into individual partnership agreements only when they have determined specifically that use of the Partnership Program is more economical overall to the Government than referring the need for health care services to the civilian community under the normal operation of the CHAMPUS Program. All such agreements are subject to the review and approval of the

[3] See footnote 2 to §199.1(c)(2)(i)
[4] See footnote 1 to §199.1(c)(2)(i)
[5] See footnote 1 to §199.1(c)(2)(i)

Director, OCHAMPUS, or designee, and the appropriate Surgeon General.

(i) *External Partnership Agreements.* The external partnership agreement is an agreement between a military treatment facility Commander and a CHAMPUS-authorized institutional provider, enabling Uniformed Services health care personnel to provide otherwise covered medical care to CHAMPUS beneficiaries in a civilian facility. Authorized costs associated with the use of the facility will be financed through CHAMPUS under normal cost-sharing and reimbursement procedures currently applicable under the basic CHAMPUS. Savings will be realized under this type of agreement by using available military health care personnel to avoid the civilian professional provider charges which would otherwise be billed to CHAMPUS.

(ii) *Internal Partnership Agreements.* The internal partnership agreement is an agreement between a military treatment facility commander and a CHAMPUS-authorized civilian health care provider which enables the use of civilian health care personnel or other resources to provide medical care to CHAMPUS beneficiaries on the premises of a military treatment facility. These internal agreements may be established when a military treatment facility is unable to provide sufficient health care services for CHAMPUS beneficiaries due to shortages of personnel and other required resources. In addition to allowing the military treatment facility to achieve maximum use of available facility space, the internal agreement will result in savings to the Government by using civilian medical specialists to provide inpatient care in Government-owned facilities, thereby avoiding the civilian facility charges which would have otherwise been billed to CHAMPUS.

(2) *Beneficiary Cost-Sharing.* Beneficiary cost-sharing under the Partnership Program is outlined in §199.4(f)(5) of this part.

(3) *Reimbursement.* Reimbursement under the Partnership Program is outlined in §199.14(f) of this part.

(4) *Beneficiary Eligibility and Authorized Providers.* Existing requirements of this Regulation remain in effect as concerns beneficiary eligibility and authorized providers.

(5) *Range of Benefits.* Health care services provided CHAMPUS beneficiaries under the terms of the Partnership Program must be consistent with the CHAMPUS range of benefits outlined in this Regulation. The services rendered must be otherwise covered. Charges allowed for professional services provided under the Partnership Program may include costs of support personnel, equipment, and supplies when specifically outlined in the partnership agreement, However, all CHAMPUS coverage and provider requirements must be met.

(q) *Equality of benefits.* All claims submitted for benefits under CHAMPUS shall be adjudicated in a consistent, fair, and equitable manner, without regard to the rank of the sponsor.

(r) *TRICARE program.* Many rules and procedures established in sections of this part are subject to revision in areas where the TRICARE program is implemented. The TRICARE program is the means by which managed care activities designed to improve the delivery and financing of health care services in the Military Health Services System(MHSS) are carried out. Rules and procedures for the TRICARE program are set forth in §199.17.

[51 FR 24008, July 1, 1986, as amended at 52 FR 38754, Oct. 19, 1987; 53 FR 27961, July 26, 1988; 55 FR 43338, Oct. 29, 1990; 60 FR 52094, Oct. 5, 1995]

§199.2 Definitions.

(a) *General.* In an effort to be as specific as possible as to the word and intent of CHAMPUS, the following definitions have been developed. While many of the definitions are general and some assign meaning to relatively common terms within the health insurance environment, others are applicable only to CHAMPUS; however, they all appear in this part solely for the purpose of the Program. Except when otherwise specified, the definitions in this section apply generally throughout this part.

(b) *Specific definitions. Abortion.* Abortion means the intentional termination of a pregnancy by artificial means done

for a purpose other than that of producing a live birth. A spontaneous, missed or threatened abortion or termination of an ectopic (tubal) pregnancy are not included within the term ''abortion'' as used herein.

Absent treatment. Services performed by Christian Science practitioners for a person when the person is physically present.

NOTE: Technically, ''Absent Treatment'' is an obsolete term. The current Christian Science terminology is ''treatment through prayer and spiritual means,'' which is employed by an authorized Christian Science practitioner either with the beneficiary being present or absent. However, to be considered for coverage under CHAMPUS, the beneficiary must be present physically when a Christian Science service is rendered, regardless of the terminology used.

Abuse. For the purposes of this part, abuse is defined as any practice that is inconsistent with accepted sound fiscal, business, or professional practice which results in a CHAMPUS claim, unnecessary cost, or CHAMPUS payment for services or supplies that are: (1) Not within the concepts of medically necessary and appropriate care, as defined in this part, or (2) that fail to meet professionally recognized standards for health care providers. The term ''abuse'' includes deception or misrepresentation by a provider, or any person or entity acting on behalf of a provider in relation to a CHAMPUS claim.

NOTE: Unless a specific action is deemed gross and flagrant, a pattern of inappropriate practice will normally be required to find that abuse has occurred. Also, any practice or action that constitutes fraud, as defined by this part, would also be abuse.

Abused dependent. An eligible spouse or child, who meets the criteria in §199.3 of this part, of a former member who received a dishonorable or bad-conduct discharge or was dismissed from a Uniformed Service as a result of a court-martial conviction for an offense involving physical or emotional abuse or was administratively discharged as a result of such an offense, *or* of a member or former member who has had their entitlement to receive retired pay terminated because of misconduct involving physical or emotional abuse.

Accidental injury. Physical bodily injury resulting from an external force, blow or fall, or the ingestion of a foreign body or harmful substance, requiring immediate medical treatment. Accidental injury also includes animal and insect bites and sunstrokes. For the purpose of CHAMPUS, the breaking of a tooth or teeth does not constitute a physical bodily injury.

Active duty. Full-time duty in the Uniformed Services of the United States. It includes duty on the active list, full-time training duty, annual training duty, and attendance while in the active Military Service, at a school designated as a Service school by law or by the Secretary of the Military Department concerned.

Active duty member. A person on active duty in a Uniformed Service under a call or order that does not specify a period of 30 days or less.

Activities of daily living. Care that consists of providing food (including special diets), clothing, and shelter; personal hygiene services; observation and general monitoring; bowel training or management (unless abnormalities in bowel function are of a severity to result in a need for medical or surgical intervention in the absence of skilled services); safety precautions; general preventive procedures (such as turning to prevent bedsores); passive exercise; companionship; recreation; transportation; and such other elements of personal care that reasonably can be performed by an untrained adult with minimal instruction or supervision. Activities of daily living may also be referred to as ''essentials of daily living''.

Acupuncture. The practice of inserting needles into various body parts to pierce specific peripheral nerves for the production of counter-irritation to relieve the discomfort of pain, induce surgical anesthesia, or for other treatment purposes.

NOTE: Acupuncture is not covered by CHAMPUS.

Adequate Medical Documentation, Medical Treatment Records. Adequate medical documentation contains sufficient information to justify the diagnosis, the treatment plan, and the services and supplies furnished. Under CHAMPUS, it is required that adequate and sufficient clinical records be kept

by the health care provider(s) to substantiate that specific care was actually and appropriately furnished, was medically necessary and appropriate (as defined by this part), and to identify the individual(s) who provided the care. All procedures billed must be documented in the records. In determining whether medical records are adequate, the records will be reviewed under the generally acceptable standards such as the applicable Joint Commission on Accreditation of Healthcare Organizations (JCAHO) standards, the Peer Review Organization (PRO) standards (and the provider's state or local licensing requirements) and other requirements specified by this part. In general, the documentation requirements for a professional provider are not less in the outpatient setting than the inpatient setting.

Adequate Medical Documentation, Mental Health Records. Adequate medical documentation provides the means for measuring the type, frequency, and duration of active treatment mechanisms employed and progress under the treatment plan. Under CHAMPUS, it is required that adequate and sufficient clinical records be kept by the provider to substantiate that specific care was actually and appropriately furnished, was medically or psychologically necessary (as defined by this part), and to identify the individual(s) who provided the care. Each service provided or billed must be documented in the records. In determining whether medical records are adequate, the records will be reviewed under the generally acceptable standards (e.g., the applicable JCAHO standards and the provider's state or local licensing requirements) and other requirements specified by this part. It must be noted that the psychiatric and psychological evaluations, physician orders, the treatment plan, integrated progress notes (and physician progress notes if separate from the integrated progress notes), and the discharge summary are the more critical elements of the mental health record. However, nursing and staff notes, no matter how complete, are not a substitute for the documentation of services by the individual professional provider who furnished treatment to the beneficiary. In general, the documentation requirements of a professional provider are not less in the outpatient setting than the inpatient setting. Furthermore, even though a hospital that provides psychiatric care may be accredited under the JCAHO manual for hospitals rather than the consolidated standards manual, the critical elements of the mental health record listed above are required for CHAMPUS claims.

Adjunctive dental care. Dental care which is medically necessary in the treatment of an otherwise covered medical (not dental) condition, is an integral part of the treatment of such medical condition and is essential to the control of the primary medical condition; or, is required in preparation for or as the result of dental trauma which may be or is caused by medically necessary treatment of an injury or disease (iatrogenic).

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 §199.14 of this part. 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 fourth in §199.14 of this part. 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 part, 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 §199.10 for additional information concerning the determination of ''amount in dispute'' under this part.

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 part. 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 §199.10 for additional information concerning the determination of ''appealable issue'' under this part.

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 part.

Appropriate medical care. (i) 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;

(ii) 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

(iii) The services are furnished economically. For purposes of this part, ''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 specialty 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.

Augmentative communication device (ACD). A voice prosthesis as determined by the Secretary of Defense to be necessary because of significant

conditions resulting from trauma, congenital anomalies, or disease. Also referred to as Speech Generating Device.

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 §199.6 of this part.

Automobile liability insurance. Automobile liability insurance means insurance against legal liability for health and medical expenses resulting from personal injuries arising from operation of a motor vehicle. Automobile liability insurance includes:

(1) Circumstances in which liability benefits are paid to an injured party only when the insured party's tortious acts are the cause of the injuries; and

(2) Uninsured and underinsured coverage, in which there is a third-party tortfeasor who caused the injuries (i.e., benefits are not paid on a no-fault basis), but the insured party is not the tortfeasor.

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 deductible 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 U.S. Code, and set forth in §199.4 of this part.

Beneficiary. An individual who has been determined to be eligible for CHAMPUS benefits, as set forth in §199.3 of this part.

Beneficiary liability. The legal obligation of a beneficiary, his or her estate, or responsible family member to pay for the costs of medical care or treatment received. Specifically, for the purposes of services and supplies covered by CHAMPUS, beneficiary liability includes any annual deductible amount, cost-sharing amounts, or, when a provider does not submit a claim on a participating basis on behalf of the beneficiary, amounts above the CHAMPUS-determined allowable cost or charge. Beneficiary liability also includes any expenses for medical or related services and supplies not covered by CHAMPUS.

Birthing center. A health care provider which meets the applicable requirements established by §199.6(b) of this part.

Birthing room. A room and environment designed and equipped to provide care, to accommodate support persons, and within which a woman with a low-risk, normal, full-term pregnancy can labor, deliver and recover with her infant.

Brace. An orthopedic appliance or apparatus (an orthosis) used to support, align, or hold parts of the body in correct position. For the purposes of CHAMPUS, it does not include orthodontic or other dental appliances.

Capped Rate. The maximum per diem or all-inclusive rate that CHAMPUS will allow for care.

Case management. Case management is a collaborative process which assesses, plans, implements, coordinates, monitors, and evaluates the options and services required to meet an individual's health needs, using communication and available resources to promote quality, cost effective outcomes.

Case managers. A licensed registered nurse, licensed clinical social worker, licensed psychologist or licensed physician who has a minimum of two (2) years case management experience.

Case-mix index. Case-mix index is a scale that measures the relative difference in resources intensity among different groups receiving home health services.

Certified nurse-midwife. An individual who meets the applicable requirements established by §199.6(c) of this part.

Certified psychiatric nurse specialist. A licensed, registered nurse who meets the criteria in §199.6(c)(3)(iii)(G).

CHAMPUS DRG-Based Payment System. A reimbursement system for hospitals which assigns prospectively-determined payment levels to each DRG based on the average cost of treating all CHAMPUS patients in a given DRG.

CHAMPUS fiscal intermediary. An organization with which the Director, OCHAMPUS, has entered into a contract for the adjudication and processing of CHAMPUS claims and the performance of related support activities.

CHAMPUS Health Benefits Advisors (HBAs). Those individuals located at Uniformed Services medical facilities (on occasion at other locations) and assigned the responsibility for providing CHAMPUS information, information concerning availability of care from the Uniformed Services direct medical care system, and generally assisting beneficiaries (or sponsors). The term also includes ''Health Benefits Counselor'' and ''CHAMPUS Advisor.''

Chemotherapy. The administration of approved antineoplastic drugs for the treatment of malignancies (cancer) via perfusion, infusion, or parenteral methods of administration.

Child. An unmarried child of a member or former member, who meets the criteria (including age requirements) in §199.3 of this part.

Chiropractor. A practitioner of chiropractic (also called chiropraxis); essentially a system of therapeutics based upon the claim that disease is caused by abnormal function of the nerve system. It attempts to restore normal function of the nerve system by manipulation and treatment of the structures of the human body, especially those of the spinal column.

NOTE: Services of chiropractors are not covered by CHAMPUS.

Christian science nurse. An individual who has been accredited as a Christian Science Nurse by the Department of Care of the First Church of Christ, Scientist, Boston, Massachusetts, and listed (or eligible to be listed) in the Christian Science Journal at the time the service is provided. The duties of Christian Science nurses are spiritual and are nonmedical and nontechnical nursing care performed under the direction of an accredited Christian Science practitioner. There exist two levels of Christian Science nurse accreditation:

(i) *Graduate Christian Science nurse.* This accreditation is granted by the Department of Care of the First Church of Christ, Scientist, Boston, Massachusetts, after completion of a 3-year course of instruction and study.

(ii) *Practical Christian Science nurse.* This accreditation is granted by the Department of Care of the First Church of Christ, Scientist, Boston, Massachusetts, after completion of a 1-year course of instruction and study.

Christian Science practitioner. An individual who has been accredited as a Christian Science Practitioner for the First Church, Scientist, Boston, Massachusetts, and listed (or eligible to be listed) in the Christian Science Journal at the time the service is provided. An individual who attains this accreditation has demonstrated results of his or her healing through faith and prayer rather than by medical treatment. Instruction is executed by an accredited Christian Science teacher and is continuous.

Christian Science sanatorium. A sanatorium either operated by the First Church of Christ, Scientist, or listed and certified by the First Church of Christ, Scientist, Boston, Massachusetts.

Chronic medical condition. A medical condition that is not curable, but which is under control through active medical treatment. Such chronic conditions may have periodic acute episodes and may require intermittent inpatient hospital care. However, a chronic medical condition can be controlled sufficiently to permit generally continuation of some activities of persons who are not ill (such as work and school).

Chronic renal disease (CRD). The end stage of renal disease which requires a continuing course of dialysis or a kidney transplantation to ameliorate uremic symptoms and maintain life.

Clinical psychologist. A psychologist, certified or licensed at the independent practice level in his or her state, who meets the criteria in §199.6(c)(3)(iii)(A).

Clinical social worker. An individual who is licensed or certified as a clinical

social worker and meets the criteria listed in §199.6.

Clinically Meaningful Endpoints. As used the definition of *reliable evidence* in this paragraph (b) and §199.4(g)(15), the term clinically meaningful endpoints means objectively measurable outcomes of clinical interventions or other medical procedures, expressed in terms of survival, severity of illness or condition, extent of adverse side effects, diagnostic capability, or other effect on bodily functions directly associated with such results.

Collateral visits. Sessions with the patient's family or significant others for purposes of information gathering or implementing treatment goals.

Combined daily charge. A billing procedure by an inpatient facility that uses an inclusive flat rate covering all professional and ancillary charges without any itemization.

Complications of pregnancy. One of the following, when commencing or exacerbating during the term of the pregnancy:

(i) Caesarean delivery; hysterectomy.

(ii) Pregnancy terminating before expiration of 26 weeks, except a voluntary abortion.

(iii) False labor or threatened miscarriage.

(iv) Nephritis or pyelitis of pregnancy.

(v) Hyperemesis gravidarum.

(vi) Toxemia.

(vii) Aggravation of a heart condition or diabetes.

(viii) Premature rupture of membrane.

(ix) Ectopic pregnancy.

(x) Hemorrhage.

(xi) Other conditions as may be determined by the Director, OCHAMPUS, or a designee.

Confinement. That period of time from the day of admission to a hospital or other institutional provider, to the day of discharge, transfer, or separation from the facility, or death. Successive admissions also may qualify as one confinement provided not more than 60 days have elapsed between the successive admissions, except that successive admissions related to a single maternity episode shall be considered one confinement, regardless of the number of days between admissions.

Conflict of Interest. Includes any situation where an active duty member (including a reserve member while on active duty) or civilian employee of the United States Government, through an official federal position, has the apparent or actual opportunity to exert, directly or indirectly, any influence on the referral of CHAMPUS beneficiaries to himself or herself or others with some potential for personal gain or appearance of impropriety. For purposes of this part, individuals under contract to a Uniformed Service may be involved in a conflict of interest situation through the contract position.

Congenital anomaly. A condition existing at or from birth that is a significant deviation from the common form or norm and is other than a common racial or ethnic feature. For purposes of CHAMPUS, congenital anomalies do not include anomalies relating to teeth (including malocclusion or missing tooth buds) or structures supporting the teeth, or to any form of hermaphroditism or sex gender confusion. Examples of congenital anomalies are harelip, birthmarks, webbed fingers or toes, or such other conditions that the Director, OCHAMPUS, or a designee, may determine to be congenital anomalies.

NOTE: Also refer to §199.4(e)(7) of this part.

Consultation. A deliberation with a specialist physician or dentist requested by the attending physician primarily responsible for the medical care of the patient, with respect to the diagnosis or treatment in any particular case. A consulting physician or dentist may perform a limited examination of a given system or one requiring a complete diagnostic history and examination. To qualify as a consultation, a written report to the attending physician of the findings of the consultant is required.

NOTE: Staff consultations required by rules and regulations of the medical staff of a hospital or other institutional provider do not qualify as consultation.

Consultation appointment. An appointment for evaluation of medical symptoms resulting in a plan for management which may include elements of further evaluation, treatment and follow-up evaluation. Such an appointment does not include surgical intervention or other invasive diagnostic or

therapeutic procedures beyond the level of very simply office procedures, or basic laboratory work but rather provides the beneficiary with an authoritative opinion.

Consulting physician or dentist. A physician or dentist, other than the attending physician, who performs a consultation.

Conviction. For purposes of this part, ''conviction'' or ''convicted'' means that (1) a judgment of conviction has been entered, or (2) there has been a finding of guilt by the trier of fact, or (3) a plea of guilty or a plea of *nolo contendere* has been accepted by a court of competent jurisdiction, regardless of whether an appeal is pending.

Coordination of benefits. The coordination, on a primary or secondary payer basis, of the payment of benefits between two or more health care coverages to avoid duplication of benefit payments.

Corporate services provider. A health care provider that meets the applicable requirements established by §199.6(f).

Cosmetic, reconstructive, or plastic surgery. Surgery that can be expected primarily to improve the physical appearance of a beneficiary, or that is performed primarily for psychological purposes, or that restores form, but does not correct or improve materially a bodily function.

Cost-share. The amount of money for which the beneficiary (or sponsor) is responsible in connection with otherwise covered inpatient and outpatient services (other than the annual fiscal year deductible or disallowed amounts) as set forth in §§199.4(f) and 199.5(b) of this part. Cost-sharing may also be referred to as ''co-payment.''

Custodial care. The term ''custodial care'' means treatment or services, regardless of who recommends such treatment or services or where such treatment or services are provided, that:

(1) Can be rendered safely and reasonably by a person who is not medically skilled; or

(2) Is or are designed mainly to help the patient with the activities of daily living.

Days. Calendar days.

Deceased 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.

Deceased reservist. A reservist in a Uniformed Service who incurs or aggravates an injury, illness, or disease, during, or on the way to or from, active duty training for a period of 30 days or less or inactive duty training and dies as a result of that specific injury, illness or disease.

Deceased retiree. A person who, at the time of his or her death, was entitled to retired or retainer pay or equivalent pay based on duty in a Uniformed Service. For purposes of this part, it also includes a person who died before attaining age 60 and at the time of his or her death would have been eligible for retired pay as a reservist but for the fact that he or she was not 60 years of age, and had elected to participate in the Survivor Benefit Plan established under 10 U.S.C. chapter 73.

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). An automated system maintained by the Department of Defense for the purpose of:

(1) Enrolling members, former members and their dependents, and

(2) Verifying members', former members' and their dependents' eligibility for health care benefits in the direct care facilities and for 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. Individuals whose relationship to the sponsor (including NATO members who are stationed in or passing through the United States on official business when authorized) leads

to entitlement to benefits under this part. (See §199.3 of this part for specific categories of dependents).

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. The Director of the TRICARE Management Activity or Director, Office of CHAMPUS. Any references to the Director, Office of CHAMPUS, or OCHAMPUS, shall mean the Director, TRICARE Management Activity. Any reference to Director shall also include any person designated by the Director to carry out a particular authority. In addition, any authority of the Director may be exercised by the Assistant Secretary of Defense (Health Affairs).

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

Director, TRICARE Management Activity. This term includes the Director, TRICARE Management Activity, the official sometimes referred to in this part as the Director, Office of CHAMPUS (or OCHAMPUS), or any designee of the Director, TRICARE Management Activity or the Assistant Secretary of Defense for Health Affairs who is designated for purposes of an action under this part.

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.

Doctor of Medicine (M.D.). A person who has graduated from a college of allopathic medicine and who is entitled legally to use the designation M.D.

Doctor of Osteopathy (D.O.). A practitioner of osteopathy, that is, a system of therapy based on the theory that the body is capable of making its own remedies against disease and other toxic conditions when it is in normal structural relationship and has favorable environmental conditions and adequate nutrition. It utilizes generally accepted physical, medicinal, and surgical methods of diagnosis and therapy, while placing chief emphasis on the importance of normal body mechanics and manipulative methods of detecting and correcting faulty structure.

Domiciliary care. The term ''domiciliary care'' means care provided to a patient in an institution or homelike environment because:

(1) Providing support for the activities of daily living in the home is not available or is unsuitable; or

(2) Members of the patient's family are unwilling to provide the care.

Donor. An individual who supplies living tissue or material to be used in

another body, such as a person who furnishes a kidney for renal transplant.

Double coverage. When a CHAMPUS beneficiary also is enrolled in another insurance, medical service, or health plan that duplicates all or part of a beneficiary's CHAMPUS benefits.

Double coverage plan. The specific insurance, medical service, or health plan under which a CHAMPUS beneficiary has entitlement to medical benefits that duplicate CHAMPUS benefits in whole or in part. Double coverage plans do not include:

(i) Medicaid.

(ii) Coverage specifically designed to supplement CHAMPUS benefits.

(iii) Entitlement to receive care from the Uniformed Services medical facilities;

(iv) Entitlement to receive care from Veterans Administration medical care facilities; or

(v) Part C of the Individuals with Disabilities Education Act for services and items provided in accordance with Part C of the IDEA that are medically or psychologically necessary in accordance with the Individual Family Service Plan and that are otherwise allowable under the CHAMPUS Basic Program or the Extended Care Health Option (ECHO).

Dual Compensation. Federal Law (5 U.S.C. 5536) prohibits active duty members or civilian employees of the United States Government from receiving additional compensation from the government above their normal pay and allowances. This prohibition applies to CHAMPUS cost-sharing of medical care provided by active duty members or civilian government employees to CHAMPUS beneficiaries.

Duplicate equipment. An item of durable equipment or durable medical equipment, as defined in this section that serves the same purpose that is served by an item of durable equipment or durable medical equipment previously cost-shared by TRICARE. For example, various models of stationary oxygen concentrators with no essential functional differences are considered duplicate equipment, whereas stationary and portable oxygen concentrators are not considered duplicates of each other because the latter is intended to provide the user with mobility not afforded by the former. Also, a manual wheelchair and an electric wheelchair, both of which otherwise meet the definition of durable equipment or durable medical equipment, would not be considered duplicates of each other if each is found to provide an appropriate level of mobility. For the purpose of this Part, durable equipment or durable medical equipment that are essential to provide a fail-safe in-home life support system or that replaces in like kind an item of equipment that is not serviceable due to normal wear, accidental damage, a change in the beneficiary's condition, or has been declared adulterated by the U.S. FDA, or is being or has been recalled by the manufacturer, is not considered duplicate equipment.

Durable equipment. A device or apparatus which does not qualify as durable medical equipment and which is essential to the efficient arrest or reduction of functional loss resulting from, or the disabling effects of a qualifying condition as provided in §199.5.

Durable medical equipment. Equipment that—

(1) Can withstand repeated use;

(2) Is primarily and customarily used to serve a medical purpose; and

(3) Generally is not useful to an individual in the absence of an illness or injury.

Economic interest. (1) Any right, title, or share in the income, remuneration, payment, or profit of a CHAMPUS-authorized provider, or of an individual or entity eligible to be a CHAMPUS-authorized provider, resulting, directly or indirectly, from a referral relationship; or any direct or indirect ownership, right, title, or share, including a mortgage, deed of trust, note, or other obligation secured (in whole or in part) by one entity for another entity in a referral or accreditation relationship, which is equal to or exceeds 5 percent of the total property and assets of the other entity.

(2) A referral relationship exists when a CHAMPUS beneficiary is sent, directed, assigned or influenced to use a specific CHAMPUS-authorized provider, or a specific individual or entity eligible to be a CHAMPUS-authorized provider.

(3) An accreditation relationship exists when a CHAMPUS-authorized accreditation organization evaluates for accreditation an entity that is an applicant for, or recipient of CHAMPUS-authorized provider status.

Emergency inpatient admission. An unscheduled, unexpected, medically necessary admission to a hospital or other authorized institutional provider for treatment of a medical condition meeting the definition of medical emergency and which is determined to require immediate inpatient treatment by the attending physician.

Entity. For purposes of §199.9(f)(1), ''entity'' includes a corporation, trust, partnership, sole proprietorship or other kind of business enterprise that is or may be eligible to receive reimbursement either directly or indirectly from CHAMPUS.

Extended Care Health Option (ECHO). The TRICARE program of supplemental benefits for qualifying active duty family members as described in §199.5.

External Partnership Agreement. The External Partnership Agreement is an agreement between a military treatment facility commander and a CHAMPUS authorized institutional provider, enabling Uniformed Services health care personnel to provide otherwise covered medical care to CHAMPUS beneficiaries in a civilian facility under the Military-Civilian Health Services Partnership Program. Authorized costs associated with the use of the facility will be financed through CHAMPUS under normal cost-sharing and reimbursement procedures currently applicable under the basic CHAMPUS.

External Resource Sharing Agreement. A type External Partnership Agreement, established in the context of the TRICARE program by agreement of a military medical treatment facility commander and an authorized TRICARE contractor. External Resource Sharing Agreements may incorporate TRICARE features in lieu of standard CHAMPUS features that would apply to standard External Partnership Agreements.

Extramedical individual providers of care. Individuals who do counseling or nonmedical therapy and whose training and therapeutic concepts are outside the medical field, as specified in §199.6 of this part.

Extraordinary physical or psychological condition. A complex physical or psychological clinical condition of such severity which results in the beneficiary being homebound as defined in this section.

Facility charge. The term ''facility charge'' means the charge, either inpatient or outpatient, made by a hospital or other institutional provider to cover the overhead costs of providing the service. These costs would include building costs, *i.e.* depreciation and interest; staffing costs; drugs and supplies; and overhead costs, *i.e.*, utilities, housekeeping, maintenance, etc.

Former member. A retiree, deceased member, deceased retiree, or deceased reservist in certain circumstances (see section 199.3 for additional information related to certain deceased reservists' dependents' eligibility). Under conditions specified under §199.3 of this part, former member may also include a member of the Uniformed Services who has been discharged from active duty (or, in some cases, full-time National Guard duty), whether voluntarily or involuntarily, under other than adverse conditions and qualifies for CHAMPUS benefits under the Transitional Assistance Management Program or the Continued Health Care Benefit Program.

Former spouse. A former husband or wife of a Uniformed Service member or former member who meets the criteria as set forth in §199.3(b)(2)(ii) of this part.

Fraud. For purposes of this part, fraud is defined as (1) a deception or misrepresentation by a provider, beneficiary, sponsor, or any person acting on behalf of a provider, sponsor, or beneficiary with the knowledge (or who had reason to know or should have known) that the deception or misrepresentation could result in some unauthorized CHAMPUS benefit to self or some other person, or some unauthorized CHAMPUS payment, or (2) a claim that is false or fictitious, or includes or is supported by any written statement which asserts a material fact which is false or fictitious, or includes or is supported by any written statement that (a) omits a material fact and (b) is

false or fictitious as a result of such omission and (c) is a statement in which the person making, presenting, or submitting such statement has a duty to include such material fact. It is presumed that, if a deception or misrepresentation is established *and* a CHAMPUS claim is filed, the person responsible for the claim had the requisite knowledge. This presumption is rebuttable only by substantial evidence. It is further presumed that the provider of the services is responsible for the actions of all individuals who file a claim on behalf of the provider (for example, billing clerks); this presumption may only be rebutted by clear and convincing evidence.

Freestanding. Not ''institution-affiliated'' or ''institution-based.''

Full-time course of higher education. A complete, progressive series of studies to develop attributes such as knowledge, skill, mind, and character, by formal schooling at a college or university, and which meets the criteria set out in §199.3 of this part. To qualify as full-time, the student must be carrying a course load of a minimum of 12 credit hours or equivalent each semester.

General staff nursing service. 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 performed by nursing personnel on the payroll of the hospital or other authorized institution.

Good faith payments. Those payments made to civilian sources of medical care who provided medical care to persons purporting to be eligible beneficiaries but who are determined later to be ineligible for CHAMPUS benefits. (The ineligible person usually possesses an erroneous or illegal identification card.) To be considered for good faith payments, the civilian source of care must have exercised reasonable precautions in identifying a person claiming to be an eligible beneficiary.

Habilitation. The provision of functional capacity, absent from birth due to congenital anomaly or developmental disorder, which facilitates performance of an activity in the manner, or within the range considered normal, for a human being.

Handicap. For the purposes of this part, the term ''handicap'' is synonymous with the term ''disability.''

High-risk pregnancy. A pregnancy is high-risk when the presence of a currently active or previously treated medical, anatomical, physiological illness or condition may create or increase the likelihood of a detrimental effect on the mother, fetus, or newborn and presents a reasonable possibility of the development of complications during labor or delivery.

Homebound. A beneficiary's condition is such that there exists a normal inability to leave home and, consequently, leaving home would require considerable and taxing effort. Any absence of an individual from the home attributable to the need to receive health care treatment—including regular absences for the purpose of participating in therapeutic, psychosocial, or medical treatment in an adult day-care program that is licensed or certified by a state, or accredited to furnish adult day-care services in the—state shall not disqualify an individual from being considered to be confined to his home. Any other absence of an individual from the home shall not disqualify an individual if the absence is infrequent or of relatively short duration. For purposes of the preceding sentence, any absence for the purpose of attending a religious service shall be deemed to be an absence of infrequent or short duration. Also, absences from the home for non-medical purposes, such as an occasional trip to the barber, a walk around the block or a drive, would not necessarily negate the beneficiary's homebound status if the absences are undertaken on an infrequent basis and are of relatively short duration. An exception is made to the above homebound definitional criteria for beneficiaries under the age of 18 and those receiving maternity care. The only homebound criteria for these special beneficiary categories is written certification from a physician attesting to the fact that leaving the home would place the beneficiary at medical risk. In addition to the above, absences, whether regular or infrequent,

from the beneficiary's primary residence for the purpose of attending an educational program in a public or private school that is licensed and/or certified by a state, shall not negate the beneficiary's homebound status.

Home health discipline. One of six home health disciplines covered under the home health benefit (skilled nursing services, home health aide services, physical therapy services, occupational therapy services, speech-language pathology services, and medical social services).

Home health market basket index. An index that reflects changes over time in the prices of an appropriate mix of goods and services included in home health services.

Hospice care. Hospice care is a program which provides an integrated set of services and supplies designed to care for the terminally ill. This type of care emphasizes palliative care and supportive services, such as pain control and home care, rather than cure-oriented services provided in institutions that are otherwise the primary focus under CHAMPUS. The benefit provides coverage for a humane and sensible approach to care during the last days of life for some terminally ill patients.

Hospital, acute care (general and special). An institution that meets the criteria as set forth in §199.6(b)(4)(i) of this part.

Hospital, long-term (tuberculosis, chronic care, or rehabilitation). An institution that meets the criteria as set forth in §199.6(b)(4)(iii) of this part.

Hospital, psychiatric. An institution that meets the criteria as set forth in §199.6(b)(4)(ii) of this part.

Illegitimate child. A child not recognized as a lawful offspring; that is, a child born of parents not married to each other.

Immediate family. The spouse, natural parent, child and sibling, adopted child and adoptive parent, stepparent, stepchild, grandparent, grandchild, stepbrother and stepsister, father-in-law, mother-in-law of the beneficiary, or provider, as appropriate. For purposes of this definition only, to determine who may render services to a beneficiary, the step-relationship continues to exist even if the marriage upon which the relationship is based terminates through divorce or death of one of the parents.

Independent laboratory. A free-standing laboratory approved for participation under Medicare and certified by the Health Care Financing Administration.

Infirmaries. Facilities operated by student health departments of colleges and universities to provide inpatient or outpatient care to enrolled students. When specifically approved by the Director, OCHAMPUS, or a designee, a boarding school infirmary also is included.

Initial determination. A formal written decision on a CHAMPUS claim, a request for benefit authorization, a request by a provider for approval as an authorized CHAMPUS provider, or a decision disqualifying or excluding a provider as an authorized provider under CHAMPUS. Rejection of a claim or a request for benefit or provider authorization for failure to comply with administrative requirements, including failure to submit reasonably requested information, is not an initial determination. Responses to general or specific inquiries regarding CHAMPUS benefits are not initial determinations.

In-out surgery. Surgery performed in the outpatient department of a hospital or other institutional provider, in a physician's office or the office of another individual professional provider, in a clinic, or in a ''freestanding'' ambulatory surgical center which does not involve a formal inpatient admission for a period of 24 hours or more.

Inpatient. A patient who has been admitted to a hospital or other authorized institution for bed occupancy for purposes of receiving necessary medical care, with the reasonable expectation that the patient will remain in the institution at least 24 hours, and with the registration and assignment of an inpatient number or designation. Institutional care in connection with in and out (ambulatory) surgery is not included within the meaning of inpatient whether or not an inpatient number or designation is made by the hospital or other institution. If the patient has been received at the hospital, but death occurs before the actual admission occurs, an inpatient admission exists as

if the patient had lived and had been formally admitted.

Institution-affiliated. Related to a CHAMPUS-authorized institutional provider through a shared governing body but operating under a separate and distinct license or accreditation.

Institution-based. Related to a CHAMPUS-authorized institutional provider through a shared governing body and operating under a common license and shared accreditation.

Institutional provider. A health care provider which meets the applicable requirements established by §199.6(b) of this part.

Intensive care unit (ICU). A special segregated unit of a hospital in which patients are concentrated by reason of serious illness, usually without regard to diagnosis. Special lifesaving techniques and equipment regularly and immediately are available within the unit, and patients are under continuous observation by a nursing staff specially trained and selected for the care of this type patient. The unit is maintained on a continuing rather than an intermittent or temporary basis. It is not a postoperative recovery room nor a postanesthesia room. In some large or highly specialized hospitals, the ICUs may be further refined for special purposes, such as for respiratory conditions, cardiac surgery, coronary care, burn care, or neurosurgery. For the purposes of CHAMPUS, these specialized units would be considered ICUs if they otherwise conformed to the definition of an ICU.

Intern. A graduate of a medical or dental school serving in a hospital in preparation to being licensed to practice medicine or dentistry.

Internal Partnership Agreement. The Internal Partnership Agreement is an agreement between a military treatment facility commander and a CHAMPUS-authorized civilian health care provider which enables the use of civilian health care personnel or other resources to provide medical care to CHAMPUS beneficiaries on the premises of a military treatment facility under the Military-Civilian Health Services Partnership Program. These internal agreements may be established when a military treatment facility is unable to provide sufficient health care services for CHAMPUS beneficiaries due to shortages of personnel and other required resources.

Internal Resource Sharing Agreement. A type of Internal Partnership Agreement, established in the context of the TRICARE program by agreement of a military medical treatment facility commander and authorized TRICARE contractor. Internal Resource Sharing Agreements may incorporate TRICARE features in lieu of standard CHAMPUS features that would apply to standard Internal Partnership Agreements.

Item, Service, or Supply. Includes (1) any item, device, medical supply, or service claimed to have been provided to a beneficiary (patient) and listed in an itemized claim for CHAMPUS payment or a request for payment, or (2) in the case of a claim based on costs, any entry or omission in a cost report, books of account, or other documents supporting the claim.

Laboratory and pathological services. Laboratory and pathological examinations (including machine diagnostic tests that produce hard-copy results) when necessary to, and rendered in connection with medical, obstetrical, or surgical diagnosis or treatment of an illness or injury, or in connection with well-baby care.

Legitimized child. A formerly illegitimate child who is considered legitimate by reason of qualifying actions recognized in law.

Licensed practical nurse (L.P.N.). A person who is prepared specially in the scientific basis of nursing; who is a graduate of a school of practical nursing; whose qualifications have been examined by a state board of nursing; and who has been authorized legally to practice as an L.P.N. under the supervision of a physician.

Licensed vocational nurse (L.V.N.) A person who specifically is prepared in the scientific basis or nursing; who is a graduate of a school of vocational nursing; whose qualifications have been examined by a state board of nursing; and who has been authorized legally to practice as a L.V.N. under the supervision of a physician.

Long-term hospital care. Any inpatient hospital stay that exceeds 30 days.

Low-risk pregnancy. A pregnancy is low-risk when the basis for the ongoing clinical expectation of a normal uncomplicated birth, as defined by reasonable and generally accepted criteria of maternal and fetal health, is documented throughout a generally accepted course of prenatal care.

Major life activity. Breathing, cognition, hearing, seeing, and age appropriate ability essential to bathing, dressing, eating, grooming, speaking, stair use, toilet use, transferring, and walking.

Marriage and family therapist, certified. An extramedical individual provider who meets the requirements outlined in §199.6.

Maternity care. 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 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 preauthorization. A pre (or prior) authorization for payment for medical/surgical or psychological services based upon criteria that are generally accepted by qualified professionals to be reasonable for diagnosis and treatment of an illness, injury, pregnancy, and mental disorder.

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.

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 treatment of illness, injury, pregnancy, and mental disorders or that are reasonable and adequate for well-baby care.

Medicare. These medical benefits authorized under Title XVIII of the Social Security Act 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.

Member. A person on active duty in a Uniformed Service under a call or

order that does not specify a period of 30 days or less. (*For CHAMPUS cost-sharing purposes only*, a former member who received a dishonorable or bad-conduct discharge or was dismissed from a Uniformed Service as a result of a court-martial conviction for an offense involving physical or emotional abuse or was administratively discharged as a result of such an offense is considered a member).

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 §199.6.

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.

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 body weight is 200 percent or more of the ideal weight for height and bone structure according to the most current Metropolitan Life Table. The associated medical conditions are diabetes mellitus, hypertension, cholecystitis, narcolepsy, pickwickian syndrome (and other severe respiratory diseases), hypothalmic disorders, and severe arthritis of the weight-bearing joints.

Most-favored rate. The lowest usual charge to any individual or third-party payer in effect on the date of the admission of a CHAMPUS beneficiary.

Natural childbirth. Childbirth without the use of chemical induction or augmentation of labor or surgical procedures other than episiotomy or perineal repair.

Naturopath. A person who practices naturopathy, that is, a drugless system of therapy making use of physical forces such as air, light, water, heat, and massage.

NOTE: Services of a naturopath are not covered by CHAMPUS.

NAVCARE clinics. Contractor owned, staffed, and operated primary clinics exclusively serving uniformed services beneficiaries pursuant to contracts awarded by a Military Department.

No-fault insurance. No-fault insurance means an insurance contract providing compensation for health and medical expenses relating to personal injury arising from the operation of a motor vehicle in which the compensation is not premised on whom may have been responsible for causing such injury. No-fault insurance includes personal injury protection and medical payments benefits in cases involving personal injuries resulting from operation of a motor vehicle.

Nonavailability statement. A certification by a commander (or a designee) of a Uniformed Services medical treatment facility, recorded on DEERS, generally for the reason that the needed medical care being requested by a non-TRICARE Prime enrolled beneficiary cannot be provided at the facility concerned because the necessary resources are not available in the time frame needed.

Nonparticipating provider. A hospital or other authorized institutional provider, a physician or other authorized individual professional provider, or other authorized provider that furnished medical services or supplies to a CHAMPUS beneficiary, but who did not agree on the CHAMPUS claim form to

participate or to accept the CHAMPUS-determined allowable cost or charge as the total charge for the services. A nonparticipating provider looks to the beneficiary or sponsor for payment of his or her charge, not CHAMPUS. In such cases, CHAMPUS pays the beneficiary or sponsor, not the provider.

North Atlantic Treaty Organization (NATO) member. A military member of an armed force of a foreign NATO nation who is on active duty and who, in connection with official duties, is stationed in or passing through the United States. The foreign NATO nations are Belgium, Canada, Denmark, France, Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey, and the United Kingdom.

Not-for-profit entity. An organization or institution owned and operated by one or more nonprofit corporations or associations formed pursuant to applicable state laws, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

Occupational therapist. A person who is trained specially in the skills and techniques of occupational therapy (that is, the use of purposeful activity with individuals who are limited by physical injury of illness, psychosocial dysfunction, developmental or learning disabilities, poverty and cultural differences, or the aging process in order to maximize independence, prevent disability, and maintain health) and who is licensed to administer occupational therapy treatments prescribed by a physician.

Official formularies. A book of official standards for certain pharmaceuticals and preparations that are not included in the *U.S. Pharmacopeia.*

Optometrist (Doctor of Optometry). A person trained and licensed to examine and test the eyes and to treat visual defects by prescribing and adapting corrective lenses and other optical aids, and by establishing programs of exercises.

Oral surgeon (D.D.S. or D.M.D.). A person who has received a degree in dentistry and who limits his or her practice to oral surgery, that is, that branch of the healing arts that deals with the diagnosis and the surgical correction and adjunctive treatment of diseases, injuries, and defects of the mouth, the jaws, and associated structures.

Orthopedic shoes. Shoes prescribed by an orthopedic surgeon to effect changes in foot or feet position and alignment and which are not an integral part of a brace.

Other allied health professionals. Individual professional providers other than physicians, dentists, or extramedical individual providers, as specified in §199.6 of this part.

Other special institutional providers. Certain specialized medical treatment facilities, either inpatient or outpatient, other than those specifically defined, that provide courses of treatment prescribed by a doctor of medicine or osteopathy; when the patient is under the supervision of a doctor of medicine or osteopathy during the entire course of the inpatient admission or the outpatient treatment; when the type and level of care and services rendered by the institution are otherwise authorized in this Regulation; when the facility meets all licensing or other certification requirements that are extant in the jurisdiction in which the facility is located geographically; which is accredited by the Joint Commission on Accreditation if an appropriate accreditation program for the given type of facility is available; and which is not a nursing home, intermediate facility, halfway house, home for the aged, or other institution of similar purpose.

Outpatient. A patient who has not been admitted to a hospital or other authorized institution as an inpatient.

Ownership or control interest. For purposes of §199.9(f)(1), a ''person with an ownership or control interest'' is anyone who

(1) Has directly or indirectly a 5 percent or more ownership interest in the entity; or

(2) Is the owner of a whole or part interest in any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by the entity or any of the property or assets thereof, which whole or part interest is equal to or exceeds 5 percent of the total property and assets of the entity; or

(3) Is an officer or director of the entity if the entity is organized as a corporation; or

(4) Is a partner in the entity if the entity is organized as a partnership.

Partial hospitalization. A treatment setting capable of providing an interdisciplinary program of medical therapeutic services at least 3 hours 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 CHAMPUS-authorized provider that is required, or has agreed by entering into a CHAMPUS participation agreement or by act of indicating ''accept assignment'' on the claim form, to accept the CHAMPUS-allowable amount as the maximum total charge for a service or item rendered to a CHAMPUS beneficiary, whether the amount is paid for fully by CHAMPUS or requires cost-sharing by the CHAMPUS beneficiary.

Part-time or intermittent home health aide and skilled nursing services. Part-time or intermittent means skilled nursing and home health aide services furnished any number of days per week as long as they are furnished (combined) less than 8 hours each day and 28 or fewer hours each week (or, subject to review on a case-bay-case basis as to the need for care, less than 8 hours each day and 35 or fewer hours per week).

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 §199.10 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 §199.6.

Pharmaceutical Agent. Drugs, biological products, and medical devices under the regulatory authority of the Food and Drug Administration.

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 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 ultrasound), 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, or electronically by the Director, TRICARE Management Activity, or a designee, that TRICARE benefits are payable for certain services that a beneficiary has not yet received. The term prior authorization is commonly substituted for preauthorization and has the same meaning.

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. Prescription drugs and medicines may also be referred to as ''pharmaceutical agents''.

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 caregiver. An individual who renders to a beneficiary services to support the activities of daily living (as defined in §199.2) and specific services essential to the safe management of the beneficiary's condition.

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

PRIMUS clinics. Contractor owned, staffed, and operated primary care clinics exclusively serving uniformed services beneficiaries pursuant to contracts awarded by a Military Department.

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

Profound hearing loss (adults). An ''adult'' (a spouse as defined in section 32 CFR 199.3(b) of this part of a member of the Uniformed Services on active duty for more than 30 days) with a hearing threshold of:

(1) 40 dB HL or greater in one or both ears when tested at 500, 1,000, 1,500, 2,000, 3,000, or 4,000Hz; or

(2) 26 dB HL or greater in one or both ears at any three or more of those frequencies; or

(3) A speech recognition score less than 94 percent.

Profound hearing loss (children). A ''child'' (an unmarried child of an active duty member who otherwise meets the criteria (including age requirements) in 32 CFR 199.3 of this part) with a 26dB HL or greater hearing threshold level in one or both ears when tested in the frequency range at 500, 1,000, 2,000, 3,000 or 4,000 Hz.

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.

Prosthetic or Prosthetic Device (prosthesis). A prosthetic or prosthetic device (prosthesis) determined by the Secretary of Defense to be necessary because of significant conditions resulting from trauma, congenital anomalies, or diseases.

Prosthetic supplies. Supplies that are necessary for the effective use of a prosthetic or prosthetic device.

Provider. A hospital or other institutional provider, a physician, or other individual professional provider, or other provider of services or supplies as specified in §199.6 of this part.

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 §199.6 of this part, 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.

Public facility. A public authority or entity legally constituted within a State (as defined in this section) to administer, control or perform a service function for public health, education or human services programs in a city, county, or township, special district, or other political subdivision, or such combination of political subdivisions or special districts or counties as are recognized as an administrative agency for a State's public health, education or human services programs, or any other public institution or agency having administrative control and direction of a publicly funded health, education or human services program.

Public facility adequacy. An available public facility shall be considered adequate when the Director, OCHAMPUS, or designee, determines that the quality, quantity, and frequency of an available service or item otherwise allowable as a CHAMPUS benefit is sufficient to meet the beneficiary's specific disability related need in a timely manner.

Public facility availability. A public facility shall be considered available when the public facility usually and customarily provides the requested service or item to individuals with the same or similar disability related need as the otherwise equally qualified CHAMPUS beneficiary.

Qualified accreditation organization. A not-for-profit corporation or a foundation that:

(1) Develops process standards and outcome standards for health care delivery programs, or knowledge standards and skill standards for health care professional certification testing, using experts both from within and outside of the health care program area or individual specialty to which the standards are to be applied;

(2) Creates measurable criteria that demonstrate compliance with each standard;

(3) Publishes the organization's standards, criteria and evaluation processes so that they are available to the general public;

(4) Performs on-site evaluations of health care delivery programs, or provides testing of individuals, to measure the extent of compliance with each standard;

(5) Provides on-site evaluation or individual testing on a national or international basis;

(6) Provides to evaluated programs and tested individuals time-limited written certification of compliance with the organization's standards;

(7) Excludes certification of any program operated by an organization which has an economic interest, as defined in this section, in the accreditation organization or in which the accreditation organization has an economic interest;

(8) Publishes promptly the certification outcomes of each program evaluation or individual test so that it is available to the general public; and

(9) Has been found by the Director, OCHAMPUS, or designee, to apply standards, criteria, and certification processes which reinforce CHAMPUS provider authorization requirements and promote efficient delivery of CHAMPUS benefits.

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

Rare Diseases. CHAMPUS defines a rare disease as one which affects fewer than one in 200,000 Americans.

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 registered 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.

Rehabilitation. The reduction of an acquired loss of ability to perform an activity in the manner, or within the range considered normal, for a human being.

Rehabilitative therapy. Any rehabilitative therapy that is necessary to improve, restore, or maintain function, or to minimize or prevent deterioration of function, of a patient and prescribed by a physician.

Reliable evidence. (1) As used in §199.4(g)(15), the term reliable evidence means only:

(i) Well controlled studies of clinically meaningful endpoints, published in refereed medical literature.

(ii) Published formal technology assessments.

(iii) The published reports of national professional medical associations.

(iv) Published national medical policy organization positions; and

(v) The published reports of national expert opinion organizations.

(2) The hierarchy of reliable evidence of proven medical effectiveness, established by (1) through (5) of this paragraph, is the order of the relative weight to be given to any particular source. With respect to clinical studies, only those reports and articles containing scientifically valid data and published in the refereed medical and scientific literature shall be considered as meeting the requirements of reliable evidence. Specifically not included in the meaning of reliable evidence are reports, articles, or statements by providers or groups of providers containing only abstracts, anecdotal evidence or personal professional opinions. Also not included in the meaning of reliable evidence is the fact that a provider or a number of providers have elected to adopt a drug, device, or medical treatment or procedure as their personal treatment or procedure of choice or standard of practice.

Representative. Any person who has been appointed by a party to the initial 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.

Reservist. A person who is under an active duty call or order to one of the

Uniformed Services for a period of 30 days or less or is on inactive training.

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 choose 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 §199.6(b)(4)(v).

Respite care. Respite care is short-term care for a patient in order to provide rest and change for those who have been caring for the patient at home, usually the patient's family.

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 §199.9, ''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.

Serious physical disability. Any physiological disorder or condition or anatomical loss affecting one or more body systems which has lasted, or with reasonable certainty is expected to last, for a minimum period of 12 contiguous months, and which precludes the person with the disorder, condition or anatomical loss from unaided performance of at least one Major Life Activity as defined in this section.

Skilled nursing facility. An institution (or a distinct part of an institution) that meets the criteria as set forth in §199.6(b)(4)(vi).

Skilled nursing services. Skilled nursing services includes application of professional nursing services and skills by an RN, LPN, or LVN, that are required to be performed under the general supervision/direction of a TRICARE-authorized physician to ensure the safety of the patient and achieve the medically desired result in accordance with accepted standards of practice.

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

Speech generating device (SGD). See Augmentative Communication Device.

Sponsor. A member or former member of a Uniformed Service upon whose status his or her dependents' eligibility for CHAMPUS is based. A sponsor also includes a person who, while a member of the Uniformed Services and after becoming eligible to be retired on the basis of years of service, has his or her eligibility to receive retired pay terminated as a result of misconduct involving abuse of a spouse or dependent child. It also includes NATO members who are stationed in or passing through the United States on official business when authorized. It also includes individuals eligible for CHAMPUS under the Transitional Assistance Management Program.

Spouse. A lawful husband or wife, who meets the criteria in §199.3 of this part, regardless of whether or not dependent upon the member or former member for his or her own support.

State. For purposes of this part, any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and each territory and possession of the United States.

State victims of crime compensation programs. Benefits available to victims of crime under the Violent Crime Control and Law Enforcement Act.

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.

Supplemental insurance plan. A health insurance policy or other health benefit plan offered by a private entity to

a CHAMPUS beneficiary, that primarily is designed, advertised, marketed, or otherwise held out as providing payment for expenses incurred for services and items that are not reimbursed under CHAMPUS due to program limitations, or beneficiary liabilities imposed by law. CHAMPUS recognizes two types of supplemental plans, general indemnity plans, and those offered through a direct service health maintenance organization (HMO).

(1) An indemnity supplemental insurance plan must meet all of the following criteria:

(i) It provides insurance coverage, regulated by state insurance agencies, which is available only to beneficiaries of CHAMPUS.

(ii) It is premium based and all premiums relate only to the CHAMPUS supplemental coverage.

(iii) Its benefits for all covered CHAMPUS beneficiaries are predominantly limited to non-covered services, to the deductible and cost-shared portions of the pre-determined allowable charges, and/or to amounts exceeding the allowable charges for covered services.

(iv) It provides insurance reimbursement by making payment directly to the CHAMPUS beneficiary or to the participating provider.

(v) It does not operate in a manner which results in lower deductibles or cost-shares than those imposed by law, or that waives the legally imposed deductibles or cost-shares.

(2) A supplemental insurance plan offered by a Health Maintenance Organization (HMO) must meet all of the following criteria:

(i) The HMO must be authorized and must operate under relevant provisions of state law.

(ii) The HMO supplemental plan must be premium based and all premiums must relate only to CHAMPUS supplemental coverage.

(iii) The HMO's benefits, above those which are directly reimbursed by CHAMPUS, must be limited predominantly to services not covered by CHAMPUS and CHAMPUS deductible and cost-share amounts.

(iv) The HMO must provide services directly to CHAMPUS beneficiaries through its affiliated providers who, in turn, are reimbursed by CHAMPUS.

(v) The HMO's premium structure must be designed so that no overall reduction in the amount of the beneficiary deductibles or cost-shares will result.

Suppliers of portable X-ray services. A supplier that meets the conditions of coverage of the Medicare program, set forth in the Medicare regulations (42 CFR 405.1411 through 405.1416 (as amended)) 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; injections and needling procedures of the joints; laser surgery of the eye; and those certain procedures listed in §199.4(c)(2)(i) of this part.

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 §199.9 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.

Third-party payer. Third-payer means an entity that provides an insurance, medical service, or health plan by contract or agreement, including an automobile liability insurance or no fault insurance carrier and a worker's compensation program or plan, and any other plan or program (e.g., homeowners insurance) that is designed to provide compensation or coverage for expenses incurred by a beneficiary for medical services or supplies. For purposes of the definition of ''third-party payer,'' an insurance, medical service, or health plan includes a preferred provider organization, an insurance plan described as Medicare supplemental insurance, and a personal injury protection plan or medical payments benefit plan for personal injuries resulting from the operation of a motor vehicle.

NOTE: TRICARE is secondary payer to all third-party payers. Under limited circumstances described in §199.8(c)(2) of this part, TRICARE payment may be authorized to be paid in advance of adjudication of the claim by certain third-party payers. TRICARE advance payments will not be made when a third-party provider is determined to be a primary medical insurer under §199.8(c)(3) of this part.''

Timely filing. The filing of CHAMPUS claims within the prescribed time limits as set forth in §199.7 of this part.

Transitional Assistance Management Program (TAMP). The program established under 10 U.S.C. §1145(a) and §199.3(e) of this part.

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 §199.4(b) of this part. 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.

TRICARE extra plan. The health care option, provided as part of the TRICARE program under §199.17, under which beneficiaries may choose to receive care in facilities of the uniformed services, or from special civilian network providers (with reduced cost sharing), or from any other CHAMPUS-authorized provider (with standard cost sharing).

TRICARE prime plan. The health care option, provided as part of the TRICARE program under §199.17, under which beneficiaries enroll to receive all health care from facilities of the uniformed services and civilian network providers (with civilian care subject to substantially reduced cost sharing.

TRICARE program. The program establish under §199.17.

TRICARE Reserve Select. The program established under 10 U.S.C. 1076d and 32 CFR 199.24.

TRICARE standard plan. The health care option, provided as part of the TRICARE program under §199.17, under which beneficiaries are eligible for care in facilities of the uniformed services and CHAMPUS under standard rules and procedures.

Uniform HMO benefit. The health care benefit established by §199.18.

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

Unlabeled or Off-Label Drugs. Food and Drug Administration (FDA) approved drugs that are used for indications or treatments not included in the approved labeling. The drug must be medically necessary for the treatment

of the condition for which it is administered, according to accepted standards of medical practice.

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.

Waiver of benefit limits. Extension of current benefit limitations under the Case Management Program, of medical care, services, and/or equipment, not otherwise a benefit under the TRICARE/CHAMPUS program.

Well-child care. A specific program of periodic health screening, developmental assessment, and routine immunization for dependents under six years of age.

Widow or Widower. A person who was a spouse at the time of death of a member or former member 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.

[51 FR 24008, July 1, 1986]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting §199.2, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

EDITORIAL NOTE: At 66 FR 45172, Aug. 28, 2001, §199.2, was amended in part by revising the definition of ''Director, OCHAMPUS''. However, because of inaccurate amendatory language, this amendment could not be incorporated.

§ 199.3 Eligibility.

(a) *General*. This section sets forth those persons who, by the provisions of 10 U.S.C. chapter 55, and the NATO Status of Forces Agreement, are eligible for CHAMPUS benefits. A determination that a person is eligible does not automatically entitle such a person to CHAMPUS payments. Before any CHAMPUS benefits may be extended, additional requirements, as set forth in other sections of this part, must be met. Additionally, the use of CHAMPUS may be denied if a Uniformed Service medical treatment facility capable of providing the needed care is available. CHAMPUS relies primarily on the Defense Enrollment Eligibility Reporting System (DEERS) for eligibility verification.

(b) *CHAMPUS eligibles*—(1) *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.

(2) *Dependent*. Individuals whose relationship to the sponsor leads to entitlement to benefits. CHAMPUS eligible dependents include the following:

(i) *Spouse*. A lawful husband or wife of a member or former member. The spouse of a deceased member or retiree must not be remarried. A former spouse also may qualify for benefits as a dependent spouse. A former spouse is a spouse who was married to a military member, or former member, but whose marriage has been terminated by a final decree of divorce, dissolution or annulment. To be eligible for CHAMPUS benefits, a former spouse must meet the criteria described in paragraphs (b)(2)(i)(A) through (b)(2)(i)(E) of this section *and* must qualify under the group defined in paragraph (b)(2)(i)(F)(*1*) or (b)(2)(i)(F)(*2*) of this section.

(A) Must be unremarried; and

(B) Must not be covered by an employer-sponsored health plan; and

(C) Must have been married to a member or former member who performed at least 20 years of service which can be credited in determining the member's or former member's eligibility for retired or retainer pay; and

(D) Must not be eligible for Part A of Title XVIII of the Social Security Act

(Medicare) except as provided in paragraphs (b)(3), (f)(3)(vii), (f)(3)(viii), and (f)(3)(ix) of this section; and

(E) Must not be the dependent of a NATO member; *and*

(F) Must meet the requirements of paragraph (b)(2)(i)(F)(*1*) or (b)(2)(i)(F)(*2*) of this section:

(*1*) The former spouse must have been married to the same member or former member for at least 20 years, at least 20 of which were creditable in determining the member's or former member's eligibility for retired or retainer pay. Eligibility continues indefinitely unless affected by any of the conditions of paragraphs (b)(2)(i)(A) through (b)(2)(i)(E) of this section.

(*i*) If the date of the final decree of divorce, dissolution, or annulment was before February 1, 1983, the former spouse is eligible for CHAMPUS coverage of health care received on or after January 1, 1985.

(*ii*) If the date of the final decree of the divorce, dissolution, or annulment was on or after February 1, 1983, the former spouse is eligible for CHAMPUS coverage of health care which is received on or after the date of the divorce, dissolution, or annulment.

(*2*) The former spouse must have been married to the same member or former member for at least 20 years, and at least 15, but less than 20 of those married years were creditable in determining the member's or former member's eligibility for retired or retainer pay.

(*i*) If the date of the final decree of divorce, dissolution, or annulment is before April 1, 1985, the former spouse is eligible only for care received on or after January 1, 1985, or the date of the divorce, dissolution, or annulment, whichever is later. Eligibility continues indefinitely unless affected by any of the conditions of paragraphs (b)(2)(i)(A) through (b)(2)(i)(E) of this section.

(*ii*) If the date of the final decree of divorce, dissolution or annulment is on or after April 1, 1985, but before September 29, 1988, the former spouse is eligible only for care received from the date of the decree of divorce, dissolution, or annulment until December 31, 1988, or for two years from the date of the divorce, dissolution, or annulment, whichever is later.

(*iii*) If the date of the final decree of divorce, dissolution, or annulment is on or after September 29, 1988, the former spouse is eligible only for care received within the 365 days (366 days in the case of a leap year) immediately following the date of the divorce, dissolution, or annulment.

(ii) *Child.* A dependent child is an unmarried child of a member or former member who has not reached his or her twenty-first (21st) birthday, except an incapacitated adopted child meeting the requirements of paragraph (b)(2)(ii)(H)(*2*) of this section, and who bears one of the following relationships to a member or former member of one of the Uniformed Services:

(A) A legitimate child; or

(B) An adopted child whose adoption has been legally completed on or before the child's twenty-first (21st) birthday; or

(C) A legitimate stepchild; or

(D) An illegitimate child of a *member or former member* whose paternity/maternity *has been* determined judicially, and the member or former member directed to support the child; or

(E) An illegitimate child of a *member or former member* whose paternity/maternity *has not been* determined judicially, who resides with or in the home provided by the member or former member, and is or continues to be dependent upon the member or former member for over one-half of his or her support, or who was so dependent on the former member at the time of the former member's death; or

(F) An illegitimate child of a *spouse of a member* who resides with or in a home provided by the member and is, and continues to be dependent upon the member for over one-half of his or her support; or

(G) An illegitimate child of a *spouse of a former member* who resides with or in a home provided by a former member or the former member's spouse at the time of death of the former member, and is, or continues to be, or was, dependent upon the former member for more than one-half of his or her support at the time of death; or

(H) An individual who falls into one of the following classes:

(*1*) *A student.* A child determined to be a member of one of the classes in paragraphs (b)(2)(ii)(A) through (b)(2)(ii)(G) of this section, who is not married, has passed his or her 21st birthday but has not passed his or her 23rd birthday, is dependent upon the member or former member for over 50 percent of his or her support or was dependent upon the member or former member for over 50 percent of his or her support on the date of the member's or former member's death, and is pursuing a full-time course of education in an institution of higher learning approved by the Secretary of Defense or the Department of Education (as appropriate) or by a state agency under 38 U.S.C. chapters 34 and 35.

NOTE: Courses of education offered by institutions listed in the ''Education Directory,'' ''Higher Education'' or ''Accredited Higher Institutions'' issued periodically by the Department of Education meet the criteria approved by the Administering Secretary or the Secretary of Education. For determination of approval of courses offered by a foreign institution, by an institution not listed in either of the above directories, or by an institution not approved by a state agency pursuant to 38 U.S.C. chapters 34 and 35, a statement may be obtained from the Department of Education, Washington, D.C. 20202.

(*2*) *An incapacitated child.* A child determined to be a member of one of the classes in paragraphs (b)(2)(ii)(A) through (b)(2)(ii)(G) of this section, who is not married and is incapable of self-support because of a mental or physical disability that:

(*i*) Existed before the child's twenty-first (21st) birthday; or

(*ii*) Occurred between the ages of 21 and 23 while the child was enrolled in a full-time course of study in an institution of higher learning approved by the Administering Secretary or the Department of Education (see NOTE to paragraph (b)(2)(ii)(H)(*2*)(*iii*) of this section), and is or was at the time of the member's or former member's death dependent on the member or former member for over one-half of his or her support; and

(*iii*) The incapacity is continuous. (If the incapacity significantly improves or ceases at any time, CHAMPUS eligibility cannot be reinstated on the basis of the incapacity, unless the incapacity recurs and the beneficiary is under age 21, or is under age 23 and is enrolled as a full-time student under paragraph (b)(2)(ii)(H)(*2*)(*ii*) of this section. If the child was not incapacitated after that date, no CHAMPUS eligibility exists on the basis of the incapacity. However, incapacitated children who marry and who subsequently become unmarried through divorce, annulment, or death of spouse, may be reinstated as long as they still meet all other requirements).

NOTE: An institution of higher learning is a college, university, or similar institution, including a technical or business school, offering post-secondary level academic instruction that leads to an associate or higher degree, if the school is empowered by the appropriate State education authority under State law to grant an associate, or higher, degree. When there is no State law to authorize the granting of a degree, the school may be recognized as an institution of higher learning if it is accredited for degree programs by a recognized accrediting agency. The term also shall include a hospital offering educational programs at the post-secondary level regardless of whether the hospital grants a post-secondary degree. The term also shall include an educational institution that is not located in a State, that offers a course leading to a standard college degree, or the equivalent, and that is recognized as such by the Secretary of Education (or comparable official) of the country, or other jurisdiction, in which the institution is located (38 U.S.C. chapter 34, section 1661, and chapter 35, section 1701.

Courses of education offered by institutions listed in the ''Education Directory,'' ''Higher Education'' or ''Accredited Higher Institutions'' issued periodically by the Department of Education meet the criteria approved by the Administering Secretary or the Secretary of Education. For determination of approval of courses offered by a foreign institution, by an institution not listed in either of the above directories, or by an institution not approved by a state agency pursuant to chapters 34 and 35 of 38 U.S.C., a statement may be obtained from the Department of Education, Washington, D.C. 20202.

(*3*) *A child of a deceased reservist.* A child, who is determined to be a member of one of the classes in paragraphs (b)(2)(ii)(A) through (b)(2)(ii)(G) of this section, of a reservist in a Uniformed Service who incurs or aggravates an injury, illness, or disease, during, or on the way to or from, active duty training for a period of 30 days or less or inactive duty training, and the reservist

dies as a result of that specific injury, illness or disease.

(*4*) *An unmarried person.* An unmarried person placed in the home of a member or former member prior to adoption. To be a dependent child, the unmarried person must not have reached the age of 21 (or otherwise meets the requirements of a student or incapacitated child set out in paragraphs (b)(2)((ii)(H)(*1*) or (b)(2)(ii)(H)(*2*) of this section) and has been placed in the home of the member or former member by a recognized placement agency or by any other source authorized by State or local law to provide adoption placement, in anticipation of legal adoption by the member or former member.

(iii) *Abused dependents.*—(A) *Categories of abused dependents.* An abused dependent may be either a spouse or a child. Eligibility for either class of abused dependent results from being either:

(*1*) The spouse (including a former spouse) or child of a member who has received a dishonorable or bad-conduct discharge, or dismissal from a Uniformed Service as a result of a court-martial conviction for an offense involving physical or emotional abuse of the spouse or child, or was administratively discharged as a result of such an offense. Until October 17, 1998, Medical benefits are limited to care related to the physical or emotional abuse and for a period of 12 months following the member's separation from the Uniformed Service. On or after October 17, 1998, medical benefits can include all under the Basic Program and under the Extended Care Health Option for the period that the spouse or child is in receipt of transitional compensation under section 1059 of title 10 U.S.C.

(*2*) The spouse (including a former spouse) or child of a member or former member who while a member and as a result of misconduct involving abuse of the spouse or child has eligibility to receive retired pay on the basis of years of service terminated.

(B) *Requirements for categories of abused dependents—(1) Abused spouse.* As long as the spouse is receiving payments from the DoD Military Retirement Fund under court order, the spouse is eligible for health care under the same conditions as any spouse of a retired member. The abused spouse must:

(*i*) Under paragraph (b)(2)(iii)(A)(*1*) of this section, be a lawful husband or wife or a former spouse of the member; or

(*ii*) Under paragraph (b)(2)(iii)(A)(*2*) of this section, be a lawful husband or wife or a former spouse of the member or former member, and the spouse is receiving payments from the Department of Defense Military Retirement Fund under 10 U.S.C. 1408(h) pursuant to a court order; and

(*A*) Be a victim of the abuse; and

(*B*) Have been married to the member or former member at the time of the abuse; or

(*C*) Be the natural or adoptive parent of a dependent child of the member or former member who was the victim of the abuse.

(*2*) *Abused child.* The abused child must:

(*i*) Under paragraph (b)(2)(iii)(A)(*1*) of this section, be a dependent child of the member or former member.

(*ii*) Under paragraph (b)(2)(iii)(A)(*2*) of this section,

(*A*) Have been a member of the household where the abuse occurred; and

(*B*) Be an unmarried legitimate child, including an adopted child or stepchild of the member or former member; and

(*C*) Be under the age of 18; or

(*D*) Be incapable of self support because of a mental or physical incapacity that existed before becoming 18 years of age and be dependent on the member or former member for over one-half of his or her support; or

(*E*) If enrolled in a full-time course of study in an institution of higher learning recognized by the Secretary of Defense (for the purposed of 10 U.S.C. 1408(h)), be under 23 years of age and be dependent on the member or former member for over one-half of his or her support.

(*F*) The dependent child is eligible for health care, regardless of whether any court order exists, under the same conditions as any dependent of a retired member.

(*3*) *TAMP eligibles.* A former member, including his or her dependents, who is eligible under the provisions of the Transitional Assistance Management

Program as described in paragraph (e) of this §199.3.

(iv) An unmarried person who is placed in the legal custody of a member or former member by a court of competent jurisdiction in the United States (or possession of the United States) for a period of at least 12 consecutive months. The unmarried person shall be considered a dependent of the member or former member under this section provided he or she otherwise meets the following qualifications:

(A) Has not reached the age of 21 unless he or she otherwise meets the requirements of a student set out in paragraph (b)(2)(ii)(H)(*1*) of this section or the requirements for being incapacitated as set out in paragraph (b)(2)(ii)(H)(*2*) of this section and the incapacitation occurred while he or she was a dependent of the member or former member through court ordered legal custody;

(B) Is dependent on the member or former member for over one-half of the person's support;

(C) Resides with the member or former member unless separated by the necessity of military service or to receive institutional care as a result of disability or incapacitation or under such other authorized circumstances; and,

(D) Is not a dependent of a member or former member under any other provision of law or regulation.

(3) *Eligibility under TRICARE Senior Pharmacy Program.* Section 711 of the National Defense Authorization Act for Fiscal Year 2001 (Public Law 106–398, 114 Stat. 1654) established the TRICARE Senior Pharmacy Program effective April 1, 2001. To be eligible for this program, a person is required to be:

(i) Medicare eligible, who is:

(A) 65 years of age or older; and

(B) Entitled to Medicare Part A; and

(C) Enrolled in Medicare Part B, except for a person who attained age 65 prior to April 1, 2001, is not required to enroll in Part B; and

(ii) Otherwise qualified under one of the following categories:

(A) A retired uniformed service member who is entitled to retired or retainer pay, or equivalent pay including survivors who are annuitants; or

(B) A dependent of a member of the uniformed services described in one of the following:

(*1*) A member who is on active duty for a period of more than 30 days or died while on such duty; or

(*2*) A member who died from an injury, illness, or disease incurred or aggravated while the member was:

(*i*) On active duty under a call or order to active duty of 30 days or less, on active duty for training, or on inactive duty training; or

(*ii*) Traveling to or from the place at which the member was to perform or had performed such active duty, active duty for training, or inactive duty training.

NOTE TO PARAGRAPH (b)(3)(II)(B): Dependent under Section 711 of the National Defense Authorization Act for Fiscal Year 2001 includes spouse, unremarried widow/widower, child, parent/parent-in-law, unremarried former spouse, and unmarried person in the legal custody of a member or former member, as those terms of dependency are defined and periods of eligibility are set forth in 10 U.S.C. 1072(2).

(4) *Medal of Honor recipients.* (i) A former member of the armed forces who is a Medal of Honor recipient and who is not otherwise entitled to medical and dental benefits has the same CHAMPUS eligibility as does a retiree.

(ii) *Immediate dependents.* CHAMPUS eligible dependents of a Medal of Honor Recipient are those identified in paragraphs (b)(2)(i) of this section (except for former spouses) and (b)(2)(ii) of this section (except for a child placed in legal custody of a Medal of Honor recipient under (b)(2)(ii)(H)(*4*) of this section).

(iii) *Effective date.* The CHAMPUS eligibility established by paragraphs (b)(4)(i) and (ii) of this section is applicable to health care services provided on or after October 30, 2000.

(5) *Reserve Component Members Issued Delayed-Effective-Date Orders.* (i) *Member.* A member of a reserve component of the armed forces who is ordered to active duty for a period of more than 30 consecutive days in support of a contingency operation under a provision of law referred to in section 101(a)(13)(B) of Title 10, United States Code, that provides for active-duty service to

begin on a date after the date of the issuance of the order.

(ii) *Dependents.* CHAMPUS eligible dependents under this paragraph (b)(5) are those identified in paragraphs (b)(2)(i) (except former spouses) and (b)(2)(ii) of this section.

(iii) *Effective date.* The eligibility established by paragraphs (b)(5)(i) and (ii) of this section shall begin on or after November 6, 2003, and shall be effective on the later of the date that is:

(A) The date of issuance of the order referred to in paragraph (b)(5)(i) of this section; or

(B) 90 days before the date on which the period of active duty is to begin.

(iv) *Termination date.* The eligibility established by paragraphs (b)(5)(i) and (ii) of this section ends upon entry of the member onto active duty (at which time CHAMPUS eligibility for the dependents of the member is established under paragraph (b)(2) of this section) or upon cancellation or amendment of the orders referred to in paragraph (b)(5)(i) of this section such that they no longer meet the requirements of that paragraph (b)(5)(i).

(c) *Beginning dates of eligibility.* (1) Beginning dates of eligibility depend on the class to which the individual belongs and the date the individual became a member of the class. Those who join after the class became eligible attain individual eligibility on the date they join.

(2) Beginning dates of eligibility for each class of spouse (*excluding spouses who are victims of abuse and eligible spouses of certain deceased reservists*) are as follows:

(i) A spouse of a member for:

(A) Medical benefits authorized by the Dependents' Medical Care Act of 1956, December 7, 1956;

(B) Outpatient medical benefits under the Basic Program, October 1, 1966;

(C) Inpatient medical benefits under the Basic Program *and* benefits under the Extended Care Health Option, January 1, 1967;

(ii) A spouse of a former member:

(A) For medical benefits under the Basic Program, January 1, 1967.

(B) Ineligible for benefits under the Extended Care Health Option.

(iii) A former spouse:

(A) For medical benefits under the Basic Program, dates of beginning eligibility are as indicated for each category of eligible former spouse identified within paragraph (b)(2)(i) of this section.

(B) Ineligible for benefits under the Extended Care Health Option.

(3) Beginning dates of eligibility for spouses who are victims of abuse (*excluding spouses who are victims of abuse of certain deceased reservists*) are as follows:

(i) An abused spouse meeting the requirements of paragraph (b)(2)(iii)(A)(*1*) of this section, including an eligible former spouse:

(A) For medical and dental care for problems associated with the physical or emotional abuse under the Basic Program for a period of up to one year (12 months) following the person's separation from the Uniformed Service, November 14, 1986.

(B) For all medical and dental benefits under the Basic Program for the period that the spouse is in receipt of transitional compensation under section 1059 of title 10 U.S.C., October 17, 1998.

(C) For medical and dental care for problems associated with the physical or emotional abuse under the Extended Care Health Option for a period up to one year (12 months) following the person's separation from the Uniformed Service, November 14, 1986.

(D) For all medical and dental benefits described in section 199.5 for the period that the spouse is in receipt of transitional compensation under section 1059 of title 10 U.S.C., October 17, 1998.

(ii) An abused spouse meeting the requirements of paragraphs (b)(2)(iii)(A)(*2*) of this section, including an eligible former spouse:

(A) For all benefits under the CHAMPUS Basic Program, October 23, 1992.

(B) Ineligible for benefits under the Extended Care Health Option.

(4) Beginning dates of eligibility for spouses of certain deceased reservists, *including spouses who are victims of abuse of certain deceased reservists*, are as follows:

(i) A spouse meeting the requirements of paragraph (b)(2)(i) of this section, including an eligible former spouse:

(A) For benefits under the Basic Program, November 14, 1986.

(B) Ineligible for benefits under the Extended Care Health Option.

(ii) An abused spouse of certain deceased reservists, meeting the requirements of paragraphs (b)(2)(iii) of this section, including an eligible former spouse, *for the limited benefits and period of eligibility* described in paragraphs (b)(2)(iii) of this section:

(A) For benefits under the Basic Program, November 14, 1986.

(B) For benefits under the Extended Care Health Option, November 14, 1986.

(iii) An abused spouse of certain deceased reservists, including an eligible former spouse, meeting the requirements of paragraphs (b)(2)(iii) of this section:

(A) For benefits under the Basic Program, October 23, 1992.

(B) Ineligible for benefits under the Extended Care Health Option.

(5) Beginning dates of eligibility for each class of dependent children, (*excluding dependent children of certain deceased reservists*, *abused children and incapacitated children whose incapacity occurred between the ages of 21 and 23 while enrolled in a full-time course of study in an institution of higher learning*), are as follows:

(i) Legitimate child, adopted child, or legitimate stepchild of a *member*, for:

(A) Medical benefits authorized by the Dependents' Medical Care Act of 1956, December 7, 1956;

(B) Outpatient medical benefits under the Basic Program, October 1, 1966;

(C) Inpatient medical benefits under the Basic Program *and* benefits under the Extended Care Health Option, January 1, 1967;

(ii) Legitimate child, adopted child or legitimate stepchild of *former members*:

(A) For medical benefits under the Basic Program, January 1, 1967.

(B) Ineligible for benefits under the Extended Care Health Option.

(iii) Illegitimate child of a male or female *member or former member* whose paternity/maternity has been determined judicially and the member or former member has been directed to support the child, for:

(A) All benefits for which otherwise entitled, August 31, 1972.

(B) Extended Care Health Option benefits limited to dependent children of *members* only, August 31, 1972.

(iv) Illegitimate child of:

(A) A male member or former member whose paternity *has not been* determined judicially:

(B) A female member or former member who resides with, or in a home provided by the member or former member, or who was residing in a home provided by the member or former member at the time of the member's or former member's death, and who is or continues to be dependent on the member for over one-half of his or her support, or was so dependent on the member or former member at the time of death;

(C) A spouse of a member or former member who resides with or in a home provided by the member or former member, or the parent who is the spouse of the member or former member or was the spouse of a member or former member at the time of death, and who is and continues to be dependent upon the member or former member for over one-half of his or her support, or was so dependent on the member or former member at the time of death; for:

(*1*) All benefits for which otherwise eligible, January 1, 1969.

(*2*) Extended Care Health Option limited to dependent children of *members* only, January 1, 1969.

(6) Beginning dates of eligibility for children of certain deceased reservists who meet the requirements of paragraph (b)(2)(ii)(H)(*3*) of this section, *excluding incapacitated children* who meet the requirements of paragraph (b)(2)(ii)(H)(*2*) of this section, for:

(i) Benefits under the Basic program, November 14, 1986.

(ii) Not eligible for benefits under the Extended Care Health Option.

(7) Beginning dates of eligibility for children who are victims of abuse, *including incapacitated children* who meet the requirements of paragraph (b)(2)(ii)(H)(*2*) of this section are as follows:

(i) An abused child meeting the requirements of paragraph (b)(*2*)(iii)(A)(*1*) of this section:

(A) Medical and dental care for problems associated with the physical or emotional abuse under the Basic Program for a period of up to one year (12 months) following the person's separation from the Uniformed Service, November 14, 1986.

(B) For all medical and dental benefits under the Basic Program for the period that the child is in receipt of transitional compensation under section 1059 of title 10 U.S.C., October 17, 1998.

(C) Medical and dental care for problems associated with the physical or emotional abuse under the Extended Care Health Option for a period up to one year (12 months) following the person's separation from the Uniformed Service, November 14, 1986.

(D) For all medical and dental benefits described in section 199.5 for the period that the child is in receipt of transitional compensation under section 1059 of title 10 U.S.C., October 17, 1998.

(ii) An abused child meeting the requirements of paragraphs (b)(2)(iii)(A)(*2*) of this section:

(A) For all benefits under the CHAMPUS Basic Program, October 23, 1992.

(B) Ineligible for benefits under the Extended Care Health Option.

(8) Beginning dates of eligibility for incapacitated children who meet the requirements of paragraph (b)(2)(ii)(H)(*2*) of this section, whose incapacity occurred between the ages of 21 and 23 while enrolled in a full-time course of study in an institution of higher learning approved by the Administering Secretary or the Department of Education, and, are or were at the time of the member's or former member's death, dependent on the member or former member for over one-half of their support, for:

(i) All benefits for which otherwise entitled, October 23, 1992.

(ii) Extended Care Health Option benefits limited to children of *members* only, October 23, 1992.

(9) Beginning dates of eligibility for a child who meets the requirements of paragraph (b)(2)(ii)(H)(*4*) and:

(i) Has been placed in custody by a court:

(A) All benefits for which entitled, July 1, 1994.

(B) Extended Care Health Option benefits limited to children of *members* only, July 1, 1994.

(ii) Has been placed in custody by a recognized adoption agency:

(A) All benefits for which entitled, October 5, 1994.

(B) Extended Care Health Option benefits limited to children of *members* only, October 5, 1994.

(iii) Has been placed in the home of a member by a placement agency or by any other source authorized by State or local law to provide adoption placement, in anticipation of the legal adoption of the member:

(A) All benefits for which entitled, January 6, 2006.

(B) Extended Care Health Option benefits limited to children of members only, January 6, 2006.

(10) Beginning dates of eligibility for a retiree for:

(i) Medical benefits under the Basic Program January 1, 1967.

(ii) Retirees and their dependents are not eligible for benefits under the Extended Care Health Option.

(d) *Dual eligibility.* Dual eligibility occurs when a person is entitled to benefits from two sources. For example, when an active duty member is also the dependent of another active duty member, a retiree, or a deceased active duty member or retiree, dual eligibility, that is, entitlement to direct care from the Uniformed Services medical care system and CHAMPUS is the result. Since the active duty status is primary, and it is the intent that all medical care be provided an active duty member through the Uniformed Services medical care system, CHAMPUS eligibility is terminated as of 12:01 a.m. on the day following the day the dual eligibility begins. However, any dependent children in a marriage of two active duty persons or of an active duty member and a retiree, are CHAMPUS eligible in the same manner as dependent children of a marriage involving only one CHAMPUS sponsor. Should a spouse or dependent who has dual eligibility leave active duty status, that person's CHAMPUS

eligibility is reinstated as of 12:01 a.m. of the day active duty ends, if he or she otherwise is eligible as a dependent of a CHAMPUS sponsor.

NOTE: No CHAMPUS eligibility arises as the result of the marriage of two active duty members.

(e) *Eligibility under the Transitional Assistance Management Program (TAMP).* (1) A member of the armed forces is eligible for transitional health care if the member is:

(i) A member who is involuntarily separated from active duty.

(ii) A member of a Reserve component who is separated from active duty to which called or ordered in support of a contingency operation if the active duty is active duty for a period of more than 30 consecutive days.

(iii) A member who is separated from active duty for which the member is involuntarily retained under 10 U.S.C. 12305 in support of a contingency operation; or

(iv) A member who is separated from active duty served pursuant to a voluntary agreement of the member to remain on active duty for a period of less than 1 year in support of a contingency operation.

(2) A spouse (as described in paragraph (b)(2)(i) of this section except former spouses) and child (as described in paragraph (b)(2)(ii) of this section) of a member described in paragraph (e)(1) of this section is also eligible for TAMP benefits under TRICARE.

(3) TAMP benefits under TRICARE begin on the day after the member is separated from active duty, and, if such separation occurred on or after November 6, 2003, and end 180 days after such date. TRICARE benefits available to both the member and eligible family members are generally those available to family members of members of the uniformed services under this Part. Each branch of service will determine eligibility for its members and eligible family members and provide data to DEERS.

(f) *Changes in status which result in termination of CHAMPUS eligibility.* Changes in status which result in a loss of CHAMPUS eligibility as of 12:01 a.m. of the day following the day the event occurred, unless otherwise indicated, are as follows:

(1) *Changes in the status of a member.* (i) When an active duty member's period of active duty ends, excluding retirement or death.

(ii) When an active duty member is placed on desertion status (eligibility is reinstated when the active duty member is removed from desertion status and returned to military control).

NOTE: A member serving a sentence of confinement in conjunction with a sentence of punitive discharge is still considered on active duty until such time as the discharge is executed.

(2) *Changes in the status of a retiree.* (i) When a retiree ceases to be entitled to retired, retainer, or equivalent pay for any reason, the retiree's dependents lose their eligibility unless the dependent is otherwise eligible (e.g., some former spouses, some dependents who are victims of abuse and some incapacitated children as outlined in paragraph (b)(2)(ii)(H)(*2*) of this section).

(ii) A retiree also loses eligibility when no longer entitled to retired, retainer, or equivalent pay.

NOTE: A retiree who waives his or her retired, retainer or equivalent pay is still considered a retiree for the purposes of CHAMPUS eligibility.

(3) *Changes in the status of a dependent.* (i) Divorce, except for certain classes of former spouses as provided in paragraph (b)(2)(i) of this section and the member or former member's *own* children (i.e., legitimate, adopted, and judicially determined illegitimate children).

NOTE: An unadopted stepchild loses eligibility as of 12:01 a.m. of the day following the day the divorce becomes final.

(ii) Annulment, except for certain classes of former spouse as provided in paragraph (b)(2)(i) of this section and the member or former member's *own* children (i.e., legitimate, adopted, and judicially determined illegitimate children).

NOTE: An unadopted stepchild loses eligibility as of 12:01 a.m. of the day following the day the annulment becomes final.

(iii) Adoption, except for adoptions occurring after the death of a member or former member.

(iv) Marriage of a child, except when the marriage is terminated by death,

divorce, or annulment before the child is 21 or 23 if an incapacitated child as provided in paragraph (b)(2)(ii)(H)(*2*) of this section.

(v) Marriage of a widow or widower, except for the child of the widow or widower who was the stepchild of the deceased member or former member at the time of death. The stepchild continues CHAMPUS eligibility as other classes of dependent children.

(vi) Attainment of entitlement to hospital insurance benefits (Part A) under Medicare except as provided in paragraphs (b)(3), (f)(3)(vii), (f)(3)(viii), and (f)(3)(ix) of this section. (This also applies to individuals living outside the United States where Medicare benefits are not available.)

(vii) Attainment of age 65, except for dependents of active duty members, beneficiaries not entitled to part A of Medicare, beneficiaries entitled to Part A of Medicare who have enrolled in Part B of Medicare, and as provided in paragraph (b)(3) of this section. For those who do not retain CHAMPUS, CHAMPUS eligibility is lost at 12:01 a.m. on the first day of the month in which the beneficiary becomes entitled to Medicare.

NOTE: If the person is not eligible for Part A of Medicare, he or she must file a Social Security Administration, ''Notice of Disallowance'' certifying to that fact with the Uniformed Service responsible for the issuance of his or her identification card so a new card showing CHAMPUS eligibility can be issued. Individuals entitled only to supplementary medical insurance (Part B) of Medicare, but not Part A, or Part A through the Premium HI provisions (provided for under the 1972 Amendments to the Social Security Act) retain eligibility under CHAMPUS (refer to §199.8 for additional information when a double coverage situation is involved).

(viii) End stage renal disease. All beneficiaries, except dependents of active duty members, lose their CHAMPUS eligibility when Medicare coverage becomes available to a person because of chronic renal disease unless the following conditions have been met. CHAMPUS eligibility will continue if:

(A) The individual is under 65 years old;

(B) The individual became eligible for Medicare under the provisions of 42 U.S.C. 426–1(a);

(C) The individual is enrolled in Part B of Medicare; and

(D) The individual has applied and qualified for continued CHAMPUS eligibility through the Defense Enrollment Eligibility Reporting System (DEERS).

(ix) Individuals with certain disabilities. Each case relating to Medicare eligibility resulting from being disabled requires individual investigation. All beneficiaries except dependents of active duty members lose their CHAMPUS eligibility when Medicare coverage becomes available to a disabled person unless the following conditions have been met. CHAMPUS eligibility will continue if:

(A) The individual is under 65 years old;

(B) The individual became eligible for Medicare under the provisions of 42 U.S.C. 426(b)(2);

(C) The individual is enrolled in Part B of Medicare; and

(D) The individual has applied and qualified for continued CHAMPUS eligibility through the Defense Enrollment Eligibility Reporting System (DEERS).

(x) Disabled students, that is children age 21 or 22, who are pursuing a full-time course of higher education and who, either during the school year or between semesters, suffer a disabling illness or injury with resultant inability to resume attendance at the institution remain eligible for CHAMPUS medical benefits for 6 months after the disability is removed or until the student passes his or her 23rd birthday, whichever occurs first. However, if recovery occurs before the 23rd birthday and there is resumption of a full-time course of higher education, CHAMPUS benefits can be continued until the 23rd birthday. The normal vacation periods during an established school year do not change the eligibility status of a dependent child 21 or 22 years old in a full time student status. Unless an incapacitating condition existed before, and at the time of, a dependent child's 21st birthday, a dependent child 21 or 22 years old in student status *does not* have eligibility and *may not* qualify for eligibility under the requirements related to mental or physical incapacity

as described in paragraph (b)(2)(ii)(H)(*2*) of this section.

(g) *Reinstatement of CHAMPUS eligibility*. Circumstances which result in reinstatement of CHAMPUS eligibility are as follows:

(1) *End Stage renal disease*. Unless CHAMPUS eligibility has been continued under paragraph (f)(3)(viii) of the section, when Medicare eligibility ceases for end-stage renal disease patients, CHAMPUS eligibility resumes if the person is otherwise still eligible. He or she is required to take action to be reinstated as a CHAMPUS beneficiary and to obtain a new identification card.

(2) *Disability*. Some disabilities are permanent, others temporary. Each case must be reviewed individually. Unless CHAMPUS eligibility has been continued under paragraph (f)(3)(ix) of this section, when disability ends and Medicare eligibility ceases, CHAMPUS eligibility resumes if the person is otherwise still eligible. Again, he or she is required to take action to obtain a new CHAMPUS identification card.

(h) *Determination of eligibility status*. Determination of an individual's eligibility as a CHAMPUS beneficiary is the primary responsibility of the Uniformed Service in which the member or former member is, or was, a member, or in the case of dependents of a NATO military member, the Service that sponsors the NATO member. For the purpose of program integrity, the appropriate Uniformed Service shall, upon request of the Director, OCHAMPUS, review the eligibility of a specific person when there is reason to question the eligibility status. In such cases, a report on the results of the review and any action taken will be submitted to the Director, OCHAMPUS, or a designee.

(i) *Procedures for determination of eligibility*. Procedures for the determination of eligibility are prescribed within the Department of Defense Instruction 1000.13 available at local military facilities personnel offices.

(j) *CHAMPUS procedures for verification of eligibility*. (1) Eligibility for CHAMPUS benefits will be verified through the Defense Enrollment Eligibility Reporting System (DEERS) maintained by the Uniformed Services, except for abused dependents as set forth in paragraph (b)(2)(iii) of this section. It is the responsibility of the CHAMPUS beneficiary, or parent, or legal representative, when appropriate, to provide the necessary evidence required for entry into the DEERS file to establish CHAMPUS eligibility and to ensure that all changes in status that may affect eligibility be reported immediately to the appropriate Uniformed Service for action.

(2) Ineligibility for CHAMPUS benefits may be presumed in the absence of prescribed eligibility evidence in the DEERS file.

(3) The Director, OCHAMPUS, shall issue guidelines as necessary to implement the provisions of this section.

[64 FR 46135, Aug. 24, 1999, as amended at 66 FR 9654, Feb. 9, 2001; 66 FR 16400, Mar. 26, 2001; 66 FR 40606, Aug. 3, 2001; 67 FR 15725, Apr. 3, 2002; 68 FR 23032, Apr. 30, 2003; 68 FR 32361, May 30, 2003; 69 FR 51564, Aug. 20, 2004; 69 FR 60554, Oct. 12, 2004; 70 FR 12802, Mar. 16, 2005; 72 FR 2447, Jan. 19, 2007]

§ 199.4 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 insurance programs, and is designed to provide financial assistance to CHAMPUS beneficiaries for certain prescribed medical care obtained from civilian sources.

(1)(i) *Scope of benefits*. Subject to all applicable definitions, conditions, limitations, or exclusions specified in this part, 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.

(ii) *Impact of TRICARE program*. The basic program benefits set forth in this

section are applicable to the basic CHAMPUS program. In areas in which the TRICARE program is implemented, certain provisions of §199.17 will apply instead of the provisions of this section. In those areas, the provisions of §199.17 will take precedence over any provisions of this section with which they conflict.

(2) *Persons eligible for Basic Program benefits.* Persons eligible to receive the Basic Program benefits are set forth in §199.3 of this part. 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 section 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 paragraph (f) of this section.

(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, when necessary. The recipient of such information shall in every case hold such records confidential except when:

(i) Disclosure of such information is authorized specifically by the beneficiary;

(ii) Disclosure is necessary to permit authorized governmental officials to investigate and prosecute criminal actions, or

(iii) Disclosure is authorized or required specifically under the terms of the Privacy Act or Freedom of Information Act (refer to §199.1(m) of this part).

For the purposes of determining the applicability of and implementing the provisions of §§199.8, 199.11, and 199.12, 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 (Privacy Act (5 U.S.C. 552a)). 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 §199.7, 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.

(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 §199.8 or §199.12 of this part as appropriate.

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

(i) *Rules applicable to issuance of Nonavailability Statement (NAS) (DD Form 1251).* (A) The ASD(HA) is responsible for issuing rules and regulations regarding Nonavailability Statements.

(B) For CHAMPUS beneficiaries who are not enrolled in TRICARE Prime, an NAS is required for services in connection with nonemergency hospital inpatient mental health care if such services are available at a military treatment facility (MTF) located within a 40-mile radius of the residence of the beneficiary, except that a NAS is not required for services otherwise available at an MTF located within a 40-mile radius of the beneficiary's residence when another insurance plan or program provides the beneficiary's primary coverage for the services. This requirement for an NAS does not apply to beneficiaries enrolled in TRICARE Prime, even when those beneficiaries use the point-of-service option under §199.17(n)(3).

(ii) *Beneficiary responsibility.* A CHAMPUS beneficiary who is not enrolled in TRICARE Prime 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 Surgeons General; or a representative of the TRICARE managed care support contractor's staff, or the Director, OCHAMPUS.

(iii) *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.

(iv) *Nonavailability Statement (DD Form 1251) must be filed with applicable claim.* When a claim is submitted for TRICARE benefits that includes services for which an NAS was issued, a

valid NAS authorization must be on the DoD required system.

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

(vi) In the case of any service subject to an NAS requirement under paragraph (a)(9) of this section and also subject to a preadmission (or other preservice) authorization requirement under §199.4 or §199.15, the administrative processes for the NAS and preservice authorization may be combined.

(vii) With the exception of maternity services, the Assistant Secretary of Defense for Health Affairs (ASD(HA)) may require an NAS prior to TRICARE cost-sharing for additional services from civilian sources if such services are to be provided to a beneficiary who lives within a 40-mile catchment area of an MTF where such services are available and the ASD(HA):

(A) Demonstrates that significant costs would be avoided by performing specific procedures at the affected MTF or MTFs; or

(B) Determines that a specific procedure must be provided at the affected MTF or MTFs to ensure the proficiency levels of the practitioners at the MTF or MTFs; or

(C) Determines that the lack of NAS data would significantly interfere with TRICARE contract administration; and

(D) Provides notification of the ASD(HA)'s intent to require an NAS under this authority to covered beneficiaries who receive care at the MTF or MTFs that will be affected by the decision to require an NAS under this authority; and

(E) Provides at least 60-day notification to the Committees on Armed Services of the House of Representatives and the Senate of the ASD(HA)'s intent to require an NAS under this authority, the reason for the NAS requirement, and the date that an NAS will be required.

(10) [Reserved]

(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 §199.15. (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 section.)

(12) *Utilization review, quality assurance and reauthorization for inpatient mental health services and partial hospitalization.* (i) *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, retrospective review, and other such procedures as determined appropriate by the Director, OCHAMPUS. The provisions of paragraph (h) of this section and §199.15(f) shall apply to this program. The Director, OCHAMPUS, shall establish, pursuant to that §199.15(f), procedures substantially comparable to requirements of paragraph (h) of this section and §199.15. 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 §199.15 in connection with the review of other services.

(ii) *Preadmission authorization.* (A) This section generally requires preadmission authorization for all nonemergency inpatient mental health services and prompt continued stay authorization after emergency admissions with the exception noted in paragraph (a)(12)(ii) of this section. 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.

(B) In cases of noncompliance with preauthorization requirements, a payment reduction shall be made in accordance with §199.15(b)(4)(iii).

(C) For purposes of paragraph (a)(12)(ii)(B) of this section, a day of services without the appropriate preauthorization is any day of services provided prior to:

(*1*) The receipt of an authorization; or

(*2*) The effective date of an authorization subsequently received.

(D) Services for which payment is disallowed under paragraph (a)(12)(ii)(B) of this section may not be billed to the patient (or the patient's family).

(E) Preadmission authorization for inpatient mental health services is not required in the following cases:

(*1*) In the case of an emergency.

(*2*) In a case in which benefits are payable for such services under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c *et seq.*) subject to paragraph (a)(12)(iii) of this section.

(*3*) In a case of inpatient mental health services in which paragraph (a)(12)(ii) of this section applies, the Secretary shall require advance authorization for a continuation of the provision of such services after benefits cease to be payable for such services under such part A.

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

(b) *Institutional benefits*—(1) *General.* Services and supplies provided by an institutional provider authorized as set forth in §199.6 may be cost-shared only when such services or supplies: are otherwise authorized by this part; are medically necessary; are ordered, directed, prescribed, or delivered by an OCHAMPUS-authorized individual professional provider as set forth in §199.6 or by an employee of the authorized institutional provider who is otherwise eligible to be a CHAMPUS authorized individual professional provider; are delivered in accordance with generally accepted norms for clinical practice in the United States; meet established quality standards; and comply with applicable definitions, conditions, limitations, exceptions, or exclusions as otherwise set forth in this part.

(i) *Billing practices.* To be considered for benefits under §199.4(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 part. Depending on the individual circumstances, teaching physician services may be considered an institutional benefit in accordance with §199.4(b) or a professional benefit under §199.4(c). See paragraph (c)(3)(xiii) of this section 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 §199.7).

(ii) *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 §199.4(f)).

(iii) *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.

(iv) *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 §199.10 of this part. 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.

(v) *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*—(i) *Room and board.* Includes special diets, laundry services, and other general housekeeping support services (inpatient only).

(ii) *General staff nursing services.*

(iii) *ICU.* Includes specialized units, such as for respiratory conditions, cardiac surgery, coronary care, burn care, or neurosurgery (inpatient only).

(iv) *Operating room, recovery room.* Operating room and recovery room, including other special treatment rooms and equipment, and hyperbaric chamber.

(v) *Drugs and medicines.* Includes sera, biologicals, and pharmaceutical preparations (including insulin) that are listed in the official formularies of the institution or facility at the time of use. (To be considered as an inpatient supply, drugs and medicines must be consumed during the specific period the beneficiary is a registered inpatient. Drugs and medicines prescribed for use outside the hospital, even though prescribed and obtained while still a registered inpatient, will be considered outpatient supplies and the provisions of paragraph (d) of this section will apply.)

(vi) *Durable medical equipment, medical supplies, and dressings.* Includes durable medical equipment, medical supplies essential to a surgical procedure (such as artificial heart valve and artificial ball and socket joint), sterile trays, casts, and orthopedic hardware. Use of durable medical equipment is restricted to an inpatient basis.

NOTE: If durable medical equipment is to be used on an outpatient basis or continued in outpatient status after use as an inpatient, benefits will be provided as set forth in paragraph (d) of this section and cost-sharing will be on an outpatient basis (refer to paragraph (a)(4) of this section).

(vii) *Diagnostic services.* Includes clinical laboratory examinations, x-ray examinations, pathological examinations, and machine tests that produce hard-copy results. Also includes CT scanning under certain limited conditions.

(viii) *Anesthesia.* Includes both the anesthetic agent and its administration.

(ix) *Blood.* Includes blood, plasma and its derivatives, including equipment and supplies, and its administration.

(x) *Radiation therapy.* Includes radioisotopes.

(xi) *Physical therapy.*

(xii) *Oxygen.* Includes equipment for its administration.

(xiii) *Intravenous injections.* Includes solution.

(xiv) *Shock therapy.*

(xv) *Chemotherapy.*

(xvi) *Renal and peritoneal dialysis.*

(xvii) *Psychological evaluation tests.* When required by the diagnosis.

(xviii) *Other medical services.* Includes such other medical services as may be authorized by the Director, OCHAMPUS, or a designee, provided they are related directly to the diagnosis or definitive set of symptoms and rendered by a member of the institution's medical or professional staff (either salaried or contractual) and billed for by the hospital.

(3) *Covered services and supplies provided by special medical treatment institutions or facilities, other than hospitals or RTCs—*(i) *Room and board.* Includes special diets, laundry services, and other general housekeeping support services (inpatient only).

(ii) *General staff nursing services.*

(iii) *Drugs and medicines.* Includes sera, biologicals, and pharmaceutical preparations (including insulin) that are listed in the official formularies of the institution or facility at the time of use. (To be considered as an inpatient supply, drugs and medicines must be consumed during the specific period the beneficiary is a registered inpatient. Drugs and medicines prescribed for use outside the authorized institutional provider, even though prescribed and obtained while still a registered inpatient, will be considered outpatient supplies and the provisions of paragraph (d) of this section will apply.).

(iv) *Durable medical equipment, medical supplies, and dressings.* Includes durable medical equipment, sterile trays, casts, orthopedic hardware and dressings. Use of durable medical equipment is restricted to an inpatient basis.

NOTE: If the durable medical equipment is to be used on an outpatient basis or continued in outpatient status after use as an inpatient, benefits will be provided as set forth in paragraph (d) of this section, and cost-sharing will be on an outpatient basis (refer to paragraph (a)(4) of this section).

(v) *Diagnostic services.* Includes clinical laboratory examinations, x-ray examinations, pathological examination, and machine tests that produce hard-copy results.

(vi) *Blood.* Includes blood, plasma and its derivatives, including equipment and supplies, and its administration.

(vii) *Physical therapy.*

(viii) *Oxygen.* Includes equipment for its administration.

(ix) *Intravenous injections.* Includes solution.

(x) *Shock therapy.*

(xi) *Chemotherapy.*

(xii) *Psychological evaluation tests.* When required by the diagnosis.

(xiii) *Renal and peritoneal dialysis.*

(xiv) *Skilled nursing facility (SNF) services.* Covered services in SNFs are the same as provided under Medicare under section 1861(h) and (i) of the Social Security Act (42 U.S.C. 1395x(h) and (i)) and 42 CFR part 409, subparts C and D, except that the Medicare limitation on the number of days of coverage under section 1812(a) and (b) of the Social Security Act (42 U.S.C. 1395d(a) and (b)) and 42 CFR 409.61(b) shall not be applicable under TRICARE. Skilled nursing facility care for each spell of illness shall continue to be provided for as long as medically necessary and appropriate. For a SNF admission to be covered under TRICARE, the beneficiary must have a qualifying hospital stay meaning an inpatient hospital stay of three consecutive days or more, not including the hospital leave day. The beneficiary must enter the SNF within 30 days of leaving the hospital, or within such time as it would be medically appropriate to begin an active course of treatment, where the individual's condition is such that SNF care would not be medically appropriate within 30 days after discharge from a hospital. The skilled services must be for a medical condition that was either treated during the qualifying three-day hospital stay, or started while the beneficiary was already receiving covered SNF care. Additionally, an individual

shall be deemed not to have been discharged from a SNF, if within 30 days after discharge from a SNF, the individual is again admitted to a SNF. Adoption by TRICARE of most Medicare coverage standards does not include Medicare coinsurance amounts. Extended care services furnished to an inpatient of a SNF by such SNF (except as provided in paragraphs (b)(3)(xiv)(C), (b)(3)(xiv)(F), and (b)(3)(xiv)(G) of this section) include:

(A) Nursing care provided by or under the supervision of a registered professional nurse;

(B) Bed and board in connection with the furnishing of such nursing care;

(C) Physical or occupational therapy or speech-language pathology services furnished by the SNF or by others under arrangements with them by the facility;

(D) Medical social services;

(E) Such drugs, biological, supplies, appliances, and equipment, furnished for use in the SNF, as are ordinarily furnished for the care and treatment of inpatients;

(F) Medical services provided by an intern or resident-in-training of a hospital with which the facility has such an agreement in effect; and

(G) Such other services necessary to the health of the patients as are generally provided by SNFs, or by others under arrangements with them made by the facility.

(xv) *Other medical services.* Other medical services may be authorized by the Director, OCHAMPUS, or a designee, provided they are related directly to the diagnosis or definitive set of symptoms and rendered by a member of the institution's medical or professional staff (either salaried or contractual) and billed for by the authorized institutional provider of care.

(4) *Services and supplies provided by RTCs*—(i) *Room and board.* Includes use of residential facilities such as food service (including special diets), laundry services, supervised reasonable recreational and social activity services, and other general services as considered appropriate by the Director, OCHAMPUS, or a designee.

(ii) *Patient assessment.* Includes the assessment of each child or adolescent accepted by the RTC, including clinical consideration of each of his or her fundamental needs, that is, physical, psychological, chronological age, developmental level, family, educational, social, environmental, and recreational.

(iii) *Diagnostic services.* Includes clinical laboratory examinations, x-ray examinations, pathological examinations, and machine tests that produce hard-copy results.

(iv) *Psychological evaluation tests.*

(v) *Treatment of mental disorders.* Services and supplies that are medically or psychologically necessary to diagnose and treat the mental disorder for which the patient was admitted to the RTC. Covered services and requirements for qualifications of providers are as listed in paragraph (c)(3)(ix) of this section.

(vi) *Other necessary medical care.* Emergency medical services or other authorized medical care may be rendered by the RTC provided it is professionally capable of rendering such services and meets standards required by the Director, OCHAMPUS. It is intended, however, that CHAMPUS payments to an RTC should primarily cover those services and supplies directly related to the treatment of mental disorders that require residential care.

(vii) *Criteria for determining medical or psychological necessity.* In determining the medical or psychological necessity of services and supplies provided by RTCs, the evaluation conducted by the Director, OCHAMPUS (or designee) shall consider the appropriate level of care for the patient, the intensity of services required by the patient, and the availability of that care. In addition to the criteria set forth in this paragraph (b)(4) of this section, additional evaluation standards, consistent with such criteria, may be adopted by the Director, OCHAMPUS (or designee). RTC services and supplies shall not be considered medically or psychologically necessary unless, at a minimum, *all* the following criteria are clinically determined in the evaluation to be fully met:

(A) Patient has a diagnosable psychiatric disorder.

(B) Patient exhibits patterns of disruptive behavior with evidence of disturbances in family functioning or social relationships and persistent psychological and/or emotional disturbances.

(C) RTC services involve active clinical treatment under an individualized treatment plan that provides for:

(*1*) Specific level of care, and measurable goals/objectives relevant to each of the problems identified;

(*2*) Skilled interventions by qualified mental health professionals to assist the patient and/or family;

(*3*) Time frames for achieving proposed outcomes; and

(*4*) Evaluation of treatment progress to include timely reviews and updates as appropriate of the patient's treatment plan that reflects alterations in the treatment regimen, the measurable goals/objectives, and the level of care required for each of the patient's problems, and explanations of any failure to achieve the treatment goals/objectives.

(D) Unless therapeutically contraindicated, the family and/or guardian must actively participate in the continuing care of the patient either through direct involvement at the facility or geographically distant family therapy. (In the latter case, the treatment center must document that there has been collaboration with the family and/or guardian in all reviews.)

(viii) *Preauthorization requirement.* (A) All admissions to RTC care are elective and must be certified as medically/psychologically necessary prior to admission. The criteria for preauthorization shall be those set forth in paragraph (b)(4)(vii) of this section. In applying those criteria in the context of preadmission authorization review, special emphasis is placed on the development of a specific diagnosis/treatment plan, consistent with those criteria and reasonably expected to be effective, for that individual patient.

(B) The timetable for development of the individualized treatment plan shall be as follows:

(*1*) The plan must be under development at the time of the admission.

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

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

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

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

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

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

(*4*) 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;

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

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

(D) 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. Preauthorizations are valid for the period of time, appropriate to the type of care involved, stated when the preauthorization is issued. In general, preauthorizations are valid for 30 days.

(ix) *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)(vii) of this section. 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*—(i) *Inpatient room accommodations*—(A) *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 paragraph (f) of this section). 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.

(B) *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:

(*1*) 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

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

(*3*) 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

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

(C) *Duration of private room stay.* The allowable cost of private accommodations is covered under the circumstances described in paragraph (b)(5)(i)(B) of this section 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.

(D) *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 paragraphs (b)(5)(i)(B) (*1*) and (*2*) of this section) 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.

(ii) *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 paragraph (b) of this section. If a nurse who is not on the payroll of the hospital or other authorized institution is called in specifically to care for a single patient (individual nursing) or more than one patient (group nursing), whether the patient is billed for the nursing services directly or through the hospital or other institution, such services constitute private duty (special) nursing services and are not eligible for benefits under this paragraph (the provisions of paragraph (c)(2)(xv) of this section would apply).

(iii) *ICU.* An ICU is a special segregated unit of a hospital in which patients are concentrated, by reason of serious illness, usually without regard to diagnosis. Special lifesaving techniques and equipment are available regularly and immediately within the unit, and patients are under continuous observation by a nursing staff specially trained and selected for the care of this type of patient. The unit is maintained on a continuing, rather than an intermittent or temporary, basis. It is not a postoperative recovery room or a postanesthesia room. In some large or highly specialized hospitals, the ICUs may be refined further for special purposes, such as for respiratory conditions, cardiac surgery, coronary care, burn care, or neurosurgery. For purposes of CHAMPUS,

these specialized units would be considered ICUs if they otherwise conformed to the definition of an ICU.

(iv) *Treatment rooms.* Standard treatment rooms include emergency rooms, operating rooms, recovery rooms, special treatment rooms, and hyperbaric chambers and all related necessary medical staff and equipment. To be recognized for purposes of CHAMPUS, treatment rooms must be so designated and maintained by the hospital or other authorized institutions on a continuing basis. A treatment room set up on an intermittent or temporary basis would not be so recognized.

(v) *Drugs and medicines.* Drugs and medicines are included as a supply of a hospital or other authorized institution only under the following conditions:

(A) They represent a cost to the facility rendering treatment;

(B) They are furnished to a patient receiving treatment, and are related directly to that treatment; and

(C) They are ordinarily furnished by the facility for the care and treatment of inpatients.

(vi) *Durable medical equipment, medical supplies, and dressings.* Durable medical equipment, medical supplies, and dressings are included as a supply of a hospital or other authorized institution only under the following conditions:

(A) If ordinarily furnished by the facility for the care and treatment of patients; and

(B) If specifically related to, and in connection with, the condition for which the patient is being treated; and

(C) If ordinarily furnished to a patient for use in the hospital or other authorized institution (except in the case of a temporary or disposable item); and

(D) Use of durable medical equipment is limited to those items provided while the patient is an inpatient. If such equipment is provided for use on an outpatient basis, the provisions of paragraph (d) of this section apply.

(vii) *Transitional use items.* Under certain circumstances, a temporary or disposable item may be provided for use beyond an inpatient stay, when such item is necessary medically to permit or facilitate the patient's departure from the hospital or other authorized institution, or which may be required until such time as the patient can obtain a continuing supply; or it would be unreasonable or impossible from a medical standpoint to discontinue the patient's use of the item at the time of termination of his or her stay as an inpatient.

(viii) *Anesthetics and oxygen.* Anesthetics and oxygen and their administration are considered a service or supply if furnished by the hospital or other authorized institution, or by others under arrangements made by the facility under which the billing for such services is made through the facility.

(6) *Inpatient mental health services.* Inpatient mental health services are those services furnished by institutional and professional providers for treatment of a nervous or mental disorder (as defined in §199.2) to a patient admitted to a CHAMPUS-authorized acute care general hospital; a psychiatric hospital; or, unless otherwise exempted, a special institutional provider.

(i) *Criteria for determining medical or psychological necessity.* In determining the medical or psychological necessity of acute inpatient mental health services, the evaluation conducted by the Director, OCHAMPUS (or designee) shall consider the appropriate level of care for the patient, the intensity of services required by the patient, and the availability of that care. The purpose of such acute inpatient care is to stabilize a life-threatening or severely disabling condition within the context of a brief, intensive model of inpatient care in order to permit management of the patient's condition at a less intensive level of care. Such care is appropriate only if the patient requires services of an intensity and nature that are generally recognized as being effectively and safely provided only in an acute inpatient hospital setting. In addition to the criteria set forth in this paragraph (b)(6) of this section, additional evaluation standards, consistent with such criteria, may be adopted by the Director, OCHAMPUS (or designee). Acute inpatient care shall not be considered necessary unless the patient needs to be observed and assessed

on a 24-hour basis by skilled nursing staff, and/or requires continued intervention by a multidisciplinary treatment team; and in addition, at least one of the following criteria is determined to be met:

(A) Patient poses a serious risk of harm to self and/or others.

(B) Patient is in need of high dosage, intensive medication or somatic and/or psychological treatment, with potentially serious side effects.

(C) Patient has acute disturbances of mood, behavior, or thinking.

(ii) *Emergency admissions.* Admission to an acute inpatient hospital setting may be on an emergency or on a nonemergency basis. In order for an admission to qualify as an emergency, the following criteria, in addition to those in paragraph (b)(6)(i) of this section, must be met:

(A) The patient must be at immediate risk of serious harm to self and or others based on a psychiatric evaluation performed by a physician (or other qualified mental health professional with hospital admission authority); and

(B) The patient requires immediate continuous skilled observation and treatment at the acute psychiatric level of care.

(iii) *Preauthorization requirements.* (A) With the exception noted in paragraph (a)(12)(ii)(E) of this section, all nonemergency admissions to an acute inpatient hospital level of care must be authorized prior to the admission. The criteria for preauthorization shall be those set forth in paragraph (b)(6)(i) of this section. In applying those criteria in the context of preauthorization review, special emphasis is placed on the development of a specific individualized treatment plan, consistent with those criteria and reasonably expected to be effective, for that individual patient.

(B) The timetable for development of the individualized treatment plan shall be as follows:

(*1*) The development of the plan must begin immediately upon admission.

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

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

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

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

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

(*3*) A comprehensive biopsychosocial assessment and diagnostic formulation;

(*4*) 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;

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

(*6*) 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.

(D) The request for preauthorization must be received by the reviewer designated by the Director, OCHAMPUS 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. In the case of an authorization issued after an admission resulting from approval of a request made prior to the admission, the effective date of the certification shall be the date of the receipt of the request. However, if the request on which the approved authorization is based was made after the admission (and the case was not an emergency admission), the effective date of the authorization shall be the date of approval.

(E) Authorization prior to admission is not required in the case of a psychiatric emergency requiring an inpatient acute level of care, but authorization for a continuation of services must be obtained promptly. Admissions resulting from a bona fide psychiatric emergency should be reported within 24 hours of the admission or the next business day after the admission, but must be reported to the Director, OCHAMPUS or a designee, within 72

hours of the admission. In the case of an emergency admission authorization resulting from approval of a request made within 72 hours of the admission, the effective date of the authorization shall be the date of the admission. However, if it is determined that the case was not a bona fide psychiatric emergency admission (but the admission can be authorized as medically or psychologically necessary), the effective date of the authorization shall be the date of the receipt of the request.

(iv) *Concurrent review.* Concurrent review of the necessity for continued stay will be conducted. The criteria for concurrent review shall be those set forth in paragraph (b)(6)(i) of this section. In applying those criteria in the context of concurrent review, special emphasis is placed on evaluating the progress being made in the active clinical treatment being provided and on developing/refining appropriate discharge plans. In general, the decision regarding concurrent review shall be made within one business day of the review, and shall be followed with written confirmation.

(7) *Emergency inpatient hospital services.* In the case of a medical emergency, benefits can be extended for medically necessary inpatient services and supplies provided to a beneficiary by a hospital, including hospitals that do not meet CHAMPUS standards or comply with the provisions of title VI of the Civil Rights Act, or satisfy other conditions herein set forth. In a medical emergency, medically necessary inpatient services and supplies are those that are necessary to prevent the death or serious impairment of the health of the patient, and that, because of the threat to the life or health of the patient, necessitate, the use of the most accessible hospital available and equipped to furnish such services. The availability of benefits depends upon the following three separate findings and continues only as long as the emergency exists, as determined by medical review. If the case qualified as an emergency at the time of admission to an unauthorized institutional provider and the emergency subsequently is determined no longer to exist, benefits will be extended up through the date of notice to the beneficiary and provider that CHAMPUS benefits no longer are payable in that hospital.

(i) *Existence of medical emergency.* A determination that a medical emergency existed with regard to the patient's condition;

(ii) *Immediate admission required.* A determination that the condition causing the medical emergency required immediate admission to a hospital to provide the emergency care; and

(iii) *Closest hospital utilized.* A determination that diagnosis or treatment was received at the most accessible (closest) hospital available and equipped to furnish the medically necessary care.

(8) *RTC day limit.* (i) With respect to mental health services provided on or after October 1, 1991, benefits for residential treatment are generally limited to 150 days in a fiscal year or 150 days in an admission (not including days of care prior to October 1, 1991). The RTC benefit limit is separate from the benefit limit for acute inpatient mental health care.

(ii) *Waiver of the RTC day limit.* (A) There is a statutory presumption against the appropriateness of residential treatment services in excess of the 150 day limit. However, the Director, OCHAMPUS, (or designee) may in special cases, after considering the opinion of the peer review designated by the Director (involving a health professional who is not a federal employee) confirming that applicable criteria have been met, waive the RTC benefit limit in paragraph (b)(8)(i) of this section and authorize payment for care beyond that limit.

(B) The criteria for waiver shall be those set forth in paragraph (b)(4)(vii) of this section. In applying those criteria to the context of waiver request reviews, special emphasis is placed on assuring that the record documents that:

(*1*) Active treatment has taken place for the past 150 days and substantial progress has been made according to the plan of treatment.

(*2*) The progress made is insufficient, due to the complexity of the illness, for the patient to be discharged to a less intensive level of care.

(*3*) Specific evidence is presented to explain the factors which interfered

with treatment progress during the 150 days of RTC care.

(*4*) The waiver request includes specific timeframes and a specific plan of treatment which will lead to discharge.

(C) Where family or social issues complicate transfer to a lower level of intensity, the RTC is responsible for determining and arranging the supportive and adjunctive resources required to permit appropriate transfer. If the RTC fails adequately to meet this responsibility, the existence of such family or social issues shall be an inadequate basis for a waiver of the benefit limit.

(D) It is the responsibility of the patient's primary care provider to establish, through actual documentation from the medical record and other sources, that the conditions for waiver exist.

(iii) RTC day limits do not apply to services provided under the Program for Persons with Disabilities (§199.5) or services provided as partial hospitalization care.

(9) *Acute care day limits.* (i) With respect to mental health care services provided on or after October 1, 1991, payment for inpatient acute hospital care is, in general, statutorily limited as follows:

(A) Adults, aged 19 and over—30 days in a fiscal year or 30 days in an admission (excluding days provided prior to October 1, 1991).

(B) Children and adolescents, aged 18 and under—45 days in a fiscal year or 45 days in an admission (excluding days provided prior to October 1, 1991).

(ii) It is the patient's age at the time of admission that determines the number of days available.

(iii) *Waiver of the acute care day limits.* (A) There is a statutory presumption against the appropriateness of inpatient acute services in excess of the day limits set forth in paragraph (b)(9)(i) of this section. However, the Director, OCHAMPUS (or designee) may in special cases, after considering the opinion of the peer review designated by the Director (involving a health professional who is not a federal employee) confirming that applicable criteria have been met, waive the acute inpatient limits described in paragraph (b)(9)(i) of this section and authorize payment for care beyond those limits.

(B) The criteria for waiver of the acute inpatient limit shall be those set forth in paragraph (b)(6)(i) of this section. In applying those criteria in the context of waiver request review, special emphasis is placed on determining whether additional days of acute inpatient mental health care are medically/psychologically necessary to complete necessary elements of the treatment plan prior to implementing appropriate discharge planning. A waiver may also be granted in cases in which a patient exhibits well-documented new symptoms, maladaptive behavior, or medical complications which have appeared in the inpatient setting requiring a significant revision to the treatment plan.

(C) The clinician responsible for the patient's care is responsible for documenting that a waiver criterion has been met and must establish an estimated length of stay beyond the date of the inpatient limit. There must be evidence of a coherent and specific plan for assessment, intervention and reassessment that reasonably can be accomplished within the time frame of the additional days of coverage requested under the waiver provision.

(D) For patients in care at the time the inpatient limit is reached, a waiver must be requested prior to the limit. For patients being readmitted after having received 30 or 45 days in the fiscal year, the waiver review will be conducted at the time of the preadmission authorization.

(iv) Acute care day limits do not apply to services provided under the Program for Persons with Disabilities (§199.5) or services provided as partial hospitalization care.

(10) *Psychiatric partial hospitalization services*—(i) *In general.* Partial hospitalization services are those services furnished by a CHAMPUS-authorized partial hospitalization program and authorized mental health providers for the active treatment of a mental disorder. All services must follow a medical model and vest patient care under

the general direction of a licensed psychiatrist employed by the partial hospitalization center to ensure medication and physical needs of all the patients are considered. The primary or attending provider must be a CHAMPUS authorized mental health provider, operating within the scope of his/her license. These categories include physicians, clinical psychologists, certified psychiatric nurse specialists, clinical social workers, marriage and family counselors, pastoral counselors and mental health counselors. Partial hospitalization services are covered as a basic program benefit only if they are provided in accordance with paragraph (b)(10) of this section.

(ii) *Criteria for determining medical or psychological necessity of psychiatric partial hospitalization services.* Psychiatric partial hospitalization services will be considered necessary only if all of the following conditions are present:

(A) The patient is suffering significant impairment from a mental disorder (as defined in §199.2) which interferes with age appropriate functioning.

(B) The patient is unable to maintain himself or herself in the community, with appropriate support, at a sufficient level of functioning to permit an adequate course of therapy exclusively on an outpatient basis (but is able, with appropriate support, to maintain a basic level of functioning to permit partial hospitalization services and presents no substantial imminent risk of harm to self or others).

(C) The patient is in need of crisis stabilization, treatment of partially stabilized mental health disorders, or services as a transition from an inpatient program.

(D) The admission into the partial hospitalization program is based on the development of an individualized diagnosis and treatment plan expected to be effective for that patient and permit treatment at a less intensive level.

(iii) *Preauthorization and concurrent review requirements.* All preadmission authorization and concurrent review requirements and procedures applicable to acute mental health inpatient hospital care in paragraphs (a)(12) and (b) of this section are applicable to the partial hospitalization program, except that the criteria for considering medical or psychological necessity shall be those set forth in paragraph (b)(10)(ii) of this section, and no emergency admissions will be recognized.

(iv) *Institutional benefits limited to 60 days.* Benefits for institutional services for partial hospitalization are limited to 60 treatment days (whether a full day or partial day program) in a fiscal year or in an admission. This limit may be extended by waiver.

(v) *Waiver of the 60-day partial hospitalization program limit.* The Director, OCHAMPUS (or designee) may, in special cases, waive the 60-day partial hospitalization benefit and authorize payment for care beyond the 60-day limit.

(A) the criteria for waiver are set forth in paragraph (b)(10)(ii) of this section. In applying these criteria in the context of waiver request review, special emphasis is placed on determining whether additional days of partial hospitalization are medically/psychologically necessary to complete essential elements of the treatment plan prior to discharge. Consideration is also given in cases in which a patient exhibits well-documented new symptoms or maladaptive behaviors which have appeared in the partial hospitalization setting requiring significant revisions to the treatment plan.

(B) The clinician responsible for the patient's care is responsible for documenting the need for additional days and must establish an estimated length of stay beyond the date of the 60-day limit. There must be evidence of a coherent and specific plan for assessment, intervention and reassessment that reasonably can be accomplished within the time frame of the additional days of coverage requested under the waiver provisions.

(C) For patients in care at the time the partial hospitalization program limit is reached, a waiver must be requested prior to the limit. For patients being preadmitted after having received 60 days in the fiscal year, the waiver review will be conducted at the time of the preadmission authorization.

(vi) *Services and supplies.* The following services and supplies are included in the per diem rate approved for an authorized partial hospitalization program:

(A) *Board.* Includes use of the partial hospital facilities such as food service, supervised therapeutically constructed recreational and social activities, and other general services as considered appropriate by the Director, OCHAMPUS, or a designee.

(B) *Patient assessment.* Includes the assessment of each individual accepted by the facility, and must, at a minimum, consist of a physical examination; psychiatric examination; psychological assessment; assessment of physiological, biological and cognitive processes; developmental assessment; family history and assessment; social history and assessment; educational or vocational history and assessment; environmental assessment; and recreational/activities assessment. Assessments conducted within 30 days prior to admission to a partial program may be used if approved and deemed adequate to permit treatment planning by the partial hospital program.

(C) *Psychological testing.*

(D) *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 paragraph (b)(10)(vii) of this section). 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.]

(vii) *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.

(viii) *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.

(ix) *Family therapy 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.

(x) *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.

(xi) *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 paragraph (c) of this section that are provided in accordance with good medical practice and established standards of quality by physicians or other authorized individual professional providers, as set forth in §199.6 of this

part. Such benefits are subject to all applicable definitions, conditions, exceptions, limitations, or exclusions as maybe otherwise set forth in this or other Sections of this part. Except as otherwise specifically authorized, to be considered for benefits under paragraph (c) of this section, 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 §199.6.)

(i) *Billing practices.* To be considered for benefits under paragraph (c) of this section, 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 be sufficiently descriptive to permit CHAMPUS to determine whether benefits are authorized by this part. See paragraph (c)(3)(xiii) of this section 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 §199.7).

(ii) *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 profession providers.*

(i) *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
Gastroscopy
Proctoscopy
Sigmoidoscopy
Peritoneoscopy
Cystoscopy
Colonscopy
Upper G.I. panendoscopy
Encephalograph
Myelography
Discography
Visualization of intracranial aneurysm by intracarotid injection of dye, with exposure of carotid artery, unilateral
Ventriculography
Insufflation of uterus and fallopian tubes for determination of tubal patency (Rubin's test of injection of radiopaque medium or for dilation)
Introduction of opaque media into the cranial arterial system, preliminary to cerebral arteriography, or into vertebral and subclavian systems
Intraspinal introduction of air preliminary to pneumoencephalography
Intraspinal introduction of opaque media preliminary to myelography
Intraventricular introduction of air preliminary to ventriculography

NOTE: The Director, OCHAMPUS, or a designee, shall determine such additional procedures that may fall within the intent of this definition of ''surgery.''

(ii) *Surgical assistance.*

(iii) *Inpatient medical services.*

(iv) *Outpatient medical services.*

(v) *Psychiatric services.*

(vi) *Consultation services.*

(vii) *Anesthesia services.*

(viii) *Radiation therapy services.*

(ix) *X-ray services.*

(x) *Laboratory and pathological services.*

(xi) *Physical medicine services or physiatry services.*

(xii) *Maternity care.*

(xiii) *Well-child care.*

(xiv) *Other medical care.* Other medical care includes, but is not limited to, hemodialysis, inhalation therapy, shock therapy, and chemotherapy. The Director, OCHAMPUS, or a designee, shall determine those additional medical services for which benefits may be extended under this paragraph.

NOTE: A separate professional charge for the oral administration of approved antineoplastic drugs is not covered.

(xv) [Reserved]

(xvi) *Routine eye examinations.* Coverage for routine eye examinations is limited to dependents of active duty members, to one examination per calendar year per person, and to services rendered on or after October 1, 1984, except as provided under paragraph (c)(3)(xi) of this section.

(3) *Extent of professional benefits—*

(i) *Multiple Surgery.* In cases of multiple surgical procedures performed during the same operative session, benefits shall be extended as follows:

(A) One hundred (100) percent of the CHAMPUS-determined allowable charge for the major surgical procedure (the procedure for which the greatest amount is payable under the applicable reimbursement method); and

(B) Fifty (50) percent of the CHAMPUS-determined allowable charge for each of the other surgical procedures;

(C) Except that:

(*1*) If the multiple surgical procedures involve the fingers or toes, benefits for the first surgical procedure shall be at one hundred (100) percent of the CHAMPUS-determined allowable charge; the second procedure at fifty (50) percent; and the third and subsequent procedures at twenty-five (25) percent.

(*2*) If the multiple surgical procedures include an incidental procedure, no benefits shall be allowed for the incidental procedure.

(*3*) If the multiple surgical procedures involve specific procedures identified by the Director, OCHAMPUS, benefits shall be limited as set forth in CHAMPUS instructions.

(ii) *Different types of inpatient care, concurrent.* If a beneficiary receives inpatient medical care during the same admission in which he or she also receives surgical care or maternity care, the beneficiary shall be entitled to the greater of the CHAMPUS-determined allowable charge for either the inpatient medical care or surgical or maternity care received, as the case may be, but not both; except that the provisions of this paragraph (c)(3)(ii) shall not apply if such inpatient medical care is for a diagnosed condition requiring inpatient medical care not related to the condition for which surgical care or maternity care is received, and is received from a physician other than the one rendering the surgical care or maternity care.

NOTE: This provision is not meant to imply that when extra time and special effort are required due to postsurgical or postdelivery complications, the attending physician may not request special consideration for a higher than usual charge.

(iii) *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 paragraph (c) of this section.

(A) If the surgical assistance occurred in a hospital that has a residency program in a specialty appropriate to the surgery;

(B) If the surgery was performed by a team of surgeons;

(C) If there were multiple surgical assistants; or

(D) If the surgical assistant was a partner of or from the same group of practicing physicians as the attending surgeon.

(iv) *Aftercare following surgery.* Except for those diagnostic procedures classified as surgery in paragraph (c) of this section, 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.

(v) *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.

(vi) *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 specialties. 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.

(vii) *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.

(viii) *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.

(ix) *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 which may be purchased from the American Psychiatric Press, Inc., 1400 K Street, NW., suite 1101, Washington, DC 20005. 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.

(A) *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, clinical social workers, and certified marriage and family therapists; and pastoral and mental

health counselors under a physician's supervision. No payment will be made for any service listed in paragraph (c)(3)(ix)(A) of this section rendered by an individual who does not meet the criteria of §199.6 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.

(*1*) *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.

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

(*3*) *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.

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

(*5*) *Psychological testing and assessment.* Psychological testing and assessment is generally limited to six hours of testing in a fiscal year when medically or psychologically necessary and in conjunction with otherwise covered psychotherapy. Testing or assessment in excess of these limits requires review for medical necessity. Benefits will not be provided for the Reitan-Indiana battery when administered to a patient under age five, for self-administered tests administered to patients under age 13, or for psychological testing and assessment as part of an assessment for academic placement.

(*6*) *Administration of psychotropic drugs.* When prescribed by an authorized provider qualified by licensure to prescribe drugs.

(*7*) *Electroconvulsive treatment.* When provided in accordance with guidelines issued by the Director, OCHAMPUS.

(*8*) *Collateral visits.* Covered collateral visits are those that are medically or psychologically necessary for the treatment of the patient and, as such, are considered as a psychotherapy session for purposes of paragraph (c)(3)(ix)(B) of this section.

(B) *Limitations and review requirements—(1) Outpatient psychotherapy.* Outpatient psychotherapy generally is limited to a maximum of two psychotherapy sessions per week, in any combination of individual, family, conjoint, collateral, or group sessions. Before benefits can be extended for more than two outpatient psychotherapy sessions per week, professional review of the medical or psychological necessity for and appropriateness of the more intensive therapy is required.

(*2*) *Inpatient psychotherapy.* Coverage of inpatient psychotherapy is based on medical or psychological necessity for the services identified in the patient's treatment plan. As a general rule, up to five psychotherapy sessions per week are considered appropriate when specified in the treatment as necessary to meet certain measurable/observable goals and objectives. Additional sessions per week or more than one type of psychotherapy sessions performed on the same day (for example, an individual psychotherapy session and a family psychotherapy session on the same day) could be considered for coverage, depending on the medical or psychological necessity for the services. Benefits for inpatient psychotherapy will end automatically when authorization has been granted for the maximum number of inpatient mental health days in accordance with the limits as described in this section, unless additional coverage is granted by the Director, OCHAMPUS or a designee.

(C) *Covered ancillary therapies.* Includes art, music, dance, occupational, and other ancillary therapies, when included by the attending provider in an approved inpatient, residential treatment plan and under the clinical supervision of a licensed doctoral level mental health professional. These ancillary therapies are not separately reimbursed professional services but are included within the institutional reimbursement.

(D) *Review of claims for treatment of mental disorder.* The Director, OCHAMPUS, shall establish and maintain procedures for review, including professional review, of the services provided for the treatment of mental disorders.

(x) *Physical and occupational therapy.* Assessment and treatment services of a CHAMPUS-authorized physical or occupational therapist may be cost-shared when:

(A) The services are prescribed and monitored by a physician;

(B) The purpose of the prescription is to reduce the disabling effects of an illness, injury, or neuromuscular disorder; and

(C) The prescribed treatment increases, stabilizes, or slows the deterioration of the beneficiary's ability to perform specified purposeful activity in the manner, or within the range considered normal, for a human being.

(xi) *Well-child care.* Benefits routinely are covered for well-child care from birth to under six years of age. These periodic health examinations are designed for prevention, early detection and treatment of disease and consist of screening procedures, immunizations and risk counseling.

(A) The following services are covered when required as a part of the specific well-child care program and when rendered by the attending pediatrician, family physician, certified nurse practitioner, or certified physician assistant.

(*1*) Newborn examination, heredity and metabolic screening, and newborn circumcision.

(*2*) Periodic health supervision visits, in accordance with American Academy of Pediatrics (AAP) guidelines, intended to promote the optimal health for infants and children to include the following services:

(*i*) History and physical examination and mental health assessment.

(*ii*) Vision, hearing, and dental screening.

(*iii*) Developmental appraisal to include body measurement.

(*iv*) Immunizations as recommenced by the Centers for Disease Control (CDC).

(*v*) Pediatric risk assessment for lead exposure and blood lead level test.

(*vi*) Tuberculosis screening.

(*vii*) Blood pressure screening.

(*viii*) Measurement of hemoglobin and hematocrit for anemia.

(*ix*) Urinalysis.

(*x*) Health guidance and counseling, including breastfeeding and nutrition counseling.

(B) Additional services or visits required because of specific findings or because the particular circumstances of the individual case are covered if medically necessary and otherwise authorized for benefits under CHAMPUS.

(C) The Deputy Assistant Secretary of Defense, Health Services Financing, will determine when such services are separately reimbursable apart from the health supervision visit.

(xii) [Reserved]

(xiii) *Physicians in a teaching setting.*

(A) *Teaching physicians.*

(*1*) *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 patient or when the teaching physician provides distinct, identifiable, personal 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:

(*i*) 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

(*ii*) Personally examine the patient; and

(*iiii*) Confirm or revise the diagnosis and determine the course of treatment to be followed; and

(*iv*) 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

(*v*) 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

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

(*2*) *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.

(*3*) *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.

(*4*) *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.

(B) *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:

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

(*2*) 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 paragraph (d) of this section, which are provided in accordance with good medical practice and established standards of quality by those other authorized providers described in §199.6 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 paragraph (d) of this section, 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 paragraph (d) of this section. For example, durable medical equipment and cardiorespiratory monitors can only be ordered by a physician.

(2) *Billing practices*. To be considered for benefits under paragraph (d) of this section, covered services and supplies must be provided and billed for by an authorized provider as set forth in §199.6 of this part. 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 part. 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*—(i) *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 paragraph (b) of this section. If blood is billed for directly to a beneficiary, benefits may be extended under paragraph (d) in the same manner as a medical supply.

(ii) *Durable medical equipment*—(A) *Scope of benefit.* (*1*) Subject to the exceptions in paragraphs (d)(3)(ii)(B) and (d)(3)(ii)(C) of this section, only durable medical equipment (DME) which is ordered by a physician for the specific use of the beneficiary shall be covered.

(*2*) In addition, any customization of durable medical equipment owned by the patient is authorized to be provided to the patient and any accessory or item of supply for any such authorized durable medical equipment, may be provided to the patient if the customization, accessory, or item of supply is essential for—

(*i*) Achieving therapeutic benefit for the patient

(*ii*) Making the equipment serviceable; or

(*iii*) Otherwise assuring the proper functioning of the equipment.

(*3*) Further, equipment as defined in §199.2 of this part and which:

(*i*) Is medically necessary for the treatment of a covered illness or injury;

(*ii*) Improves, restores, or maintains the function of a malformed, diseased, or injured body part, or can otherwise minimize or prevent the deterioration of the patient's function or condition;

(*iii*) Can maximize the patient's function consistent with the patient's physiological or medical needs;

(*iv*) Provides the medically appropriate level of performance and quality for the medical condition present (that is, nonluxury or nondeluxe);

(*v*) Is not otherwise excluded by this Regulation.

(B) *Cardiorespiratory monitor exception.* (*1*) 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:

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

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

(*iii*) An infant beneficiary whose birth weight was 1,500 grams or less, or

(*iv*) 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

(*v*) Any beneficiary who has a condition or suspected condition designated in guidelines issued by the Director, OCHAMPUS, or a designee, for which the in-home use of the cardiorespiratory monitor otherwise meets Basic Program requirements.

(*2*) The following types of services and items may be cost-shared when provided in conjunction with an otherwise authorized cardiorespiratory monitor:

(*i*) Trend-event recorder, including technical support necessary for the proper use of the recorder.

(*ii*) Analysis of recorded physiological data associated with monitor alarms.

(*iii*) Professional visits for services otherwise authorized by this part, and for family training on how to respond to an apparent life threatening event.

(*iv*) Diagnostic testing otherwise authorized by this part.

(C) *Basic mobility equipment exception.* A wheelchair, or a CHAMPUS-approved alternative, which is medically necessary to provide basic mobility, including reasonable additional cost for medically necessary modifications to accommodate a particular disability, may be cost-shared as durable medical equipment.

(D) *Exclusions.* DME which is otherwise qualified as a benefit is excluded as a benefit under the following circumstances:

(*1*) DME for a beneficiary who is a patient in a type of facility that ordinarily provides the same type of DME item to its patients at no additional charge in the usual course of providing its services.

(*2*) DME which is available to the beneficiary from a Uniformed Services Medical Treatment Facility.

(*3*) DME with deluxe, luxury, or immaterial features which increase the cost of the item to the government relative to a similar item without those features.

(E) *Basis for reimbursement.* The cost of DME may be shared by the CHAMPUS based upon the price which is most advantageous to the government taking into consideration the anticipated duration of the medically necessary need for the equipment and current price information for the type of item. The cost analysis must include comparison of the total price of the item as a monthly rental charge, a lease-purchase price, and a lump-sum purchase price and a provision for the time value of money at the rate determined by the U.S. Department of the Treasury.

(iii) *Medical supplies and dressings (consumables).* Medical supplies and dressings (consumables) are those that do not withstand prolonged, repeated use. Such items must be related directly to an appropriate and verified covered medical condition of the specific beneficiary for whom the item was purchased and obtained from a medical supply company, a pharmacy, or authorized institutional provider. Examples of covered medical supplies and dressings are disposable syringes for a known diabetic, colostomy sets, irrigation sets, and elastic bandages. An external surgical garment specifically designed for use following a mastectomy is considered a medical supply item.

NOTE: Generally, the allowable charge of a medical supply item will be under $100. Any item over this amount must be reviewed to determine whether it would not qualify as a DME item. If it is, in fact, a medical supply item and does not represent an excessive charge, it can be considered for benefits under paragraph (d)(3)(iii) of this section.

(iv) *Oxygen.* Oxygen and equipment for its administration are covered. Benefits are limited to providing a tank unit at one location with oxygen limited to a 30-day supply at any one time. Repair and adjustment of CHAMPUS-purchased oxygen equipment also is covered.

(v) *Ambulance.* Civilian ambulance service is covered when medically necessary in connection with otherwise covered services and supplies and a covered medical condition. For the purpose of TRICARE payment, ambulance service is an outpatient service (including in connection with maternity care) with the exception of otherwise covered transfers between hospitals which are cost-shared on an inpatient basis. Ambulance transfers from a hospital based emergency room to another hospital more capable of providing the required care will also be cost-shared on an inpatient basis.

NOTE: The inpatient cost-sharing provisions for ambulance transfers only apply to otherwise covered transfers between hospitals, i.e., acute care, general, and special hospitals; psychiatric hospitals; and long-term hospitals.

(A) Ambulance service cannot be used instead of taxi service and is not payable when the patient's condition would have permitted use of regular private transportation; nor is it payable when transport or transfer of a patient is primarily for the purpose of having the patient nearer to home, family, friends, or personal physician. Except as described in paragraph (d)(3)(v)(C)(*1*) of this section transport must be to the closest appropriate facility by the least costly means.

(B) Vehicles such as medicabs or ambicabs function primarily as public passenger conveyances transporting patients to and from their medical appointments. No actual medical care is provided to the patients in transit. These types of vehicles do not qualify for benefits for the purpose of CHAMPUS payment.

(C) Except as described in paragraph (d)(3)(v)(C)(1)(*1*) of this section, ambulance services by other than land vehicles (such as a boat or airplane) may be considered only when the pickup point is inaccessible by a land vehicle, or when great distance or other obstacles are involved in transporting the patient to the nearest hospital with appropriate facilities and the patient's medical condition warrants speedy admission or is such that transfer by other means is contraindicated.

(*1*) Advanced life support air ambulance and certified advanced life support attendant are covered services for

solid organ and stem cell transplant candidates.

(*2*) Advanced life support air ambulance and certified advanced life support attendant shall be reimbursed subject to standard reimbursement methodologies.

(vi) *Prescription drugs and medicines.* Prescription drugs and medicines that by United States law require a physician's or other authorized individual professional provider's prescription (acting within the scope of their license) and that are ordered or prescribed by a physician or other authorized individual professional provider (except that insulin is covered for a known diabetic, even though a prescription may not be required for its purchase) in connection with an otherwise covered condition or treatment, including Rh immune globulin.

(A) Drugs administered by a physician or other authorized individual professional provider as an integral part of a procedure covered under paragraph (b) or (c) of this section (such as chemotherapy) are not covered under this subparagraph inasmuch as the benefit for the institutional services or the professional services in connection with the procedure itself also includes the drug used.

(B) CHAMPUS benefits may not be extended for drugs not approved by the U.S. Food and Drug Administration for commercial marketing. Drugs grandfathered by the Federal Food, Drug and Cosmetic Act of 1938 may be covered under CHAMPUS as if FDA approved.

(vii) Prosthetics, prosthetic devices, and prosthetic supplies, as determined by the Secretary of Defense to be necessary because of significant conditions resulting from trauma, congenital anomalies, or disease. Additionally, the following are covered:

(A) Any accessory or item of supply that is used in conjunction with the device for the purpose of achieving therapeutic benefit and proper functioning;

(B) Services necessary to train the recipient of the device in the use of the device;

(C) Repair of the device for normal wear and tear or damage;

(D) Replacement of the device if the device is lost or irreparably damaged or the cost of repair would exceed 60 percent of the cost of replacement.

(viii) *Orthopedic braces and appliances.* The purchase of leg braces (including attached shoes), arm braces, back braces, and neck braces is covered, orthopedic shoes, arch supports, shoe inserts, and other supportive devices for the feet, including special-ordered, custom-made built-up shoes or regular shoes subsequently built up, are not covered.

(e) *Special benefit information*—(1) *General.* There are certain circumstances, conditions, or limitations that impact the extension of benefits and that require special emphasis and explanation. This paragraph (e) sets forth those benefits and limitations recognized to be in this category. The benefits and limitations herein described also are subject to all applicable definitions, conditions, limitations, exceptions, and exclusions as set forth in this or other sections of this part, except as otherwise may be provided specifically in this paragraph (e).

(2) *Abortion.* The statute under which CHAMPUS operates prohibits payment for abortions with one single exception—where the life of the mother would be endangered if the fetus were carried to term. Covered abortion services are limited to medical services and supplies only. Physician certification is required attesting that the abortion was performed because the mother's life would be endangered if the fetus were carried to term. Abortions performed for suspected or confirmed fetal abnormality (e.g., anencephalic) or for mental health reasons (e.g., threatened suicide) do not fall within the exceptions permitted within the language of the statute and are not authorized for payment under CHAMPUS.

NOTE: Covered abortion services are limited to medical services or supplies only for the single circumstance outlined above and do not include abortion counseling or referral fees. Payment is not allowed for any services involving preparation for, or normal followup to, a noncovered abortion. The Director, OCHAMPUS, or a designee, shall issue guidelines describing the policy on abortion.

(3) *Family planning.* The scope of the CHAMPUS family planning benefit is as follows:

(i) *Birth control (such as contraception)*—(A) *Benefits provided.* Benefits are available for services and supplies related to preventing conception, including the following:

(*1*) Surgical inserting, removal, or replacement of intrauterine devices.

(*2*) Measurement for, and purchase of, contraceptive diaphragms (and later remeasurement and replacement).

(*3*) Prescription contraceptives.

(*4*) Surgical sterilization (either male or female).

(B) *Exclusions.* The family planning benefit does not include the following:

(*1*) Prophylactics (condoms).

(*2*) Spermicidal foams, jellies, and sprays not requiring a prescription.

(*3*) Services and supplies related to noncoital reproductive technologies, including but not limited to artificial insemination (including any costs related to donors or semen banks), invitro fertilization and gamete intrafallopian transfer.

(*4*) Reversal of a surgical sterilization procedure (male or female).

(ii) *Genetic testing.* Genetic testing essentially is preventive rather than related to active medical treatment of an illness or injury. However, under the family planning benefit, genetic testing is covered when performed in certain high risk situations. For the purpose of CHAMPUS, genetic testing includes to detect developmental abnormalities as well as purely genetic defects.

(A) *Benefits provided.* Benefits may be extended for genetic testing performed on a pregnant beneficiary under the following prescribed circumstances. The tests must be appropriate to the specific risk situation and must meet one of the following criteria:

(*1*) The mother-to-be is 35 years old or older; or

(*2*) The mother- or father-to-be has had a previous child born with a congenital abnormality; or

(*3*) Either the mother- or father-to-be has a family history of congenital abnormalities; or

(*4*) The mother-to-be contracted rubella during the first trimester of the pregnancy; or

(*5*) Such other specific situations as may be determined by the Director, OCHAMPUS, or a designee, to fall within the intent of paragraph (e)(3)(ii) of this section.

(B) *Exclusions.* It is emphasized that routine or demand genetic testing is not covered. Further, genetic testing does not include the following:

(*1*) Tests performed to establish paternity of a child.

(*2*) Tests to determine the sex of an unborn child.

(4) *Treatment of substance use disorders.* Emergency and inpatient hospital care for complications of alcohol and drug abuse or dependency and detoxification are covered as for any other medical condition. Specific coverage for the treatment of substance use disorders includes detoxification, rehabilitation, and outpatient care provided in authorized substance use disorder rehabilitation facilities.

(i) *Emergency and inpatient hospital services.* Emergency and inpatient hospital services are covered when medically necessary for the active medical treatment of the acute phases of substance abuse withdrawal (detoxification), for stabilization, and for treatment of medical complications of substance use disorders. Emergency and inpatient hospital services are considered medically necessary only when the patient's condition is such that the personnel and facilities of a hospital are required. Stays provided for substance use disorder rehabilitation in a hospital-based rehabilitation facility are covered, subject to the provisions of paragraph (e)(4)(ii) of this section. Inpatient hospital services also are subject to the provisions regarding the limit on inpatient mental health services.

(ii) *Authorized substance use disorder treatment.* Only those services provided by CHAMPUS-authorized institutional providers are covered. Such a provider must be either an authorized hospital, or an organized substance use disorder treatment program in an authorized free-standing or hospital-based substance use disorder rehabilitation facility. Covered services consist of any or all of the services listed below. A qualified mental health provider (physicians, clinical psychologists, clinical social workers, psychiatric nurse specialists) (see paragraph (c)(3)(ix) of this section) shall prescribe the particular

level of treatment. Each CHAMPUS beneficiary is entitled to three substance use disorder treatment benefit periods in his or her lifetime, unless this limit is waived pursuant to paragraph (e)(4)(v) of this section. (A benefit period begins with the first date of covered treatment and ends 365 days later, regardless of the total services actually used within the benefit period. Unused benefits cannot be carried over to subsequent benefit periods. Emergency and inpatient hospital services (as described in paragraph (e)(4)(i) of this section) do not constitute substance abuse treatment for purposes of establishing the beginning of a benefit period.)

(A) *Rehabilitative care.* Rehabilitative care in an authorized hospital or substance use disorder rehabilitative facility, whether free-standing or hospital-based, is covered on either a residential or partial care (day or night program) basis. Coverage during a single benefit period is limited to no more than inpatient stay (exclusive of stays classified in DRG 433) in hospitals subject to CHAMPUS DRG-based payment system or 21 days in a DRG-exempt facility for rehabilitation care, unless the limit is waived pursuant to paragraph (e)(4)(v) of this section. If the patient is medically in need of chemical detoxification, but does not require the personnel or facilities of a general hospital setting, detoxification services are covered in addition to the rehabilitative care, but in a DRG-exempt facility detoxification services are limited to 7 days unless the limit is waived pursuant to paragraph (e)(4)(v) of this section. The medical necessity for the detoxification must be documented. Any detoxification services provided by the substance use disorder rehabilitation facility must be under general medical supervision.

(B) *Outpatient care.* Outpatient treatment provided by an approved substance use disorder rehabilitation facility, whether free-standing or hospital-based, is covered for up to 60 visits in a benefit period, unless the limit is waived pursuant to paragraph (e)(4)(v) of this section.

(C) *Family therapy.* Family therapy provided by an approved substance use disorder rehabilitation facility, whether free-standing or hospital-based, is covered for up to 15 visits in a benefit period, unless the limit is waived pursuant to paragraph (e)(4)(v) of this section.

(iii) *Exclusions*—(A) *Aversion therapy.* The programmed use of physical measures, such as electric shock, alcohol, or other drugs as negative reinforcement (aversion therapy) is not covered, even if recommended by a physician.

(B) *Domiciliary settings.* Domiciliary facilities, generally referred to as halfway or quarterway houses, are not authorized providers and charges for services provided by these facilities are not covered.

(iv) *Confidentiality.* Release of any patient identifying information, including that required to adjudicate a claim, must comply with the provisions of section 544 of the Public Health Service Act, as amended, (42 U.S.C. 290dd–3), which governs the release of medical and other information from the records of patients undergoing treatment of substance abuse. If the patient refuses to authorize the release of medical records which are, in the opinion of the Director, OCHAMPUS, or a designee, necessary to determine benefits on a claim for treatment of substance abuse the claim will be denied.

(v) *Waiver of benefit limits.* The specific benefit limits set forth in paragraphs (e)(4)(ii) of this section may be waived by the Director, OCHAMPUS in special cases based on a determination that all of the following criteria are met:

(A) Active treatment has taken place during the period of the benefit limit and substantial progress has been made according to the plan of treatment.

(B) Further progress has been delayed due to the complexity of the illness.

(C) Specific evidence has been presented to explain the factors that interfered with further treatment progress during the period of the benefit limit.

(D) The waiver request includes specific time frames and a specific plan of treatment which will complete the course of treatment.

(5) *Transplants.* (i) *Organ transplants.* Basic Program benefits are available

for otherwise covered services or supplies in connection with an organ transplant procedure, provided such transplant procedure is in accordance with accepted professional medical standards and is not considered unproven.

(A) *General.* (*1*) Benefits may be allowed for medically necessary services and supplies related to an organ transplant for:

(*i*) Evaluation of potential candidate's suitability for an organ transplant, whether or not the patient is ultimately accepted as a candidate for transplant.

(*ii*) Pre- and post-transplant inpatient hospital and outpatient services.

(*iii*) Pre- and post-operative services of the transplant team.

(*iv*) Blood and blood products.

(*v*) FDA approved immunosuppression drugs to include off-label uses when determined to be medically necessary for the treatment of the condition for which it is administered, according to accepted standards of medical practice.

(*vi*) Complications of the transplant procedure, including inpatient care, management of infection and rejection episodes.

(*vii*) Periodic evaluation and assessment of the successfully transplanted patient.

(*viii*) The donor acquisition team, including the costs of transportation to the location of the donor organ and transportation of the team and the donated organ to the location of the transplant center.

(*ix*) The maintenance of the viability of the donor organ after all existing legal requirements for excision of the donor organ have been met.

(*2*) TRICARE benefits are payable for recipient costs when the recipient of the transplant is a CHAMPUS beneficiary, whether or not the donor is a CHAMPUS beneficiary.

(*3*) Donor costs are payable when:

(*i*) Both the donor and recipient are CHAMPUS beneficiaries.

(*ii*) The donor is a CHAMPUS beneficiary but the recipient is not.

(*iii*) The donor is the sponsor and the recipient is a CHAMPUS beneficiary. (In such an event, donor costs are paid as a part of the beneficiary and recipient costs.)

(*iv*) The donor is neither a CHAMPUS beneficiary nor a sponsor, if the recipient is a CHAMPUS beneficiary. (Again, in such an event, donor costs are paid as a part of the beneficiary and recipient costs.)

(*4*) If the donor is not a CHAMPUS beneficiary, TRICARE benefits for donor costs are limited to those directly related to the transplant procedure itself and do not include any medical care costs related to other treatment of the donor, including complications.

(*5*) TRICARE benefits will not be allowed for transportation of an organ donor.

(B) [Reserved]

(ii) *Stem cell transplants.* TRICARE benefits are payable for beneficiaries whose conditions are considered appropriate for stem cell transplant according to guidelines adopted by the Executive Director, TMA, or a designee.

(6) *Eyeglasses, spectacles, contact lenses, or other optical devices.* Eyeglasses, spectacles, contact lenses, or other optical devices are excluded under the Basic Program except under very limited and specific circumstances.

(i) *Exception to general exclusion.* Benefits for glasses and lenses may be extended only in connection with the following specified eye conditions and circumstances:

(A) Eyeglasses or lenses that perform the function of the human lens, lost as a result of intraocular surgery or ocular injury or congenital absence.

NOTE: Notwithstanding the general requirement for U.S. Food and Drug Administration approval of any surgical implant set forth in paragraph (d)(3)(vii) of this section, intraocular lenses are authorized under CHAMPUS if they are either approved for marketing by FDA or are subject to an investigational device exemption.

(B) ''Pinhole'' glasses prescribed for use after surgery for detached retina.

(C) Lenses prescribed as ''treatment'' instead of surgery for the following conditions:

(*1*) Contract lenses used for treatment of infantile glaucoma.

(*2*) Corneal or scleral lenses prescribed in connection with treatment of keratoconus.

(*3*) Scleral lenses prescribed to retain moisture when normal tearing is not present or is inadequate.

(*4*) Corneal or scleral lenses prescribed to reduce a corneal irregularity other than astigmatism.

(ii) *Limitations.* The specified benefits are limited further to one set of lenses related to one of the qualifying eye conditions set forth in paragraph (e)(6)(i) of this section. If there is a prescription change requiring a new set of lenses (but still related to the qualifying eye condition), benefits may be extended for a second set of lenses, subject to specific medical review.

(7) *Transsexualism or such other conditions as gender dysphoria.* All services and supplies directly or indirectly related to transsexualism or such other conditions as gender dysphoria are excluded under CHAMPUS. This exclusion includes, but is not limited to, psychotherapy, prescription drugs, and intersex surgery that may be provided in connection with transsexualism or such other conditions as gender dysphoria. There is only one very limited exception to this general exclusion, that is, notwithstanding the definition of congenital anomaly, CHAMPUS benefits may be extended for surgery and related medically necessary services performed to correct sex gender confusion (that is, ambiguous genitalia) which has been documented to be present at birth.

(8) *Cosmetic, reconstructive, or plastic surgery.* For the purposes of CHAMPUS, cosmetic, reconstructive, or plastic surgery is surgery that can be expected primarily to improve physical appearance or that is performed primarily for psychological purposes or that restores form, but does not correct or improve materially a bodily function.

NOTE: If a surgical procedure primarily restores function, whether or not there is also a concomitant improvement in physical appearance, the surgical procedure does not fall within the provisions set forth in this paragraph (e)(8).

(i) *Limited benefits under CHAMPUS.* Benefits under the Basic Program generally are not available for cosmetic, reconstructive, or plastic surgery. However, under certain limited circumstances, benefits for otherwise covered services and supplies may be provided in connection with cosmetic, reconstructive, or plastic surgery as follows:

(A) Correction of a congenital anomaly; or

(B) Restoration of body form following an accidental injury; or

(C) Revision of disfiguring and extensive scars resulting from neoplastic surgery.

(D) Reconstructive breast surgery following a medically necessary mastectomy performed for the treatment of carcinoma, severe fibrocystic disease, other nonmalignant tumors or traumatic injuries.

(E) Penile implants and testicular prostheses for conditions resulting from organic origins (i.e., trauma, radical surgery, disease process, for correction of congenital anomaly, etc.). Also, penile implants for organic impotency.

NOTE: Organic impotence is defined as that which can be reasonably expected to occur following certain diseases, surgical procedures, trauma, injury, or congenital malformation. Impotence does not become organic because of psychological or psychiatric reasons.

(F) Generally, benefits are limited to those cosmetic, reconstructive, or plastic surgery procedures performed no later than December 31 of the year following the year in which the related accidental injury or surgical trauma occurred, except for authorized postmastectomy breast reconstruction for which there is no time limitation between mastectomy and reconstruction. Also, special consideration for exception will be given to cases involving children who may require a growth period.

(ii) *General exclusions.* (A) For the purposes of CHAMPUS, dental congenital anomalies such as absent tooth buds or malocclusion specifically are excluded. Also excluded are any procedures related to transsexualism or such other conditions as gender dysphoria, except as provided in paragraph (e)(7) of this section.

(B) Cosmetic, reconstructive, or plastic surgery procedures performed primarily for psychological reasons or as a result of the aging process also are excluded.

(C) Procedures performed for elective correction of minor dermatological

blemishes and marks or minor anatomical anomalies also are excluded.

(iii) *Noncovered surgery, all related services and supplies excluded.* When it is determined that a cosmetic, reconstructive, or plastic surgery procedure does not qualify for CHAMPUS benefits, all related services and supplies are excluded, including any institutional costs.

(iv) *Example of noncovered cosmetic, reconstructive, or plastic surgery procedures.* The following is a partial list of cosmetic, reconstructive, or plastic surgery procedures that do not qualify for benefits under CHAMPUS. This list is for example purposes only and is not to be construed as being all-inclusive.

(A) Any procedure performed for personal reasons to improve the appearance of an obvious feature or part of the body that would be considered by an average observer to be normal and acceptable for the patient's age or ethnic or racial background.

(B) Cosmetic, reconstructive, or plastic surgical procedures that are justified primarily on the basis of a psychological or psychiatric need.

(C) *Augmentation mammoplasties.* Augmentation mammoplasties, except for breast reconstruction following a covered mastectomy and those specifically authorized in paragraph (e)(8)(i) of this section.

(D) Face lifts and other procedures related to the aging process.

(E) *Reduction mammoplasties.* Reduction mammoplasties (unless there is medical documentation of intractable pain, not amenable to other forms of treatment, resulting from large, pendulous breasts or unless performed as an integral part of an authorized breast reconstruction procedure under paragraph (e)(8)(i) of this section, including reduction of the collateral breast for purposes of ensuring breast symmetry)

(F) Panniculectomy; body sculpture procedures.

(G) Repair of sagging eyelids (without demonstrated and medically documented significant impairment of vision).

(H) Rhinoplasties (without evidence of accidental injury occurring within the previous 6 months that resulted in significant obstruction of breathing).

(I) Chemical peeling for facial wrinkles.

(J) Dermabrasion of the face.

(K) Elective correction of minor dermatological blemishes and marks or minor anatomical anomalies.

(L) Revision of scars resulting from surgery or a disease process, except disfiguring and extensive scars resulting from neoplastic surgery.

(M) Removal of tattoos.

(N) Hair transplants.

(O) Electrolysis.

(P) Any procedures related to transsexualism or such other conditions as gender dysphoria except as provided in paragraph (e)(7) of this section.

(Q) Penile implant procedure for psychological impotency, transsexualism, or such other conditions as gender dysphoria.

(R) Insertion of prosthetic testicles for transsexualism, or such other conditions as gender dysphoria.

(9) *Complications (unfortunate sequelae) resulting from noncovered initial surgery or treatment.* Benefits are available for otherwise covered services and supplies required in the treatment of complications resulting from a noncovered incident of treatment (such as nonadjunctive dental care, transsexual surgery, and cosmetic surgery) but only if the later complication represents a separate medical condition such as a systemic infection, cardiac arrest, and acute drug reaction. Benefits may not be extended for any later care or procedures related to the complication that essentially is similar to the initial noncovered care. Examples of complications similar to the initial episode of care (and thus not covered) would be repair of facial scarring resulting from dermabrasion for acne or repair of a prolapsed vagina in a biological male who had undergone transsexual surgery.

(10) *Dental.* CHAMPUS does not include a dental benefit. Under very limited circumstances, benefits are available for dental services and supplies when the dental services are adjunctive to otherwise covered medical treatment.

(i) *Adjunctive dental care: Limited.* Adjunctive dental care is limited to those

services and supplies provided under the following conditions:

(A) Dental care which is medically necessary in the treatment of an otherwise covered medical (not dental) condition, is an integral part of the treatment of such medical condition and is essential to the control of the primary medical condition. The following is a list of conditions for which CHAMPUS benefits are payable under this provision:

(*1*) Intraoral abscesses which extend beyond the dental alveolus.

(*2*) Extraoral abscesses.

(*3*) Cellulitis and osteitis which is clearly exacerbating and directly affecting a medical condition currently under treatment.

(*4*) Removal of teeth and tooth fragments in order to treat and repair facial trauma resulting from an accidental injury.

(*5*) Myofacial Pain Dysfunction Syndrome.

(*6*) Total or complete ankyloglossia.

(*7*) Adjunctive dental and orthodontic support for cleft palate.

(*8*) The prosthetic replacement of either the maxilla or the mandible due to the reduction of body tissues associated with traumatic injury (e.g., impact, gun shot wound), in addition to services related to treating neoplasms or iatrogenic dental trauma.

NOTE: The test of whether dental trauma is covered is whether the trauma is solely dental trauma. Dental trauma, in order to be covered, must be related to, and an integral part of medical trauma; or a result of medically necessary treatment of an injury or disease.

(B) Dental care required in preparation for medical treatment of a disease or disorder or required as the result of dental trauma caused by the medically necessary treatment of an injury or disease (iatrogenic).

(*1*) Necessary dental care including prophylaxis and extractions when performed in preparation for or as a result of in-line radiation therapy for oral or facial cancer.

(*2*) Treatment of gingival hyperplasia, with or without periodontal disease, as a direct result of prolonged therapy with Dilantin (diphenylhydantoin) or related compounds.

(C) Dental care is limited to the above and similar conditions specifically prescribed by the Director, OCHAMPUS, as meeting the requirements for coverage under the provisions of this section.

(ii) *General exclusions.* (A) Dental care which is routine, preventative, restorative, prosthodontic, periodontic or emergency does not qualify as adjunctive dental care for the purposes of CHAMPUS except when performed in preparation for or as a result of dental trauma caused by medically necessary treatment of an injury or disease.

(B) The adding or modifying of bridgework and dentures.

(C) Orthodontia, except when directly related to and an integral part of the medical or surgical correction of a cleft palate or when required in preparation for, or as a result of, trauma to the teeth and supporting structures caused by medically necessary treatment of an injury or disease.

(iii) *Preauthorization required.* In order to be covered, adjunctive dental care requires preauthorization from the Director, OCHAMPUS, or a designee, in accordance with paragraph (a)(11) of this section. When adjunctive dental care involves a medical (not dental) emergency (such as facial injuries resulting from an accident), the requirement for preauthorization is waived. Such waiver, however, is limited to the essential adjunctive dental care related to the medical condition requiring the immediate emergency treatment. A complete explanation, with supporting medical documentation, must be submitted with claims for emergency adjunctive dental care.

(iv) *Covered oral surgery.* Notwithstanding the above limitations on dental care, there are certain oral surgical procedures that are performed by both physicians and dentists, and that are essentially medical rather than dental care. For the purposes of CHAMPUS, the following procedures, whether performed by a physician or dentist, are considered to be in this category and benefits may be extended for otherwise covered services and supplies without preauthorization:

(A) Excision of tumors and cysts of the jaws, cheeks, lips, tongue, and roof

and floor of the mouth, when such conditions require a pathological (histological) examination.

(B) Surgical procedures required to correct accidental injuries of the jaws, cheeks, lips, tongue, and roof and floor of the mouth.

(C) Treatment of oral or facial cancer.

(D) Treatment of fractures of facial bones.

(E) External (extra-oral) incision and drainage of cellulitis.

(F) Surgery of accessory sinuses, salivary glands, or ducts.

(G) Reduction of dislocations and the excision of the temporomandibular joints, when surgery is a necessary part of the reduction.

(H) Any oral surgical procedure that falls within the cosmetic, reconstructive, or plastic surgery definition is subject to the limitations and requirements set forth in paragraph (e)(8) of this section.

NOTE: Extraction of unerupted or partially erupted, malposed or impacted teeth, with or without the attached follicular or development tissues, is not a covered oral surgery procedure except when the care is indicated in preparation for medical treatment of a disease or disorder or required as a result of dental trauma caused by the necessary medical treatment of an injury or illness. Surgical preparation of the mouth for dentures is not covered by CHAMPUS.

(v) *Inpatient hospital stay in connection with non-adjunctive, noncovered dental care.* Institutional benefits specified in paragraph (b) of this section may be extended for inpatient hospital stays related to noncovered, nonadjunctive dental care when such inpatient stay is medically necessary to safeguard the life of the patient from the effects of dentistry because of the existence of a specific and serious nondental organic impairment currently under active treatment. (Hemophilia is an example of a condition that could be considered a serious nondental impairment.) Preauthorization by the Director, OCHAMPUS, or a designee, is required for such inpatient stays to be covered in the same manner as required for adjunctive dental care described in paragraph (e)(10)(iii) of this section. Regardless of whether or not the preauthorization request for the hospital admission is approved and thus qualifies for institutional benefits, the professional service related to the nonadjunctive dental care is not covered.

(11) *Drug abuse.* Under the Basic Program, benefits may be extended for medically necessary prescription drugs required in the treatment of an illness or injury or in connection with maternity care (refer to paragraph (d) of this section). However, CHAMPUS benefits cannot be authorized to support of maintain an existing or potential drug abuse situation, whether or not the drugs (under other circumstances) are eligible for benefit consideration and whether or not obtained by legal means.

(i) *Limitations on who can prescribe drugs.* CHAMPUS benefits are not available for any drugs prescribed by a member of the beneficiary's family or by a nonfamily member residing in the same household with the beneficiary or sponsor.

(ii) *Drug maintenance programs excluded.* Drug maintenance programs when one addictive drug is substituted for another on a maintenance basis (such as methadone substituted for heroin) are not covered. This exclusion applies even in areas outside the United States where addictive drugs are dispensed legally by physicians on a maintenance dosage level.

(iii) *Kinds of prescription drugs that are monitored carefully by CHAMPUS for possible abuse situations*—(A) *Narcotics.* Examples are Morphine and Demerol.

(B) *Nonnarcotic analgesics.* Examples are Talwin and Darvon.

(C) *Tranquilizers.* Examples are Valium, Librium, and Meprobamate.

(D) *Barbiturates.* Examples are Seconal and Nembuttal.

(E) *Nonbarbituate hypnotics.* Examples are Doriden and Chloral Hydrate.

(F) *Stimulants.* Examples are amphetamines.

(iv) *CHAMPUS fiscal intermediary responsibilities.* CHAMPUS fiscal intermediaries are responsible for implementing utilization control and quality assurance procedures designed to identify possible drug abuse situations. The CHAMPUS fiscal intermediary is directed to screen all drug claims for potential overutilization and irrational prescribing of drugs, and to subject any

such cases to extensive review to establish the necessity for the drugs and their appropriateness on the basis of diagnosis or definitive symptoms.

(A) When a possible drug abuse situation is identified, all claims for drugs for that specific beneficiary or provider will be suspended pending the results of a review.

(B) If the review determines that a drug abuse situation does in fact exist, all drug claims held in suspense will be denied.

(C) If the record indicates previously paid drug benefits, the prior claims for that beneficiary or provider will be reopened and the circumstances involved reviewed to determine whether or not drug abuse also existed at the time the earlier claims were adjudicated. If drug abuse is later ascertained, benefit payments made previously will be considered to have been extended in error and the amounts so paid recouped.

(D) Inpatient stays primarily for the purpose of obtaining drugs and any other services and supplies related to drug abuse also are excluded.

(v) *Unethical or illegal provider practices related to drugs.* Any such investigation into a possible drug abuse that uncovers unethical or illegal drug dispensing practices on the part of an institution, a pharmacy, or physician will be referred to the professional or investigative agency having jurisdiction. CHAMPUS fiscal intermediaries are directed to withhold payment of all CHAMPUS claims for services and supplies rendered by a provider under active investigation for possible unethical or illegal drug dispensing activities.

(vi) *Detoxification.* The above monitoring and control of drug abuse situations shall in no way be construed to deny otherwise covered medical services and supplies related to drug detoxification (including newborn, addicted infants) when medical supervision is required.

(12) [Reserved]

(13) *Domiciliary care.* The statute under which CHAMPUS operates also specifically excludes domiciliary care (refer to §199.2 of this part for the definition of ''Domiciliary Care'').

(i) *Examples of domiciliary care situations.* The following are examples of domiciliary care for which CHAMPUS benefits are not payable.

(A) *Home care is not available.* Institutionalization primarily because parents work, or extension of a hospital stay beyond what is medically necessary because the patient lives alone, are examples of domiciliary care provided because there is no other family member or other person available in the home.

(B) *Home care is not suitable.* Institutionalization of a child because a parent (or parents) is an alcoholic who is not responsible enough to care for the child, or because someone in the home has a contagious disease, are examples of domiciliary care being provided because the home setting is unsuitable.

(C) *Family unwilling to care for a person in the home.* A child who is difficult to manage may be placed in an institution, not because institutional care is medically necessary, but because the family does not want to handle him or her in the home. Such institutionalization would represent domiciliary care, that is, the family being unwilling to assume responsibility for the child.

(ii) *Benefits available in connection with a domiciliary care case.* Should the beneficiary receive otherwise covered medical services or supplies while also being in a domiciliary care situation, CHAMPUS benefits are payable for those medical services or supplies, or both, in the same manner as though the beneficiary resided in his or her own home. Such benefits would be cost-shared as though rendered to an outpatient.

(iii) *General exclusion.* Domiciliary care is institutionalization essentially to provide a substitute home—not because it is medically necessary for the beneficiary to be in the institution (although there may be conditions present that have contributed to the fact that domiciliary care is being rendered). CHAMPUS benefits are not payable for any costs or charges related to the provision of domiciliary care. While a substitute home or assistance may be necessary for the beneficiary, domiciliary care does not represent the kind of care for which CHAMPUS benefits can be provided.

(14) *CT scanning*—(i) *Approved CT scan services.* Benefits may be extended for

medically necessary CT scans of the head or other anatomical regions of the body when all of the following conditions are met:

(A) The patient is referred for the diagnostic procedure by a physician.

(B) The CT scan procedure is consistent with the preliminary diagnosis or symptoms.

(C) Other noninvasive and less costly means of diagnosis have been attempted or are not appropriate.

(D) The CT scan equipment is licensed or registered by the appropriate state agency responsible for licensing or registering medical equipment that emits ionizing radiation.

(E) The CT scan equipment is operated under the general supervision and direction of a physician.

(F) The results of the CT scan diagnostic procedure are interpreted by a physician.

(ii) *Review guidelines and criteria.* The Director, OCHAMPUS, or a designee, will issue specific guidelines and criteria for CHAMPUS coverage of medically necessary head and body part CT scans.

(15) *Morbid obesity.* The CHAMPUS morbid obesity benefit is limited to the gastric bypass, gastric stapling, or gastroplasty method.

(i) *Conditions for coverage.* Payment may be extended for the gastric bypass, gastric stapling, or gastroplasty method only when one of the following conditions is met:

(A) The patient is 100 pounds over the ideal weight for height and bone structure and has an associated severe medical condition. These associated medical conditions are diabetes mellitus, hypertension, cholecystitis, narcolepsy, pickwickian syndrome (and other severe respiratory disease), hypothalmic disorders, and severe arthritis of the weight-bearing joints.

(B) The patient is 200 percent or more of the ideal weight for height and bone structure. An associated medical condition is not required for this category.

(C) The patient has had an intestinal bypass or other surgery for obesity and, because of complications, requires a second surgery (a takedown). The surgeon in many cases, will do a gastric bypass, gastric stapling, or gastroplasty to help the patient avoid regaining the weight that was lost. In this situation, payment is authorized even though the patient's condition technically may not meet the definition of morbid obesity because of the weight that was already lost following the initial surgery.

(ii) *Exclusions.* (A) CHAMPUS payment may not be made for nonsurgical treatment of obesity or morbid obesity, for dietary control, or weight reduction.

(B) CHAMPUS payment may not be made for surgical procedures other than the gastric bypass, gastric stapling, or gastroplasty, even if morbid obesity is present.

(16) *Maternity care.* (i) *Benefit.* The CHAMPUS Basic Program may share the cost of medically necessary services and supplies associated with maternity care which are not otherwise excluded by this part.

(ii) *Cost-share.* Maternity care cost-share shall be determined as follows:

(A) Inpatient cost-share formula applies to maternity care ending in childbirth in, or on the way to, a hospital inpatient childbirth unit, and for maternity care ending in a non-birth outcome not otherwise excluded by this part.

(B) Ambulatory surgery cost-share formula applies to maternity care ending in childbirth in, or on the way to, a birthing center to which the beneficiary is admitted and from which the beneficiary has received prenatal care, or a hospital-based outpatient birthing room.

(C) Outpatient cost-share formula applies to maternity care which terminates in a planned childbirth at home.

(D) Otherwise covered medical services and supplies directly related to ''Complications of pregnancy,'' as defined in § 199.2 of this part, will be cost-shared on the same basis as the related maternity care for a period not to exceed 42 days following termination of the pregnancy and thereafter cost-shared on the basis of the inpatient or outpatient status of the beneficiary when medically necessary services and supplies are received.

(17) *Biofeedback Therapy.* Biofeedback therapy is a technique by which a person is taught to exercise control over a physiologic process occurring within

the body. By using modern biomedical instruments the patient learns how a specific physiologic system within his body operates and how to modify the performance of this particular system.

(i) *Benefits Provided.* CHAMPUS benefits are payable for services and supplies in connection with electrothermal, electromyograph and electrodermal biofeedback therapy when there is documentation that the patient has undergone an appropriate medical evaluation, that their present condition is not responding to or no longer responds to other forms of conventional treatment, and only when provided as treatment for the following conditions:

(A) Adjunctive treatment for Raynaud's Syndrome.

(B) Adjunctive treatment for muscle re-education of specific muscle groups or for treating pathological muscle abnormalities of spasticity, or incapacitating muscle spasm or weakness.

(ii) *Limitations.* Payable benefits include initial intake evaluation. Treatment following the initial intake evaluation is limited to a maximum of 20 inpatient and outpatient biofeedback treatments per calendar year.

(iii) *Exclusions.* Benefits are excluded for biofeedback therapy for the treatment of ordinary muscle tension states or for psychosomatic conditions. Benefits are also excluded for the rental or purchase of biofeedback equipment.

(iv) *Provider Requirements.* A provider of biofeedback therapy must be a CHAMPUS-authorized provider. (Refer to §199.6, ''Authorized Providers). If biofeedback treatment is provided by other than a physician, the patient must be referred by a physician.

(v) *Implementation Guidelines.* The Director of OCHAMPUS shall issue guidelines as are necessary to implement the provision of this paragraph.

(18) *Cardiac rehabilitation.* Cardiac rehabilitation is the process by which individuals are restored to their optimal physical, medical, and psychological status, after a cardiac event. Cardiac rehabilitation is often divided into three phases. Phase I begins during inpatient hospitalization and is managed by the patient's personal physician. Phase II is a medically supervised outpatient program which begins following discharge. Phase III is a lifetime maintenance program emphasizing continuation of physical fitness with periodic followup. Each phase includes an exercise component, patient education, and risk factor modification. There may be considerable variation in program components, intensity, and duration.

(i) *Benefits Provided.* CHAMPUS benefits are available on an inpatient or outpatient basis for services and supplies provided in connection with a cardiac rehabilitation program when ordered by a physician and provided as treatment for patients who have experienced the following cardiac events within the preceding twelve (12) months:

(A) Myocardial Infarction.

(B) Coronary Artery Bypass Graft.

(C) Coronary Angioplasty.

(D) Percutaneous Transluminal Coronary Angioplasty

(E) Chronic Stable Angina (see limitations below).

(F) Heart valve surgery.

(G) Heart or Heart-lung Transplantation.

(ii) *Limitations.* Payable benefits include separate allowance for the initial evaluation and testing. Outpatient treatment following the initial intake evaluation and testing is limited to a maximum of thirty-six (36) sessions per cardiac event, usually provided 3 sessions per week for twelve (12) weeks. Patients diagnosed with chronic stable angina are limited to one treatment episode (36 sessions) in a calendar year.

(iii) *Exclusions.* Phase III cardiac rehabilitation lifetime maintenance programs performed at home or in medically unsupervised settings are not covered.

(iv) *Providers.* A provider of cardiac rehabilitation services must be a TRICARE authorized hospital (see §199.6 (b)(4)(i)) or a freestanding cardiac rehabilitation facility that meets the requirements of §199.6 (f). All cardiac rehabilitation services must be ordered by a physician.

(v) *Payment.* Payment for outpatient treatment will be based on an all inclusive allowable charge per session. Inpatient treatment will be paid based upon the reimbursement system in place for

the hospital where the services are rendered.

(vi) *Implementation Guidelines.* The Director of OCHAMPUS shall issue guidelines as are necessary to implement the provisions of this paragraph.

(19) *Hospice care.* Hospice care is a program which provides an integrated set of services and supplies designed to care for the terminally ill. This type of care emphasizes palliative care and supportive services, such as pain control and home care, rather than cure-oriented services provided in institutions that are otherwise the primary focus under CHAMPUS. The benefit provides coverage for a humane and sensible approach to care during the last days of life for some terminally ill patients.

(i) *Benefit coverage.* CHAMPUS beneficiaries who are terminally ill (that is, a life expectancy of six months or less if the disease runs its normal course) will be eligible for the following services and supplies in lieu of most other CHAMPUS benefits:

(A) Physician services.

(B) Nursing care provided by or under the supervision of a registered professional nurse.

(C) Medical social services provided by a social worker who has at least a bachelor's degree from a school accredited or approved by the Council on Social Work Education, and who is working under the direction of a physician. Medical social services include, but are not limited to the following:

(*1*) Assessment of social and emotional factors related to the beneficiary's illness, need for care, response to treatment, and adjustment to care.

(*2*) Assessment of the relationship of the beneficiary's medical and nursing requirements to the individual's home situation, financial resources, and availability of community resources.

(*3*) Appropriate action to obtain available community resources to assist in resolving the beneficiary's problem.

(*4*) Counseling services that are required by the beneficiary.

(D) Counseling services provided to the terminally ill individual and the family member or other persons caring for the individual at home. Counseling, including dietary counseling, may be provided both for the purpose of training the individual's family or other care-giver to provide care, and for the purpose of helping the individual and those caring for him or her to adjust to the individual's approaching death. Bereavement counseling, which consists of counseling services provided to the individual's family after the individual's death, is a required hospice service but it is not reimbursable.

(E) Home health aide services furnished by qualified aides and homemaker services. Home health aides may provide personal care services. Aides also may perform household services to maintain a safe and sanitary environment in areas of the home used by the patient. Examples of such services are changing the bed or light cleaning and laundering essential to the comfort and cleanliness of the patient. Aide services must be provided under the general supervision of a registered nurse. Homemaker services may include assistance in personal care, maintenance of a safe and healthy environment, and services to enable the individual to carry out the plan of care. Qualifications for home health aides can be found in 42 CFR 484.36.

(F) Medical appliances and supplies, including drugs and biologicals. Only drugs that are used primarily for the relief of pain and symptom control related to the individual's terminal illness are covered. Appliances may include covered durable medical equipment, as well as other self-help and personal comfort items related to the palliation or management of the patient's condition while he or she is under hospice care. Equipment is provided by the hospice for use in the beneficiary's home while he or she is under hospice care. Medical supplies include those that are part of the written plan of care. Medical appliances and supplies are included within the hospice all-inclusive rates.

(G) Physical therapy, occupational therapy and speech-language pathology services provided for purposes of symptom control or to enable the individual to maintain activities of daily living and basic functional skills.

(H) Short-term inpatient care provided in a Medicare participating hospice inpatient unit, or a Medicare participating hospital, skilled nursing facility (SNF) or, in the case of respite care, a Medicaid-certified nursing facility that additionally meets the special hospice standards regarding staffing and patient areas. Services provided in an inpatient setting must conform to the written plan of care. Inpatient care may be required for procedures necessary for pain control or acute or chronic symptom management. Inpatient care may also be furnished to provide respite for the individual's family or other persons caring for the individual at home. Respite care is the only type of inpatient care that may be provided in a Medicaid-certified nursing facility. The limitations on custodial care and personal comfort items applicable to other CHAMPUS services are not applicable to hospice care.

(ii) *Core services.* The hospice must ensure that substantially all core services are routinely provided directly by hospice employees; i.e., physician services, nursing care, medical social services, and counseling for individuals and care givers. Refer to paragraphs (e)(19)(i)(A), (e)(19)(i)(B), (e)(19)(i)(C), and (e)(19)(i)(D) of this section.

(iii) *Non-core services.* While non-core services (i.e., home health aide services, medical appliances and supplies, drugs and biologicals, physical therapy, occupational therapy, speech-language pathology and short-term inpatient care) may be provided under arrangements with other agencies or organizations, the hospice must maintain professional management of the patient at all times and in all settings. Refer to paragraphs (e)(19)(i)(E), (e)(19)(i)(F), (e)(19)(i)(G), and (e)(19)(i)(H) of this section.

(iv) *Availability of services.* The hospice must make nursing services, physician services, and drugs and biologicals routinely available on a 24-hour basis. All other covered services must be made available on a 24-hour basis to the extent necessary to meet the needs of individuals for care that is reasonable and necessary for the palliation and management of the terminal illness and related condition. These services must be provided in a manner consistent with accepted standards of practice.

(v) *Periods of care.* Hospice care is divided into distinct periods/episodes of care. The terminally ill beneficiary may elect to receive hospice benefits for an initial period of 90 days, a subsequent period of 90 days, a second subsequent period of 30 days, and a final period of unlimited duration.

(vi) *Conditions for coverage.* The CHAMPUS beneficiary must meet the following conditions/criteria in order to be eligible for the hospice benefits and services referenced in paragraph (e)(19)(i) of this section.

(A) There must be written certification in the medical record that the CHAMPUS beneficiary is terminally ill with a life expectancy of six months or less if the terminal illness runs its normal course.

(*1*) *Timing of certification.* The hospice must obtain written certification of terminal illness for each of the election periods described in paragraph (e)(19(vi)(B) of this section, even if a single election continues in effect for two, three or four periods.

(*i*) *Basic requirement.* Except as provided in paragraph (e)(19(vi)(A)(*1*)(*ii*) of this section the hospice must obtain the written certification no later than two calendar days after the period begins.

(*ii*) *Exception.* For the initial 90-day period, if the hospice cannot obtain the written certifications within two calendar days, it must obtain oral certifications within two calendar days, and written certifications no later than eight calendar days after the period begins.

(*2*) *Sources of certification.* Physician certification is required for both initial and subsequent election periods.

(*i*) For the initial 90-day period, the hospice must obtain written certification statements (and oral certification statements if required under paragraph (e)(19(vi)(A)(*i)(ii*) of this section) from:

(*A*) The individual's attending physician if the individual has an attending physician; and

(*B*) The medical director of the hospice or the physician member of the hospice interdisciplinary group.

(*ii*) For subsequent periods, the only requirement is certification by one of the physicians listed in paragraph (e)(19)(vi)(A)*(2)(i)*(*B*) of this section.

(B) The terminally ill beneficiary must elect to receive hospice care for each specified period of time; i.e., the two 90-day periods, a subsequent 30-day period, and a final period of unlimited duration. If the individual is found to be mentally incompetent, his or her representative may file the election statement. Representative means an individual who has been authorized under State law to terminate medical care or to elect or revoke the election of hospice care on behalf of a terminally ill individual who is found to be mentally incompetent.

(*1*) The episodes of care must be used consecutively; i.e., the two 90-day periods first, then the 30-day period, followed by the final period. The periods of care may be elected separately at different times.

(*2*) The initial election will continue through subsequent election periods without a break in care as long as the individual remains in the care of the hospice and does not revoke the election.

(*3*) The effective date of the election may begin on the first day of hospice care or any subsequent day of care, but the effective date cannot be made prior to the date that the election was made.

(*4*) The beneficiary or representative may revoke a hospice election at any time, but in doing so, the remaining days of that particular election period are forfeited and standard CHAMPUS coverage resumes. To revoke the hospice benefit, the beneficiary or representative must file a signed statement of revocation with the hospice. The statement must provide the date that the revocation is to be effective. An individual or representative may not designate an effective date earlier than the date that the revocation is made.

(*5*) If an election of hospice benefits has been revoked, the individual, or his or her representative may at any time file a hospice election for any period of time still available to the individual, in accordance with §199.4(e)(19)(vi)(B).

(*6*) A CHAMPUS beneficiary may change, once in each election period, the designation of the particular hospice from which he or she elects to receive hospice care. To change the designation of hospice programs the individual or representative must file, with the hospice from which care has been received and with the newly designated hospice, a statement that includes the following information:

(*i*) The name of the hospice from which the individual has received care and the name of the hospice from which he or she plans to receive care.

(*ii*) The date the change is to be effective.

(*7*) Each hospice will design and print its own election statement to include the following information:

(*i*) Identification of the particular hospice that will provide care to the individual.

(*ii*) The individual's or representative's acknowledgment that he or she has been given a full understanding of the palliative rather than curative nature of hospice care, as it relates to the individual's terminal illness.

(*iii*) The individual's or representative's acknowledgment that he or she understands that certain other CHAMPUS services are waived by the election.

(*iv*) The effective date of the election.

(*v*) The signature of the individual or representative, and the date signed.

(*8*) The hospice must notify the CHAMPUS contractor of the initiation, change or revocation of any election.

(C) The beneficiary must waive all rights to other CHAMPUS payments for the duration of the election period for:

(*1*) Care provided by any hospice program other than the elected hospice unless provided under arrangements made by the elected hospice; and

(*2*) Other CHAMPUS basic program services/benefits related to the treatment of the terminal illness for which hospice care was elected, or to a related condition, or that are equivalent to hospice care, except for services provided by:

(*i*) The designated hospice;

(*ii*) Another hospice under arrangement made by the designated hospice; or

(*iii*) An attending physician who is not employed by or under contract with the hospice program.

(*3*) Basic CHAMPUS coverage will be reinstated upon revocation of the hospice election.

(D) A written plan of care must be established by a member of the basic interdisciplinary group assessing the patient's needs. This group must have at least one physician, one registered professional nurse, one social worker, and one pastoral or other counselor.

(*1*) In establishing the initial plan of care the member of the basic interdisciplinary group who assesses the patient's needs must meet or call at least one other group member before writing the initial plan of care.

(*2*) At least one of the persons involved in developing the initial plan must be a nurse or physician.

(*3*) The plan must be established on the same day as the assessment if the day of assessment is to be a covered day of hospice care.

(*4*) The other two members of the basic interdisciplinary group—the attending physician and the medical director or physician designee—must review the initial plan of care and provide their input to the process of establishing the plan of care within two calendar days following the day of assessment. A meeting of group members is not required within this 2-day period. Input may be provided by telephone.

(*5*) Hospice services must be consistent with the plan of care for coverage to be extended.

(*6*) The plan must be reviewed and updated, at intervals specified in the plan, by the attending physician, medical director or physician designee and interdisciplinary group. These reviews must be documented in the medical records.

(*7*) The hospice must designate a registered nurse to coordinate the implementation of the plan of care for each patient.

(*8*) The plan must include an assessment of the individual's needs and identification of the services, including the management of discomfort and symptom relief. It must state in detail the scope and frequency of services needed to meet the patient's and family's needs.

(E) Complete medical records and all supporting documentation must be submitted to the CHAMPUS contractor within 30 days of the date of its request. If records are not received within the designated time frame, authorization of the hospice benefit will be denied and any prior payments made will be recouped. A denial issued for this reason is not an initial determination under §199.10, and is not appealable.

(vii) *Appeal rights under hospice benefit*. A beneficiary or provider is entitled to appeal rights for cases involving a denial of benefits in accordance with the provisions of this part and §199.10.

(20) [Reserved]

(21) *Home health services*. Home health services are covered when furnished by, or under arrangement with, a home health agency (HHA) that participates in the TRICARE program, and provides care on a visiting basis in the beneficiary's home. Covered HHA services are the same as those provided under Medicare under section 1861(m) of the Social Security Act (42 U.S.C. 1395x(m)) and 42 CFR part 409, subpart E.

(i) *Benefit coverage*. Coverage will be extended for the following home health services subject to the conditions of coverage prescribed in paragraph (e)(21)(ii) of this section:

(A) Part-time or intermittent skilled nursing care furnished by a registered nurse or a licensed practical (vocational) nurse under the supervision of a registered nurse;

(B) Physical therapy, speech-language pathology, and occupational therapy;

(C) Medical social services under the direction of a physician;

(D) Part-time or intermittent services of a home health aide who has successfully completed a state-established or other training program that meets the requirements of 42 CFR Part 484;

(E) Medical supplies, a covered osteoporosis drug (as defined in the Social Security Act 1861(kk), but excluding other drugs and biologicals) and durable medical equipment;

(F) Medical services provided by an interim or resident-in-training of a hospital, under an approved teaching program of the hospital in the case of

an HHA that is affiliated or under common control of a hospital; and

(G) Services at hospitals, SNFs or rehabilitation centers when they involve equipment too cumbersome to bring to the home but not including transportation of the individual in connection with any such item or service.

(ii) *Conditions for Coverage.* The following conditions/criteria must be met in order to be eligible for the HHA benefits and services referenced in paragraph (e)(21)(i) of this section:

(A) The person for whom the services are provided is an eligible TRICARE beneficiary.

(B) The HHA that is providing the services to the beneficiary has in effect a valid agreement to participate in the TRICARE program.

(C) Physician certifies the need for home health services because the beneficiary is homebound.

(D) The services are provided under a plan of care established and approved by a physician.

(*1*) The plan of care must contain all pertinent diagnoses, including the patient's mental status, the types of services, supplies, and equipment required, the frequency of visits to be made, prognosis, rehabilitation potential, functional limitations, activities permitted, nutritional requirements, all medications and treatments, safety measures to protect against injury, instructions for timely discharge or referral, and any additional items the HHA or physician chooses to include.

(*2*) The orders on the plan of care must specify the type of services to be provided to the beneficiary, both with respect to the professional who will provide them and the nature of the individual services, as well as the frequency of the services.

(E) The beneficiary must need skilled nursing care on an intermittent basis or physical therapy or speech-language pathology services, or have continued need for occupational therapy after the need for skilled nursing care, physical therapy, or speech-language pathology services has ceased.

(F) The beneficiary must receive, and an HHA must provide, a patient-specific, comprehensive assessment that:

(*1*) Accurately reflects the patient's current health status and includes information that may be used to demonstrate the patient's progress toward achievement of desired outcomes;

(*2*) Identifies the beneficiary's continuing need for home care and meets the beneficiary's medical, nursing, rehabilitative, social, and discharge planning needs.

(*3*) Incorporates the use of the current version of the Outcome and Assessment Information Set (OASIS) items, using the language and groupings of the OASIS items, as specified by the Director, TRICARE Management Activity.

(G) TRICARE is the appropriate payer.

(H) The services for which payment is claimed are not otherwise excluded from payment.

(I) Any other conditions of coverage/participation that may be required under Medicare's HHA benefit; *i.e.*, coverage guidelines as prescribed under Sections 1861(o) and 1891 of the Social Security Act (42 U.S.C. 1395x(o) and 1395bbb), 42 CFR Part 409, Subpart E and 42 CFR Part 484.

(22) *Pulmonary rehabilitation.* TRICARE benefits are payable for beneficiaries whose conditions are considered appropriate for pulmonary rehabilitation according to guidelines adopted by the Executive Director, TMA, or a designee.

(23) A speech generating device (SGD) as defined in §199.2 of this part is covered as a voice prosthesis. The prosthesis provisions found in paragraph (d)(3)(vii) of this section apply.

(24) A hearing aid, but only for a dependent of a member of the uniformed services on active duty and only if the dependent has a profound hearing loss as defined in §199.2 of this part. Medically necessary and appropriate services and supplies, including hearing examinations, required in connection with this hearing aid benefit are covered.

(25) Rehabilitation therapy as defined in §199.2 of this part to improve, restore, or maintain function, or to minimize or prevent deterioration of function, of a patient when prescribed by a physician. The rehabilitation therapy must be medically necessary and appropriate medical care, rendered by an authorized provider, necessary to the

establishment of a safe and effective maintenance program in connection with a specific medical condition, and must not be custodial care or otherwise excluded from coverage.

(26) *National Institutes of Health clinical trials.* By law, the general prohibition against CHAMPUS cost-sharing of unproven drugs, devices, and medical treatments or procedures may be waived in connection with clinical trials sponsored or approved by the National Institutes of Health National Cancer Institute if it is determined that such a waiver will promote access by covered beneficiaries to promising new treatments and contribute to the development of such treatments. A waiver shall only be exercised as authorized under this paragraph.

(i) *Demonstration waiver.* A waiver may be granted through a demonstration project established in accordance with Sec. 199.1(o) of this part.

(ii) *Continuous waiver.* (A) *General.* As a result of a demonstration project under which a waiver has been granted in connection with a National Institutes of Health National Cancer Institute clinical trial, a determination may be made that it is in the best interest of the government and CHAMPUS beneficiaries to end the demonstration and continue to provide a waiver for CHAMPUS cost-sharing of the specific clinical trial. Only those specified clinical trials identified under paragraph (e)(26)(ii) of this section have been authorized a continuous waiver under CHAMPUS.

(B) *National Cancer Institute (NCI) sponsored cancer prevention, screening, and early detection clinical trials.* A continuous waiver under paragraph (e)(26) of this regulation has been granted for CHAMPUS cost-sharing for those CHAMPUS-eligible patients selected to participate in NCI sponsored Phase II and Phase III studies for the prevention and treatment of cancer.

(*1*) TRICARE will cost-share all medical care and testing required to determine eligibility for an NCI-sponsored trial, including the evaluation for eligibility at the institution conducting the NCI-sponsored study. TRICARE will cost-share all medical care required as a result of participation in NCI-sponsored studies. This includes purchasing and administering all approved chemotherapy agents (except for NCI-funded investigational drugs), all inpatient and outpatient care, including diagnostic and laboratory services not otherwise reimbursed under an NCI grant program if the following conditions are met:

(*i*) The provider seeking treatment for a CHAMPUS-eligible patient in an NCI approved protocol has obtained pre-authorization for the proposed treatment before initial evaluation; and,

(*ii*) Such treatments are NCI sponsored Phase II or Phase III protocols; and,

(*iii*) The patient continues to meet entry criteria for said protocol; and,

(*iv*) The institutional and individual providers are CHAMPUS authorized providers.

(*2*) TRICARE will not provide reimbursement for care rendered in the National Institutes of Health Clinical Center or costs associated with non-treatment research activities associated with the clinical trials.

(*3*) Cost-shares and deductibles applicable to CHAMPUS will also apply under the NCI-sponsored clinical trials.

(*4*) The Director, TRICARE (or designee), shall issue procedures and guidelines establishing NCI-sponsorship of clinical trials and the administrative process by which individual patients apply for and receive cost-sharing under NCI-sponsored cancer clinical trials.

(f) *Beneficiary or sponsor liability*—(1) *General.* As stated in the introductory paragraph to this section, the Basic Program is essentially a supplemental program to the Uniformed Services direct medical care system. To encourage use of the Uniformed Services direct medical care system wherever its facilities are available and appropriate, the Basic Program benefits are designed so that it is to the financial advantage of a CHAMPUS beneficiary or sponsor to use the direct medical care system. When medical care is received from civilian sources, a CHAMPUS beneficiary is responsible for payment of certain deductible and cost-sharing amounts in connection with otherwise covered services and supplies. By statute, this joint financial responsibility

between the beneficiary or sponsor and CHAMPUS is more favorable for dependents of members than for other classes of beneficiaries.

(2) *Dependents of members of the Uniformed Services.* CHAMPUS beneficiary or sponsor liability set forth for dependents of members is as follows:

(i) *Annual fiscal year deductible for outpatient services and supplies.*

(A) For care rendered all eligible beneficiaries prior to April 1, 1991, or when the active duty sponsor's pay grade is E–4 or below, regardless of the date of care:

(*1*) *Individual Deductible:* Each beneficiary is liable for the first fifty dollars ($50.00) of the CHAMPUS-determined allowable amount on claims for care provided in the same fiscal year.

(*2*) *Family Deductible:* The total deductible amount for all members of a family with the same sponsor during one fiscal year shall not exceed one hundred dollars ($100.00).

(B) For care rendered on or after April 1, 1991, for all CHAMPUS beneficiaries except dependents of active duty sponsors in pay grades E–4 or below.

(*1*) *Individual Deductible:* Each beneficiary is liable for the first one hundred and fifty dollars ($150.00) of the CHAMPUS-determined allowable amount on claims for care provided in the same fiscal year.

(*2*) *Family Deductible:* The total deductible amount for all members of a family with the same sponsor during one fiscal year shall not exceed three hundred dollars ($300.00).

(C) CHAMPUS-*approved Ambulatory Surgical Centers or Birthing Centers.* No deductible shall be applied to allowable amounts for services or items rendered to active duty for authorized NATO dependents.

(D) *Allowable Amount does not exceed Deductible Amount.* If fiscal year allowable amounts for two or more beneficiary members of a family total less than $100.00 ($300.00 if paragraph (f)(2)(i)(B)(*2*) of this section applies), but more of the beneficiary members submit a claim for over $50.00 ($150.00 if paragraph (f)(2)(i)(B)(*1*) of this section applies), neither the family nor the individual deductible will have been met and no CHAMPUS benefits are payable.

(E) For any family the outpatient deductible amounts will be applied sequentially as the CHAMPUS claims are processed.

(F) If the fiscal year outpatient deductible under either paragraphs (f)(2)(i)(A) or (f)(2)(i)(B) of this section has been met by a beneficiary or a family through the submission of a claim or claims to a CHAMPUS fiscal intermediary in another geographic location from the location where a current claim is being submitted, the beneficiary or sponsor must obtain a deductible certificate from the CHAMPUS fiscal intermediary where the applicable beneficiary or family fiscal year deductible was met. Such deductible certificate must be attached to the current claim being submitted for benefits. Failure to obtain a deductible certificate under such circumstances will result in a second beneficiary or family fiscal year deductible being applied. However, this second deductible may be reimbursed once appropriate documentation, as described in paragraph (f)(2)(i)(F) of this section, is supplied to the CHAMPUS fiscal intermediary applying the second deductible.

(G) Notwithstanding the dates specified in paragraphs (f)(2)(i)(A) and (f)(B)(2)(i) of this section in the case of dependents of active duty members of rank E–5 or above with Persian Gulf Conflict service, dependents of service members who were killed in the Gulf, or who died subsequent to Gulf service, and of members who retired prior to October 1, 1991, after having served in the Gulf War, the deductible shall be the amount specified in paragraph (f)(2)(i)(A) of this section for care rendered prior to October 1, 1991, and the amount specified in paragraph (f)(2)(i)(B) of this section for care rendered on or after October 1, 1991.

(H) The Director, TRICARE Management Activity, may waive the annual individual or family fiscal year deductible for dependents of a Reserve Component member who is called or ordered to active duty for a period of more than 30 days but less than one year or a National guard member who is called or ordered to full-time federal National guard duty for a period of more than 30 days but less than one

year, in support of a contingency operation (as defined in 10 U.S.C. 101(a)(13)). For purposes of this paragraph, a dependent is a lawful husband or wife of the member and a child as defined in paragraphs (b)(2)(ii)(A) through (F) and (b)(2)(ii)(H)(*1*), (*2*) and (*4*) of Part 199.3.

(ii) *Inpatient cost-sharing.* Dependents of members of the Uniformed Services are responsible for the payment of the first $25 of the allowable institutional costs incurred with each covered inpatient admission to a hospital or other authorized institutional provider (refer to §199.6 of the part), or the amount the beneficiary or sponsor would have been charged had the inpatient care been provided in a Uniformed Service hospital, whichever is greater.

NOTE: The Secretary of Defense (after consulting with the Secretary of Health and Human Services and the Secretary of Transportation) prescribes the fair charges for inpatient hospital care provided through Uniformed Services medical facilities. This determination is made each fiscal year.

(A) *Inpatient cost-sharing payable with each separate inpatient admission.* A separate cost-sharing amount (as described in paragraph (f)(2) of this section) is payable for each inpatient admission to a hospital or other authorized institution, regardless of the purpose of the admission (such as medical or surgical), regardless of the number of times the beneficiary is admitted, and regardless of whether or not the inpatient admissions are for the same or related conditions; except that successive inpatient admissions shall be deemed one inpatient confinement for the purpose of computing the inpatient cost-share payable, provided not more than 60 days have elapsed between the successive admissions. However, notwithstanding this provision, all admissions related to a single maternity episode shall be considered one confinement, regardless of the number of days between admissions (refer to paragraph (b) of this section).

(B) *Multiple family inpatient admissions.* A separate cost-sharing amount is payable for each inpatient admission, regardless of whether or not two or more beneficiary members of a family are admitted at the same time or from the same cause (such as an accident). A separate beneficiary inpatient cost-sharing amount must be applied for each separate admission on each beneficiary member of the family.

(C) *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.

(D) *Inpatient cost-sharing for mental health services.* For care provided on or after October 1, 1995, the inpatient cost-sharing for mental health services is $20 per day for each day of the inpatient admission. This $20 per day cost sharing amount applies to admissions to any hospital for mental health services, any residential treatment facility, any substance abuse rehabilitation facility, and any partial hospitalization program providing mental health or substance use disorder rehabilitation services.

(iii) *Outpatient cost-sharing.* Dependents of members of the Uniformed Services 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)(i) of this section) for otherwise covered services or supplies provided on an outpatient basis by authorized providers.

(iv) *Ambulatory surgery.* Notwithstanding the above provisions pertaining to outpatient cost-sharing, dependents of members of the Uniformed Services 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.

(v) *Psychiatric partial hospitalization services.* Institutional and professional services provided under the psychiatric

partial hospitalization program authorized by paragraph (b)(10) of this section shall be cost shared as inpatient services.

(vi) *Transitional Assistance Management Program (TAMP).* Members of the Armed Forces (and their family members) who are eligible for TAMP under paragraph 199.3(e) of this Part are subject to the same beneficiary or sponsor liability as family members of members of the uniformed services described in this paragraph (f)(2).

(3) *Former members and dependents of former members.* CHAMPUS beneficiary liability set forth for former members and dependents of former members is as follows:

(i) *Annual fiscal year deductible for outpatient services or supplies.* The annual fiscal year deductible for otherwise covered outpatient services or supplies provided former members and dependents of former members 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)(i)(A) or (B) of this section).

(ii) *Inpatient cost-sharing.* Cost-sharing amounts for inpatient services shall be as follows:

(A) *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 by the total number of days in 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, in the aggregate, the 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 OCHAMPUS.

(B) *Services subject to the CHAMPUS 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 §199.14(a)(2). 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 percent of the per diem adjusted so that total beneficiary cost shares will equal 25 percent of total payments under the mental health per diem payment system. These fixed daily amount shall be updated annually and published in the FEDERAL REGISTER along with the per diems published pursuant to §199.14(a)(2)(iv)(B).

(C) *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.

(iii) *Outpatient cost-sharing.* Former members and dependents of former members 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)(i) of this section) for otherwise covered services or supplies provided on an outpatient basis by authorized providers.

(iv) *Psychiatric partial hospitalization services.* Institutional and professional services provided under the psychiatric partial hospitalization program authorized by paragraph (b)(10) of this section shall be cost shared as inpatient services.

(4) *Former spouses.* CHAMPUS beneficiary liability for former spouses eligible under the provisions set forth in §199.3 of this part is as follows:

(i) *Annual fiscal year deductible for outpatient services or supplies.* An eligible former spouse is responsible for the payment of the first $150.00 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.

(ii) *Inpatient cost-sharing.* Eligible former spouses are responsible for payment of cost-sharing amounts the same as those required for former members and dependents of former members.

(iii) *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 paragraph (p) of §199.1, for general requirements of the Military-Civilian Health Services Partnership Program.)

(i) *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.

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

(6)–(7) [Reserved]

(8) *Cost-sharing for services provided under special discount arrangements*—(i) *General rule.* With respect to services determined by the Director, OCHAMPUS (or designee) to be covered by §199.14(e), the Director, OCHAMPUS (or designee) has authority to establish, as an exception to the cost-sharing amount normally required pursuant to this section, a different cost-share amount that appropriately reflects the application of the statutory cost-share to the discount arrangement.

(ii) *Specific applications.* The following are examples of applications of the general rule; they are not all inclusive.

(A) 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 §199.14(e).

(B) 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 §199.14(a)(1) or per-diem amount under §199.14(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*—(i) *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 section.

(ii) *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.

(iii) *Remedies for noncompliance.* Potential remedies for noncompliance with this requirement include:

(A) 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.

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

(10) *Catastrophic loss protection for basic program benefits.* Fiscal year limits, or catastrophic caps, on the amounts beneficiaries are required to pay are established as follows:

(i) *Dependents of active duty members.* The maximum family liability is $1,000 for deductibles and cost-shares based on allowable charges for Basic Program

services and supplies received in a fiscal year.

(ii) *All other beneficiaries.* For all other categories of beneficiary families (including those eligible under CHAMPVA) the fiscal year cap is $3,000.

(iii) *Payment after cap is met.* After a family has paid the maximum cost-share and deductible amounts (dependents of active duty members $1,000 and all others $3,000), for a fiscal year, CHAMPUS will pay allowable amounts for remaining covered services through the end of that fiscal year.

NOTE TO PARAGRAPH (f)(10): Under the Defense Authorization Act for Fiscal Year 2001, the cap for beneficiaries other than dependents of active duty members was reduced from $7,500 to $3,000 effective October 30, 2000. Prior to this, the Defense Authorization Act for Fiscal Year 1993 reduced this cap from $10,000 to $7,500 on October 1, 1992. The cap remains at $1,000 for dependents of active duty members.

(11) *Beneficiary or sponsor liability under the Pharmacy Benefits Program.* Beneficiary or sponsor liability under the Pharmacy Benefits Program is addressed in § 199.21.

(g) *Exclusions and limitations.* In addition to any definitions, requirements, conditions, or limitations enumerated and described in other sections of this part, 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 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) tests 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 § 199.14, paragraph (f)(3).

(7) *Custodial care.* Custodial care as defined in § 199.2.

(8) *Domiciliary care.* Domiciliary care as defined in § 199.2.

(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 § 199.14.

(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) (refer to §199.8 of this part).

(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.

(15) *Unproven drugs, devices, and medical treatments or procedures.* By law, CHAMPUS can only cost-share medically necessary supplies and services. Any drug, device, or medical treatment or procedure, the safety and efficacy of which have not been established, as described in this paragraph (g)(15), is unproved and cannot be cost-shared by CHAMPUS except as authorized under paragraph 199.4(e)(26) of this part.

(i) A drug, device, or medical treatment or procedure is unproven:

(A) If the drug or device cannot be lawfully marketed without the approval or clearance of the United States Food and Drug Administration (FDA) and approval or clearance for marketing has not been given at the time the drug or device is furnished to the patient.

NOTE: Although the use of drugs and medicines not approved by the FDA for commercial marketing, that is for use by humans, (even though permitted for testing on humans) is excluded from coverage as unproven, drugs grandfathered by the Federal Food, Drug and Cosmetic Act of 1938 may be covered by CHAMPUS as if FDA approved.

Certain cancer drugs, designated as Group C drugs (approved and distributed by the National Cancer Institute) and Treatment Investigational New Drugs (INDs), are not covered under CHAMPUS because they are not approved for commercial marketing by the FDA. However, medical care related to the use of Group C drugs and Treatment INDs can be cost-shared under CHAMPUS when the patient's medical condition warrants their administration and the care is provided in accordance with generally accepted standards of medical practice.

CHAMPUS can also consider coverage of *unlabeled* or *off-label* uses of drugs that are Food and Drug Administration (FDA) approved drugs that are used for indications or treatments not included in the approved labeling. Approval for reimbursement of *unlabeled* or *off-label* uses requires review for medical necessity, and also requires demonstrations from medical literature, national organizations, or technology assessment bodies that the *unlabeled* or *off-label* use of the drug is safe, effective and in accordance with nationally accepted standards of practice in the medical community.

(B) If a medical device (as defined by 21 U.S.C. 321(h)) with an Investigational Device Exemption (IDE) approved by the Food and Drug Administration is categorized by the FDA as experimental/investigational (FDA Category A).

NOTE: CHAMPUS will consider for coverage a device with an FDA-approved IDE categorized by the FDA as non-experimental/investigational (FDA Category B) for CHAMPUS beneficiaries participating in FDA approved clinical trials. Coverage of any such Category B device is dependent on its meeting all other requirements of the laws and rules governing CHAMPUS and upon the beneficiary involved meeting the FDA-approved IDE study protocols.

(C) Unless reliable evidence shows that any medical treatment or procedure has been the subject of well-controlled studies of clinically meaningful endpoints, which have determined its maximum tolerated dose, its toxicity, its safety, and its efficacy as compared with standard means of treatment or diagnosis. (See the definition of *reliable evidence* in §199.2 of this part for the procedures used in determining if a medical treatment or procedure is unproven.)

(D) If reliable evidence shows that the consensus among experts regarding the medical treatment or procedure is that further studies or clinical trials are necessary to determine its maximum tolerated doses, its toxicity, its safety, or its effectiveness as compared with the standard means of treatment or diagnosis (see the definition of reliable evidence in §199.2 for the procedures used in determining if a medical treatment or procedure is unproven).

(ii) CHAMPUS benefits for rare diseases are reviewed on a case-by-case basis by the Director, Office of CHAMPUS, or a designee. In reviewing the case, the Director, or a designee, may consult with any or all of the following sources to determine if the proposed therapy is considered safe and effective:

(A) Trials published in refereed medical literature.

(B) Formal technology assessments.

(C) National medical policy organization positions.

(D) National professional associations.

(E) National expert opinion organizations.

(iii) *Care excluded.* This exclusion from benefits includes all services directly related to the unproven drug, device, or medical treatment or procedure. However, CHAMPUS may cover services or supplies when there is no logical or causal relationship between the unproven drug, device or medical treatment or procedure and the treatment at issue or where such a logical or causal relationship cannot be established with a sufficient degree of certainty. This CHAMPUS coverage is authorized in the following circumstances:

(A) Treatment that is not related to the unproven drug, device or medical treatment or procedure; e.g., medically necessary in the absence of the unproven treatment.

(B) Treatment which is necessary follow-up to the unproven drug, device or medical treatment or procedure but which might have been necessary in the absence of the unproven treatment.

(iv) *Examples of unproven drugs, devices or medical treatments or procedures.* This paragraph (g)(15)(iv) consists of a partial list of unproven drugs, devices or medical treatment or procedures. These are excluded from CHAMPUS program benefits. This list is not all inclusive. Other unproven drugs, devices or medical treatments or procedures, are similarly excluded, although they do not appear on this partial list. This partial list will be reviewed and updated periodically as new information becomes available. With respect to any procedure included on this partial list, if and when the Director, OCHAMPUS determines that based on reliable evidence (as defined in section 199.2) such procedure has proven medical effectiveness, the Director will initiate action to remove the procedure from this partial list of unproven drugs, devices or medical treatment or procedures. From the date established by the Director as the date the procedure has established proven medical effectiveness until the date the regulatory change is made to remove the procedures from the partial list of unproven drugs, devices or medical treatment or procedures the Director, OCHAMPUS will suspend treatment of the procedure as unproven drugs, devices, or medical treatments or procedures. Following is the non-inclusive, partial list of unproven drugs, devices or medical treatment or procedures, all of which are excluded from CHAMPUS benefits:

(A) Radial keratotomy (refractive keratoplasty).

(B) Cellular therapy.

(C) Histamine therapy.

(D) Stem cell assay, a laboratory procedure which allows a determination to be made of the type and dose of cancer chemotherapy drugs to be used, based on in vitro analysis of their effects on cancer cells taken from an individual.

(E) Topical application of oxygen.

(F) Immunotherapy for malignant disease, except when using drugs approved by the FDA for this purpose.

(G) Prolotherapy, joint sclerotherapy, and ligamentous injections with sclerosing agents.

(H) Transcervical block silicone plug.

(I) Whole body hyperthermia in the treatment of cancer.

(J) Portable nocturnal hypoglycemia detectors.

(K) Testosterone pellet implants in the treatment of females.

(L) Estradiol pellet implants.

(M) Epikeratophakia for treatment of aphakia and myopia.

(N) Bladder stimulators.

(O) Ligament replacement with absorbable copolymer carbon fiber scaffold.

(P) Intraoperative radiation therapy.

(Q) Gastric bubble or balloon.

(R) Dorsal root entry zone (DREZ) thermocoagulation or micorcoagulation neurosurgical procedure.

(S) Brain electrical activity mapping (BEAM).

(T) Topographic brain mapping (TBM) procedure.

(U) Ambulatory blood pressure monitoring.

(V) Bilateral carotoid body resection to relieve pulmonary system.

(W) Intracavitary administration of cisplatin for malignant disease.

(X) Cervicography.

(Y) In-home uterine activity monitoring for the purpose of preventing preterm labor and/or delivery.

(Z) Sperm evaluation, hamster penetration test.

(AA) Transfer factor (TF).

(BB) Continuous ambulatory esophageal pH monitoring (CAEpHM) is considered unproven for patients under age 12 for all indications, and for patients over age 12 for sleep apnea.

(CC) Adrenal-to-brain transplantation for Parkinson's disease.

(DD) Videofluoroscopy evaluation in speech pathology.

(EE) Applied kinesiology.

(FF) Hair analysis to identify mineral deficiencies from the chemical composition of the hair. Hair analysis testing may be reimbursed when necessary to determine lead poisoning.

(GG) Iridology (links flaws in eye coloration with disease elsewhere in the body).

(HH) Small intestinal bypass (jejunoileal bypass) for treatment of morbid obesity.

(II) Biliopancreatic bypass.

(JJ) Gastric wrapping/gastric banding.

(KK) Calcium EAP/calcium orotate and selenium (also known as Nieper therapy)—Involves inpatient care and use of calcium compounds and other non-FDA approved drugs and special diets. Used for cancer, heart disease, diabetes, and multiple sclerosis.

(LL) Percutaneous balloon valvuloplasty for mitral and tricuspid valve stenosis.

(MM) Amniocentesis performed for ISO immunization to the ABO blood antigens.

(NN) Balloon dilatation of the prostate.

(OO) Helium in radiosurgery.

(PP) Electrostimulation of salivary production in the treatment of xerostomia secondary to Sjogren's syndrome.

(QQ) Intraoperative monitoring of sensory evoked potentials (SEP). To include visually evoked potentials, brainstem auditory evoked response, somatosensory evoked potentials during spinal and orthopedic surgery, and sensory evoked potentials monitoring of the sciatic nerve during total hip replacement. Recording SEPs in unconscious head injured patients to assess the status of the somatosensory system. The use of SEPs to define conceptional or gestational age in preterm infants.

(RR) Autolymphocyte therapy (ALT) (immunotherapy used for treating metastatic kidney cancer patients).

(SS) Radioimmunoguided surgery in the detection of cancer.

(TT) Gait analysis (also known as a walk study or electrodynogram)

(UU) Use of cerebellar stimulators/pacemakers for the treatment of neurologic disorders.

(VV) Signal-averaged ECG.

(WW) Peri-urethal Teflon injections to manage urinary incontinence.

(XX) Extraoperative electrocorticography for stimulation and recording

(YY) Quantitative computed tomography (QCT) for the detection and monitoring of osteoporosis.

(ZZ) [Reserved]

(AAA) Percutaneous transluminal angioplasty in the treatment of obstructive lesions of the carotoid, vertebral and cerebral arteries.

(BBB) Endoscopic third ventriculostomy.

(CCC) Holding therapy—Involves holding the patient in an attempt to achieve interpersonal contact, and to improve the patient's ability to concentrate on learning tasks.

(DDD) In utero fetal surgery.

(EEE) Light therapy for seasonal depression (also known as seasonal affective disorder (SAD)).

(FFF) Dorsal column and deep brain electrical stimulation of treatment of motor function disorder.

(GGG) Chelation therapy, except with products and for indications approved by the FDA.

(HHH) All organ transplants *except* heart, heart-lung, lung, kidney, some

bone marrow, liver, liver-kidney, corneal, heart-valve, and kidney-pancreas transplants for Type I diabetics with chronic renal failure who require kidney transplants.

(III) Implantable infusion pumps, *except* for treatment of spasticity, chronic intractable pain, and hepatic artery perfusion chemotherapy for the treatment of primary liver cancer or metastic colorectal liver cancer.

(JJJ) Services related to the candidiasis hypersensitivity syndrome, yeast syndrome, or gastrointestinal candidiasis (i.e., allergenic extracts of Candida albicans for immunotherapy and/or provocation/neutralization).

(KKK) Treatment of chronic fatigue syndrome.

(LLL) Extracorporeal immunoadsorption using protein A columns for conditions other than acute idopathic thrombocytopenia purpura.

(MMM) Dynamic posturography (both static and computerized).

(NNN) Laparoscopic myomectomy.

(OOO) Growth factor, including platelet-derived growth factors, for treating non-healing wounds. This includes Procurene®, a platelet-derived wound-healing formula.

(PPP) High dose chemotherapy with stem cell rescue (HDC/SCR) for any of the following malignancies:

(*1*) Breast cancer, except for metastic breast cancer that has relapsed after responding to a first line treatment.

(*2*) Ovarian cancer.

(*3*) Testicular cancer.

(16) *Immediate family, household.* Services or supplies provided or prescribed by a member of the beneficiary's immediate family, or a person living in the beneficiary's or sponsor's household.

(17) *Double coverage.* Services and supplies that are (or are eligible to be) payable under another medical insurance or program, either private or governmental, such as coverage through employment or Medicare (refer to §199.8 of this part).

(18) *Nonavailability Statement required.* Services and supplies provided under circumstances or in geographic locations requiring a Nonavailability Statement (DD Form 1251), when such a statement was not obtained.

(19) *Preauthorization required.* Services or supplies which require preauthorization if preauthorization was not obtained. Services and supplies which were not provided according to the terms of the preauthorization. The Director, OCHAMPUS, or a designee, may grant an exception to the requirement for preauthorization if the services otherwise would be payable except for the failure to obtain preauthorization.

(20) *Psychoanalysis or psychotherapy, part of education.* Psychoanalysis or psychotherapy provided to a beneficiary or any member of the immediate family that is credited towards earning a degree or furtherance of the education or training of a beneficiary or sponsor, regardless of diagnosis or symptoms that may be present.

(21) *Runaways.* Inpatient stays primarily to control or detain a runaway child, whether or not admission is to an authorized institution.

(22) *Services or supplies ordered by a court or other government agency.* Services or supplies, including inpatient stays, directed or agreed to by a court or other governmental agency. However, those services and supplies (including inpatient stays) that otherwise are medically or psychologically necessary for the diagnosis or treatment of a covered condition and that otherwise meet all CHAMPUS requirements for coverage are not excluded.

(23) *Work-related (occupational) disease or injury.* Services and supplies required as a result of occupational disease or injury for which any benefits are payable under a worker's compensation or similar law, whether or not such benefits have been applied for or paid; except if benefits provided under such laws are exhausted.

(24) *Cosmetic, reconstructive, or plastic surgery.* Services and supplies in connection with cosmetic, reconstructive, or plastic surgery except as specifically provided in paragraph (e)(8) of this section.

(25) *Surgery, psychological reasons.* Surgery performed primarily for psychological reasons (such as psychogenic).

(26) *Electrolysis.*

(27) *Dental care.* Dental care or oral surgery, except as specifically provided in paragraph (e)(10) of this section.

(28) *Obesity, weight reduction.* Services and supplies related to obesity or weight reduction whether surgical or nonsurgical; wiring of the jaw or any procedure of similar purpose, regardless of the circumstances under which performed; except that benefits may be provided for the gastric bypass, gastric stapling, or gastroplasty procedures in connection with morbid obesity as provided in paragraph (e)(15) of this section.

(29) *Transsexualism or such other conditions as gender dysphoria.* Services and supplies related to transsexualism or such other conditions as gender dysphoria (including, but not limited, to intersex surgery, psychotherapy, and prescription drugs), except as specifically provided in paragraph (e)(7) of this section.

(30) *Therapy or counseling for sexual dysfunctions or sexual inadequacies.* Sex therapy, sexual advice, sexual counseling, sex behavior modification, psychotherapy for mental disorders involving sexual deviations (i.e., transvestic fetishm), or other similar services, and any supplies provided in connection with therapy for sexual dysfunctions or inadequacies.

(31) *Corns, calluses, and toenails.* Removal of corns or calluses or trimming of toenails and other routine podiatry services, except those required as a result of a diagnosed systemic medical disease affecting the lower limbs, such as severe diabetes.

(32) *Dyslexia.*

(33) *Surgical sterilization, reversal.* Surgery to reverse surgical sterilization procedures.

(34) *Noncoital reproductive procedures including artifical insemination, in-vitro fertilization, gamete intrafallopian transfer and all other such reproductive technologies.* Services and supplies related to artificial insemination (including semen donors and semen banks), invitro fertilization, gamete intrafallopian transfer and all other noncoital reproductive technologies.

(35) *Nonprescription contraceptives.*

(36) *Tests to determine paternity or sex of a child.* Diagnostic tests to establish paternity of a child; or tests to determine sex of an unborn child.

(37) *Preventive care.* Preventive care, such as routine, annual, or employment-requested physical examinations; routine screening procedures; except that the following are not excluded:

(i) Well-child care.

(ii) Immunizations for individuals age six and older, as recommended by the CDC.

(iii) Rabies shots.

(iv) Tetanus shot following an accidental injury.

(v) Rh immune globulin.

(vi) Genetic tests as specified in paragraph (e)(3)(ii) of this section.

(vii) 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 duty member's assignment and such travel is being performed under orders issued by a Uniformed Service.

(viii) Screening mammography for asymptomatic women 40 years of age and older, and for high risk women 35 years of age and older, when provided under the terms and conditions contained in the guidelines adopted by the Deputy Assistant Secretary of Defense, Health Services Financing.

(ix) Cancer screening Papanicolaou (PAP) test for women who are at risk for sexually transmissible diseases, women who have or have had multiple sexual partners (or if their partner has or has had multiple sexual partners), women who smoke cigarettes, and women 18 years of age and older when provided under the terms and conditions contained in the guidelines adopted by the Deputy Assistant Secretary of Defense, Health Services Financing.

(x) Other cancer screenings authorized by 10 U.S.C. 1079.

(xi) Health promotion and disease prevention visits (which may include all of the services provided pursuant to §199.18(b)(2)) may be provided in connection with immunizations and cancer screening examinations authorized by paragraphs (g)(37)(ii) of this section or (g)(37)(viii) through (x) of this section.

(xii) Physical examinations for beneficiaries ages 5 through 11 that are required in connection with school enrollment, and that are provided on or after October 30, 2000.

(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, and counseling for socioeconomic purposes, diabetic self-education programs, stress management, lifestyle 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 §199.6. Services provided by alcoholism rehabilitation 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/hair pieces/cranial prosthesis.*

NOTE: In accordance with section 744 of the DoD Appropriation Act for 1981 (Pub. L. 96–527), CHAMPUS coverage for wigs or hairpieces 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.

(i) *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).

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

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

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

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

(D) 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 §199.4, paragraph (b)(1)(v) 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) [Reserved]

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

(47) *Eye and hearing examinations.* Eye and hearing examinations except as specifically provided in paragraphs (c)(2)(xvi), (c)(3)(xi), and (e)(24) of this section, or except when rendered in connection with medical or surgical treatment of a covered illness or injury.

(48) *Prosthetic devices.* Prostheses other than those determined by the Director, OCHAMPUS to be necessary because of significant conditions resulting from trauma, congenital anomalies, or disease. 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 paragraph (e)(6) of this section.

(51) *Hearing aids.* Hearing aids or other auditory sensory enhancing devices, except those allowed in paragraph (e)(24) of this section.

(52) *Telephone services.* Services or advice rendered by telephone are excluded, except that a diagnostic or monitoring procedure which incorporates electronic transmission of data or remote detection and measurement of a condition, activity, or function (biotelemetry) is not excluded when:

(i) The procedure without electronic transmission of data or biotelemetry is otherwise an explicit or derived benefit of this section; and

(ii) The addition of electronic transmission of data or biotelemetry to the procedure is found by the Director, CHAMPUS, or designee, to be medically necessary and appropriate medical care which usually improves the efficiency of the management of a clinical condition in defined circumstances; and

(iii) That each data transmission or biotelemetry device incorporated into a procedure that is otherwise an explicit or derived benefit of this section, has been classified by the U.S. Food and Drug Administration, either separately or as a part of a system, for use consistent with the defined circumstances in paragraph (g)(52)(ii) of this section.

(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.

(58) *Enuretic.* Enuretic conditioning programs, but enuretic alarms may be cost-shared when determined to be medically necessary in the treatment of enuresis.

(59) *Duplicate equipment.* As defined in §199.2, duplicate equipment is excluded.

(60) *Autopsy and postmortem.*

(61) *Camping.* All camping even though organized for a specific therapeutic purpose (such as diabetic camp or a camp for emotionally disturbed children), and even though offered as a part of an otherwise covered treatment plan or offered through a CHAMPUS-approved facility.

(62) *Housekeeper, companion.* Housekeeping, homemaker, or attendant services; sitter or companion.

(63) *Noncovered condition, unauthorized provider.* All services and supplies (including inpatient institutional costs) related to a noncovered condition or treatment, or provided by an unauthorized provider.

(64) *Comfort or convenience.* Personal, comfort, or convenience items such as beauty and barber services, radio, television, and telephone.

(65) *''Stop smoking'' programs.* Services and supplies related to ''stop smoking'' regimens.

(66) *Megavitamin psychiatric therapy, orthomolecular psychiatric therapy.*

(67) *Transportation.* All transportation except by ambulance, as specifically provided under paragraph (d), and except as authorized in paragraph (e)(5) of this section.

(68) *Travel.* All travel even though prescribed by a physician and even if its purpose is to obtain medical care, except as specified in paragraph (a)(6) of this section in connection with a CHAMPUS-required physical examination and as specified in §199.17(n)(2)(vi).

(69) *Institutions.* Services and supplies provided by other than a hospital, unless the institution has been approved specifically by OCHAMPUS. Nursing homes, intermediate care facilities, halfway houses, homes for the aged, or institutions of similar purpose are excluded from consideration as approved facilities under the Basic Program.

NOTE: In order to be approved under CHAMPUS, an institution must, in addition to meeting CHAMPUS standards, provide a

level of care for which CHAMPUS benefits are payable.

(70)–(71) [Reserved]

(72) *Inpatient mental health services.* Effective for care received on or after October 1, 1991, services in excess of 30 days in any fiscal year (or in an admission), in the case of a patient nineteen years of age or older, 45 days in any fiscal year (or in an admission) in the case of a patient under 19 years of age, or 150 days in any fiscal year (or in an admission) in the case of inpatient mental health services provided as residential treatment care, unless coverage for such services is granted by a waiver by the Director, OCHAMPUS, or a designee. In cases involving the day limitations, waivers shall be handled in accordance with paragraphs (b)(8) or (b)(9) of this section. For services prior to October 1, 1991, services in excess of 60 days in any calendar year unless additional coverage is granted by the Director, OCHAMPUS, or a designee.

(73) *Economic interest in connection with mental health admissions.* Inpatient mental health services (including both acute care and RTC services) are excluded for care received when a patient is referred to a provider of such services by a physician (or other health care professional with authority to admit) who has an economic interest in the facility to which the patient is referred, unless a waiver is granted. Requests for waiver shall be considered under the same procedure and based on the same criteria as used for obtaining preadmission authorization (or continued stay authorization for emergency admissions), with the only additional requirement being that the economic interest be disclosed as part of the request. The same reconsideration and appeals procedures that apply to day limit waivers shall also apply to decisions regarding requested waivers of the economic interest exclusion. However, a provider may appeal a reconsidered determination that an economic relationship constitutes an economic interest within the scope of the exclusion to the same extent that a provider may appeal determination under §199.15(i)(3). This exclusion does not apply to services under the Extended Care Health Option (ECHO) in §199.5 or provided as partial hospital care. If a situation arises where a decision is made to exclude CHAMPUS payment solely on the basis of the provider's economic interest, the normal CHAMPUS appeals process will be available.

(74) *Not specifically listed.* Services and supplies not specifically listed as a benefit in this part. This exclusion is not intended to preclude extending benefits for those services or supplies specifically determined to be covered within the intent of this part by the Director, OCHAMPUS, or a designee, even though not otherwise listed.

NOTE: The fact that a physician may prescribe, order, recommend, or approve a service or supply does not, of itself, make it medically necessary or make the charge an allowable expense, even though it is not listed specifically as an exclusion.

(h) *Payment and liability for certain potentially excludable services under the Peer Review Organization program*—(1) *Applicability.* This subsection provides special rules that apply only to services retrospectively determined under the Peer Review organization (PRO) program (operated pursuant to §199.15) to be potentially excludable (in whole or in part) from the basic program under paragraph (g) of this section. Services may be excluded by reason of being not medically necessary (paragraph (g)(1) of this section), at an inappropriate level (paragraph (g)(3) of this section), custodial care (paragraph (g)(7) of this section) or other reason relative to reasonableness, necessity or appropriateness (which services shall throughout the remainder of this subsection, be referred to as ''not medically necessary''). (Also throughout the remainder of the subsection, ''services'' includes items and ''provider'' includes supplier). This paragraph does not apply to coverage determinations made by OCHAMPUS or the fiscal intermediaries which are not based on medical necessity determinations made under the PRO program.

(2) *Payment for certain potentially excludable expenses.* Services determined under the PRO program to be potentially excludable by reason of the exclusions in paragraph (g) of this section for not medically necessary services will not be determined to be excludable if neither the beneficiary to whom the

services were provided nor the provider (institutional or individual) who furnished the services knew, or could reasonably have been expected to know, that the services were subject to those exclusions. Payment may be made for such services as if the exclusions did not apply.

(3) *Liability for certain excludable services.* In any case in which items or services are determined excludable by the PRO program by reason of being not medically necessary and payment may not be made under paragraph (h)(2) of this section because the requirements of paragraph (h)(2) of this section are not met, the beneficiary may not be held liable (and shall be entitled to a full refund from the provider of the amount excluded and any cost share amount already paid) if:

(i) The beneficiary did not know and could not reasonably have been expected to know that the services were excludable by reason of being not medically necessary; and

(ii) The provider knew or could reasonably have been expected to know that the items or services were excludable by reason of being not medically necessary.

(4) *Criteria for determining that beneficiary knew or could reasonably have been expected to have known that services were excludable.* A beneficiary who receives services excludable by reason of being not medically necessary will be found to have known that the services were excludable if the beneficiary has been given written notice that the services were excludable or that similar or comparable services provided on a previous occasion were excludable and that notice was given by the OCHAMPUS, CHAMPUS PRO or fiscal intermediary, a group or committee responsible for utilization review for the provider, or the provider who provided the services.

(5) *Criteria for determining that provider knew or could reasonably have been expected to have known that services were excludable.* An institutional or individual provider will be found to have known or been reasonably expected to have known that services were excludable under this subsection under any one of the following circumstances:

(i) The PRO or fiscal intermediary had informed the provider that the services provided were excludable or that similar or reasonably comparable services were excludable.

(ii) The utilization review group or committee for an institutional provider or the beneficiary's attending physician had informed the provider that the services provided were excludable.

(iii) The provider had informed the beneficiary that the services were excludable.

(iv) The provider had received written materials, including notices, manual issuances, bulletins, guides, directives or other materials, providing notification of PRO screening criteria specific to the condition of the beneficiary. Attending physicians who are members of the medical staff of an institutional provider will be found to have also received written materials provided to the institutional provider.

(v) The services that are at issue are the subject of what are generally considered acceptable standards of practice by the local medical community.

(vi) Preadmission authorization was available but not requested, or concurrent review requirements were not followed.

[51 FR 24008, July 1, 1986]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting §199.4, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

§199.5 TRICARE Extended Care Health Option (ECHO).

(a) *General.* (1) The TRICARE ECHO is essentially a supplemental program to the TRICARE Basic Program. It does not provide acute care nor benefits available through the TRICARE Basic Program.

(2) The purpose of the ECHO is to provide an additional financial resource for an integrated set of services and supplies designed to assist in the reduction of the disabling effects of the ECHO-eligible dependent's qualifying condition. Services include those necessary to maintain, minimize or prevent deterioration of function of an ECHO-eligible dependent.

(b) *Eligibility*. (1) The following categories of TRICARE/CHAMPUS beneficiaries with a qualifying condition are ECHO-eligible dependents:

(i) A spouse, child, or unmarried person (as described in §199.3(b)(2)(i), (b)(2)(ii), or (b)(2)(iv)) of a member of the Uniformed Services on active duty for a period of more than 30 days.

(ii) An abused dependent as described in §199.3(b)(2)(iii).

(iii) A spouse, child, or unmarried person (as described in §199.3(b)(2)(i), (b)(2)(ii), or (b)(2)(iv)), of a member of the Uniformed Services who dies while on active duty for a period of more than 30 days and whose death occurs on or after October 7, 2001. In such case, an eligible surviving spouse remains eligible for benefits under the ECHO for a period of 3 years from the date the active duty sponsor dies. Any other eligible surviving dependent remains eligible for benefits under the ECHO for a period of three years from the date the active duty sponsor dies or until the surviving eligible dependent:

(A) Attains 21 years of age, or

(B) Attains 23 years of age or ceases to pursue a full-time course of study prior to attaining 23 years of age, if, at 21 years of age, the eligible surviving dependent is enrolled in a full-time course of study in a secondary school or in a full-time course of study in an institution of higher education approved by Secretary of Defense and was, at the time of the sponsor's death, in fact dependent on the member for over one-half of such dependent's support.

(iv) A spouse, child, or unmarried person (as defined in paragraphs §199.3(b)(2)(i), (b)(2)(ii), or (b)(2)(iv)) of a deceased member of the Uniformed Services who, at the time of the member's death was receiving benefits under ECHO, and the member at the time of death was eligible for receipt of hostile-fire pay, or died as a result of a disease or injury incurred while eligible for such pay. In such a case, the surviving dependent remains eligible for benefits under ECHO through midnight of the dependent's twenty-first birthday.

(2) *Qualifying condition*. The following are qualifying conditions:

(i) *Mental retardation*. A diagnosis of moderate or severe mental retardation made in accordance with the criteria of the current edition of the ''Diagnostic and Statistical Manual of Mental Disorders'' published by the American Psychiatric Association.

(ii) *Serious physical disability*. A serious physical disability as defined in §199.2.

(iii) *Extraordinary physical or psychological condition*. An extraordinary physical or psychological condition as defined in §199.2.

(iv) *Infant/toddler*. Beneficiaries under the age of 3 years who are diagnosed with a neuromuscular developmental condition or other condition that is expected to precede a diagnosis of moderate or severe mental retardation or a serious physical disability, shall be deemed to have a qualifying condition for the ECHO. The Director, TRICARE Management Activity or designee shall establish criteria for ECHO eligibility in lieu of the requirements of paragraphs (b)(2)(i), (ii) or (iii) of this section.

(v) *Multiple disabilities*. The cumulative effect of multiple disabilities, as determined by the Director, TRICARE Management Activity or designee shall be used in lieu of the requirements of paragraphs (b)(2)(i), (ii) or (iii) of this section to determine a qualifying condition when the beneficiary has two or more disabilities involving separate body systems.

(3) *Loss of ECHO eligibility*. Eligibility for ECHO benefits ceases as of 12:01 a.m. of the day following the day that:

(i) The sponsor ceases to be an active duty member for any reason other than death; or

(ii) Eligibility based upon the abused dependent provisions of paragraph (b)(1)(ii) of this section expires; or

(iii) Eligibility based upon the deceased sponsor provisions of paragraphs (b)(1)(iii) or (iv) of this section expires; or

(iv) Eligibility based upon a beneficiary's participation in the Transitional Assistance Management Program ends; or

(v) The Director, TRICARE Management Activity or designee determines that the beneficiary no longer has a qualifying condition.

(4) *Continuity of eligibility.* A TRICARE beneficiary who has an outstanding Program for Persons with Disabilities (PFPWD) benefit authorization on the date of implementation of the ECHO program shall continue receiving such services for the duration of that authorization period provided the beneficiary remains eligible for the PFPWD. Upon termination of an existing PFPWD authorization, of if the beneficiary seeks benefits under this section before such termination, the beneficiary shall establish eligibility for the ECHO in accordance with this section.

(c) *ECHO benefit.* Items and services that the Director, TRICARE Management Activity or designee has determined are capable of confirming, arresting, or reducing the severity of the disabling effects of a qualifying condition, includes, but are not limited to:

(1) Diagnostic procedures to establish a qualifying condition or to measure the extent of functional loss resulting from a qualifying condition.

(2) Medical, habilitative, rehabilitative services and supplies, durable equipment that is related to the qualifying condition. Benefits may be provided in the beneficiary's home or other environment as appropriate.

(3) Training that teaches the use of assistive technology devices or to acquire skills that are necessary for the management of the qualifying condition. Such training is also authorized for the beneficiary's immediate family. Vocational training, in the beneficiary's home or a facility providing such, is also allowed.

(4) Special education as provided by the Individuals with Disabilities Education Act and defined at 34 CFR 300.26 and that is specifically designed to accommodate the disabling effects of the qualifying condition.

(5) Institutional care within a state, as defined in §199.2, in private nonprofit, public, and state institutions and facilities, when the severity of the qualifying condition requires protective custody or training in a residential environment. For the purpose of this section protective custody means residential care that is necessary when the severity of the qualifying condition is such that the safety and well-being of the beneficiary or those who come into contact with the beneficiary may be in jeopardy without such care.

(6) Transportation of an ECHO beneficiary, and a medical attendant when necessary to assure the beneficiary's safety, to or from a facility or institution to receive authorized ECHO services or items.

(7) *Respite care.* ECHO beneficiaries are eligible for 16 hours of respite care per month in any month during which the beneficiary otherwise receives an ECHO benefit(s). Respite care is defined in §199.2. Respite care services will be provided by a TRICARE-authorized home health agency and will be designed to provide health care services for the covered beneficiary, and not baby-sitting or child-care services for other members of the family. The benefit will not be cumulative, that is, any respite care hours not used in one month will not be carried over or banked for use on another occasion.

(i) TRICARE-authorized home health agencies must provide and bill for all authorized ECHO respite care services through established TRICARE claims' mechanisms. No special billing arrangements will be authorized in conjunction with coverage that may be provided by Medicaid or other federal, state, community or private programs.

(ii) For authorized ECHO respite care, TRICARE will reimburse the allowable charges or negotiated rates.

(iii) The Government's cost-share incurred for these services accrue to the maximum monthly benefits of $2,500.

(8) *Other services.* (i) *Assistive services.* Services of qualified personal assistants, such as an interpreter or translator for ECHO beneficiaries who are deaf or mute and readers for ECHO beneficiaries who are blind, when such services are necessary in order for the ECHO beneficiary to receive authorized ECHO benefits.

(ii) *Equipment adaptation.* The allowable equipment purchase shall include such services and modifications to the equipment as necessary to make the equipment useable for a particular ECHO beneficiary.

(iii) *Equipment maintenance.* Reasonable repairs and maintenance of beneficiary owned or rented durable equipment provided by this section shall be

allowed while a beneficiary is registered in the ECHO.

(d) *ECHO Exclusions*—(1) *Basic Program.* Benefits allowed under the TRICARE Basic Program will not be provided through the ECHO.

(2) *Inpatient care.* Inpatient acute care for medical or surgical treatment of an acute illness, or of an acute exacerbation of the qualifying condition, is excluded.

(3) *Structural alterations.* Alterations to living space and permanent fixtures attached thereto, including alterations necessary to accommodate installation of equipment or to facilitate entrance or exit, are excluded.

(4) *Homemaker services.* Services that predominantly provide assistance with household chores are excluded.

(5) *Dental care or orthodontic treatment.* Both are excluded.

(6) *Deluxe travel or accommodations.* The difference between the price for travel or accommodations that provide services or features that exceed the requirements of the beneficiary's condition and the price for travel or accommodations without those services or features is excluded.

(7) *Equipment.* Purchase or rental of durable equipment that is otherwise allowed by this section is excluded when:

(i) The beneficiary is a patient in an institution or facility that ordinarily provides the same type of equipment to its patients at no additional charge in the usual course of providing services; or

(ii) The item is available to the beneficiary from a Uniformed Services Medical Treatment Facility; or

(iii) The item has deluxe, luxury, immaterial or nonessential features that increase the cost to the Department relative to a similar item without those features; or

(iv) The item is duplicate equipment as defined in §199.2.

(8) *Maintenance agreements.* Maintenance agreements for beneficiary owned or rented equipment are excluded.

(9) *No obligation to pay.* Services or items for which the beneficiary or sponsor has no legal obligation to pay are excluded.

(10) *Public facility or Federal government.* Services or items paid for, or eligible for payment, directly or indirectly by a public facility, as defined in §199.2, or by the Federal government, other than the Department of Defense, are excluded for training, rehabilitation, special education, assistive technology devices, institutional care in private nonprofit, public, and state institutions and facilities, and if appropriate, transportation to and from such institutions and facilities, except when such services or items are eligible for payment under a state plan for medical assistance under Title XIX of the Social Security Act (Medicaid). Rehabilitation and assistive technology services or supplies may be available under the TRICARE Basic Program.

(11) *Study, grant, or research programs.* Services and items provided as a part of a scientific clinical study, grant, or research program are excluded.

(12) *Unproven status.* Drugs, devices, medical treatments, diagnostic, and therapeutic procedures for which the safety and efficacy have not been established in accordance with §199.4 are excluded.

(13) *Immediate family or household.* Services or items provided or prescribed by a member of the beneficiary's immediate family, or a person living in the beneficiary's or sponsor's household, are excluded.

(14) *Court or agency ordered care.* Services or items ordered by a court or other government agency, which are not otherwise an allowable ECHO benefit, are excluded.

(15) *Excursions.* Excursions are excluded regardless of whether or not they are part of a program offered by a TRICARE-authorized provider. The transportation benefit available under ECHO is specified elsewhere in this section.

(16) *Drugs and medicines.* Drugs and medicines that do not meet the requirements of §199.4 or §199.21 are excluded.

(17) *Therapeutic absences.* Therapeutic absences from an inpatient facility or from home for a homebound beneficiary are excluded.

(18) *Custodial care.* Custodial care, as defined in §199.2 is not a stand-alone benefit. Services generally rendered as custodial care may be provided only as specifically set out in this section.

(19) *Domiciliary care.* Domiciliary care, as defined in §199.2, is excluded.

(20) *Respite care.* Respite care for the purpose of covering primary caregiver (as defined in §199.2) absences due to deployment, employment, seeking of employment or to pursue education is excluded. Authorized respite care covers only the ECHO beneficiary, not siblings or others who may reside in or be visiting in the beneficiary's residence.

(e) *ECHO Home Health Care (EHHC).* The EHHC benefit provides coverage of home health care services and respite care services specified in this section.

(1) *Home health care.* Covered ECHO home health care services are the same as, and provided under the same conditions as those services described in §199.4(e)(21)(i), except that they are not limited to part-time or intermittent services. Custodial care services, as defined in §199.2, may be provided to the extent such services are provided in conjunction with authorized ECHO home health care services, including the EHHC respite care benefit specified in this section. Beneficiaries who are authorized EHHC will receive all home health care services under EHHC and no portion will be provided under the Basic Program. TRICARE-authorized home health agencies are not required to use the Outcome and Assessment Information Set (OASIS) to assess beneficiaries who are authorized EHHC.

(2) *Respite care.* EHHC beneficiaries whose plan of care includes frequent interventions by the primary caregiver(s) are eligible for respite care services in lieu of the ECHO general respite care benefit. For the purpose of this section, the term ''frequent'' means ''more than two interventions during the eight-hour period per day that the primary caregiver would normally be sleeping.'' The services performed by the primary caregiver are those that can be performed safely and effectively by the average non-medical person without direct supervision of a health care provider after the primary caregiver has been trained by appropriate medical personnel. EHHC beneficiaries in this situation are eligible for a maximum of eight hours per day, 5 days per week, of respite care by a TRICARE-authorized home health agency. The home health agency will provide the health care interventions or services for the covered beneficiary so that the primary caregiver is relieved of the responsibility to provide such interventions or services for the duration of that period of respite care. The home health agency will not provide baby-sitting or child care services for other members of the family. The benefit is not cumulative, that is, any respite care hours not used in a given day may not be carried over or banked for use on another occasion. Additionally, the eight-hour respite care periods will not be provided consecutively, that is, a respite care period on one calendar day will not be immediately followed by a respite care period the next calendar day. The Government's cost-share incurred for these services accrue to the maximum yearly ECHO Home Health Care benefit.

(3) *EHHC eligibility.* The EHHC is authorized for beneficiaries who meet all applicable ECHO eligibility requirements and who:

(i) Physically reside within the 50 United States, the District of Columbia, Puerto Rico, the Virgin Islands, or Guam; and

(ii) Are homebound, as defined in §199.2; and

(iii) Require medically necessary skilled services that exceed the level of coverage provided under the Basic Program's home health care benefit; and/or

(iv) Require frequent interventions by the primary caregiver(s) such that respite care services are necessary to allow primary caregiver(s) the opportunity to rest; and

(v) Are case managed to include a reassessment at least every 90 days, and receive services as outlined in a written plan of care; and

(vi) Receive all home health care services from a TRICARE-authorized home health agency, as described in §199.6(b)(4)(xv), in the beneficiary's primary residence.

(4) *EHHC plan of care.* A written plan of care is required prior to authorizing ECHO home health care. The plan must include the type, frequency, scope and duration of the care to be provided and

support the professional level of provider. Reimbursement will not be authorized for a level of provider not identified in the plan of care.

(5) *EHHC exclusions*—(i) *General.* ECHO Home Health Care services and supplies are excluded from those who are being provided continuing coverage of home health care as participants of the former Individual Case Management Program for Persons with Extraordinary Conditions (ICMP-PEC) or previous case management demonstrations.

(ii) *Respite care.* Respite care for the purpose of covering primary caregiver absences due to deployment, employment, seeking of employment or to pursue education is excluded. Authorized respite care covers only the ECHO beneficiary, not siblings or others who may reside in or be visiting in the beneficiary's residence.

(f) *Cost-share liability*—(1) *No deductible.* ECHO benefits are not subject to a deductible amount.

(2) *Sponsor cost-share liability.* (i) Regardless of the number of family members receiving ECHO benefits or ECHO Home Health Care in a given month, the sponsor's cost-share is according to the following table:

TABLE 1—MONTHLY COST-SHARE BY MEMBER'S PAY GRADE

E–1 through E–5	$25
E–6	30
E–7 and O–1	35
E–8 and O–2	40
E–9, W–1, W–2 and O–3	45
W–3, W–4 and O–4	50
W–5 and O–5	65
O–6	75
O–7	100
O–8	150
O–9	200
O–10	250

(ii) The Sponsor's cost-share shown in Table 1 in paragraph (f)(2)(i) of this section will be applied to the first allowed ECHO charges in any given month. The Government's share will be paid, up to the maximum amount specified in paragraph (f)(3) of this section, for allowed charges after the sponsor's cost-share has been applied.

(iii) The provisions of §199.18(d)(1) and (e)(1) regarding elimination of copayments for active duty family members enrolled in TRICARE Prime do not eliminate, reduce, or otherwise affect the sponsor's cost-share shown in Table 1 in paragraph (f)(2)(i) of this section.

(iv) The sponsor's cost-share shown in Table 1 in paragraph (f)(2)(i) of this section does not accrue to the Basic Program's Catastrophic Loss Protection under 10 U.S.C. 1079(b)(5) as shown at §§199.4(f)(10) and 199.18(f).

(3) *Government cost-share liability*—(i) *ECHO.* The total Government share of the cost of all ECHO benefits, except ECHO Home Health Care (EHHC) and EHHC respite care, provided in a given month to a beneficiary may not exceed $2,500 after application of the allowable payment methodology.

(ii) *ECHO home health care.* (A) The maximum annual fiscal year Government cost-share per EHHC-eligible beneficiary for ECHO home health care, including EHHC respite care may not exceed the local wage-adjusted highest Medicare Resource Utilization Group (RUG-III) category cost for care in a TRICARE-authorized skilled nursing facility.

(B) When a beneficiary moves to a different locality within the 50 United States, the District of Columbia, Puerto Rico, the Virgin Islands, or Guam, the annual fiscal year cap will be recalculated to reflect the maximum established under paragraph (f)(3)(ii)(A) of this section for the beneficiary's new location and will apply to the EHHC benefit for the remaining portion of that fiscal year.

(g) *Benefit payment*—(1) *Transportation.* The allowable amount for transportation of an ECHO beneficiary is limited to the actual cost of the standard published fare plus any standard surcharge made to accommodate any person with a similar disability or to the actual cost of specialized medical transportation when non-specialized transport cannot accommodate the beneficiary's qualifying condition related needs, or when specialized transport is more economical than non-specialized transport. When transport is by private vehicle, the allowable

amount is limited to the Federal government employee mileage reimbursement rate in effect on the date the transportation is provided.

(2) *Equipment.* (i) The TRICARE allowable amount for durable equipment shall be calculated in the same manner as durable medical equipment allowable through §199.4.

(ii) Allocating equipment expense. The ECHO beneficiary (or sponsor or guardian acting on the beneficiary's behalf) may, only at the time of the request for authorization of equipment, specify how the allowable cost of the equipment is to be allocated as an ECHO benefit. The entire allowable cost of the authorized equipment may be allocated in the month of purchase provided the allowable cost does not exceed the ECHO maximum monthly benefit of $2,500 or it may be prorated regardless of the allowable cost. Prorating permits the allowable cost of ECHO-authorized equipment to be allocated such that the amount allocated each month does not exceed the maximum monthly benefit.

(A) *Maximum period.* The maximum number of consecutive months during which the allowable cost may be prorated in the lesser of:

(*1*) The number of months calculated by dividing the allowable cost for the item by 2,500 and then doubling the resulting quotient, rounded off to the nearest whole number; or

(*2*) The number of months of expected useful life of the equipment for the requesting beneficiary, as determined by the Director, TRICARE Management Activity or designee.

(B) *Alternative allocation period.* The allowable equipment cost may be allocated monthly in any amount such that the maximum allowable monthly ECHO benefit of $2,500 or the maximum period under paragraph (g)(2)(ii)(A) of this section, is not exceeded.

(C) *Authorization.* (*1*) The amount allocated each month as determined in accordance with paragraph (g)(2)(ii) of this section will be separately authorized as an ECHO benefit.

(*2*) An item of durable equipment shall not be authorized when such authorization would allow cost-sharing of duplicate equipment, as defined in §199.2, for the same beneficiary.

(D) *Cost-share.* A cost-share, as provided by paragraph (f)(2) of this section, is required for each month in which a prorated amount is authorized.

(E) *Termination.* The sponsor's monthly cost-share and the prorated equipment expense provisions provided by paragraphs (f) and (g) of this section, shall be terminated as of the first day of the month following the death of a beneficiary or as of the effective date of a beneficiary's loss of ECHO eligibility for any other reason.

(3) *For-profit institutional care provider.* Institutional care provided by a for-profit entry may be allowed only when the care for a specific ECHO beneficiary:

(i) Is contracted for by a public facility as a part of a publicly funded long-term inpatient care program; and

(ii) Is provided based upon the ECHO beneficiary's being eligible for the publicly funded program which has contracted for the care; and

(iii) Is authorized by the public facility as a part of a publicly funded program; and

(iv) Would cause a cost-share liability in the absence of TRICARE eligibility; and

(v) Produces an ECHO beneficiary cost-share liability that does not exceed the maximum charge by the provider to the public facility for the contracted level of care.

(4) *ECHO home health care and EHHC respite care.* (i) TRICARE-authorized home health agencies must provide and bill for all authorized home health care services through established TRICARE claims' mechanisms. No special billing arrangements will be authorized in conjunction with coverage that may be provided by Medicaid or other federal, state, community or private programs.

(ii) For authorized ECHO home health care and respite care, TRICARE will reimburse the allowable charges or negotiated rates.

(iii) The maximum monthly Government reimbursement for EHHC, including EHHC respite care, will be based on the actual number of hours of EHHC services rendered in the month, but in no case will it exceed one-twelfth of the annual maximum Government cost-share as determined in this section.

(h) *Other Requirements*—(1) *Applicable part.* All provisions of this part, except the provisions of §199.4 unless otherwise provided by this section or as directed by the Director, TRICARE Management Activity or designee, apply to the ECHO.

(2) *Registration.* Active duty sponsors must register potential ECHO eligible beneficiaries through the Director, TRICARE Management Activity or designee prior to receiving ECHO benefits. The Director, TRICARE Management Activity or designee will determine ECHO eligibility and update the Defense Enrollment Eligibility Reporting System (DEERS) accordingly. Sponsors must provide evidence of enrollment in the Exceptional Family Member Program provided by their branch of Service at the time they register their family member(s) for the ECHO.

(3) *Benefit authorization.* All ECHO benefits require authorization by the Director, TRICARE Management Activity or designee prior to receipt of such benefits.

(i) *Documentation.* The sponsor shall provide such documentation as the Director, TRICARE Management Activity or designee requires as a prerequisite to authorizing ECHO benefits. Such documentation shall describe how the requested benefit will contribute to confirming, arresting, or reducing the disabling effects of the qualifying condition, including maintenance of function or prevention of further deterioration of function, of the beneficiary.

(ii) *Format.* An authorization issued by the Director, TRICARE Management Activity or designee shall specify such description, dates, amounts, requirements, limitations or information as necessary for exact identification of approved benefits and efficient adjudication of resulting claims.

(iii) *Valid period.* An authorization for ECHO benefits shall be valid until such time as the Director, TRICARE Management Activity or designee determines that the authorized services are no longer appropriate or required or the beneficiary is no longer eligible under paragraph (b) of this section.

(iv) *Authorization waiver.* The Director, TRICARE Management Activity or designee may waive the requirement for a written authorization for rendered ECHO benefits that, except for the absence of the written authorization, would be allowable as an ECHO benefit.

(v) *Public facility use.* (A) An ECHO beneficiary residing within a state must demonstrate that a public facility is not available and adequate to meet the needs of their qualifying condition. Such requirement shall apply to beneficiaries who request authorization for training, rehabilitation, special education, assistive technology, and institutional care in private nonprofit, public, and state institutions and facilities, and if appropriate, transportation to and from such institutions and facilities. The maximum Government cost-share for services that require demonstration of public facility non-availability or inadequacy is limited to $2,500 per month per beneficiary. State-administered plans for medical assistance under Title XIX of the Social Security Act (Medicaid) are not considered available and adequate facilities for the purpose of this section.

(B) The domicile of the beneficiary shall be the basis for the determination of public facility availability when the sponsor and beneficiary are separately domiciled due to the sponsor's move to a new permanent duty station or due to legal custody requirements.

(C) Written certification, in accordance with information requirements, formats, and procedures established by the director, TRICARE Management Activity or designee that requested ECHO services or items cannot be obtained from public facilities because the services or items are not available and adequate, is a prerequisite for ECHO benefit payment for training, rehabilitation, special education, assistive technology, and institutional care in private nonprofit, public, and state institutions and facilities, and if appropriate, transportation to and from such institutions and facilities.

(*1*) An administrator or designee of a public facility may make such certification for a beneficiary residing within the service area of that public facility.

(*2*) The Director, TRICARE Management Activity or designee may determine, on a case-by-case basis, that apparent public facility availability or adequacy for a requested type of service or item cannot be substantiated for a specific beneficiary's request for ECHO benefits and therefore is not available.

(*i*) A case-specific determination shall be based upon a written statement by the beneficiary (or sponsor or guardian acting on behalf of the beneficiary) which details the circumstances wherein a specific individual representing a specific public facility refused to provide a public facility use certification, and such other information as the Director, TRICARE Management Activity or designee determines to be material to the determination.

(*ii*) A case-specific determination of public facility availability by the Director, TRICARE Management Activity or designee is conclusive and is not appealable under § 199.10.

(4) Repair or maintenance of beneficiary owned durable equipment is exempt from the public facility use certification requirements.

(5) The requirements of this paragraph (h)(3)(v)(A) notwithstanding, no public facility use certification is required for services and items that are provided under Part C of the Individuals with Disabilities Education Act in accordance with the Individualized Family Services Plan and that are otherwise allowable under the ECHO.

(i) *Implementing instructions.* The Director, TRICARE Management Activity or designee shall issue TRICARE policies, instructions, procedures, guidelines, standards, and criteria as may be necessary to implement the intent of this section.

(j) *Implementation transition.* Pending administrative actions necessary for the effective implementation of this section following its publication in the FEDERAL REGISTER on August 20, 2004, this section as it existed prior to August 20, 2004, shall remain in effect for a period of not less than 30 days following its publication in the FEDERAL REGISTER.

[69 FR 51564, Aug. 20, 2004, as amended at 71 FR 47092, Aug. 16, 2006; 72 FR 2447, Jan. 19, 2007]

§ 199.6 TRICARE—authorized providers.

(a) *General.* This section sets forth general policies and procedures that are the basis for the CHAMPUS cost-sharing of medical services and supplies provided by institutions, individuals, or other types of providers. Providers seeking payment from the Federal Government through programs such as CHAMPUS have a duty to familiarize themselves with, and comply with, the program requirements.

(1) *Listing of provider does not guarantee payment of benefits.* The fact that a type of provider is listed in this section is not to be construed to mean that CHAMPUS will automatically pay a claim for services or supplies provided by such a provider. The provider who actually furnishes the service(s) must, in fact, meet all licensing and other requirements established by this part to be an authorized provider; the provider must not be the subject of sanction under § 199.9; and, cost-sharing of the services must not otherwise be prohibited by this part. In addition, the patient must in fact be an eligible beneficiary and the services or supplies billed must be authorized and medically necessary, regardless of the standing of the provider.

(2) *Outside the United States or emergency situations within the United States.* Outside the United States or within the United States and Puerto Rico in emergency situations, the Director, OCHAMPUS, or a designee, after review of the facts, may provide payment to or on behalf of a beneficiary who receives otherwise covered services or supplies from a provider of service that does not meet the standards described in this part.

NOTE: Only the Secretary of Defense, the Secretary of Health and Human Services, or the Secretary of Transportation, or their designees, may authorize (in emergency situations) payment to civilian facilities in the United States that are not in compliance with title VI of the Civil Rights Act of 1964. For the purpose of the Civil Rights Act only, the United States includes the 50 states, the

District of Columbia, Puerto Rico, Virgin Islands, American Samoa, Guam, Wake Island, Canal Zone, and the territories and possessions of the United States.

(3) *Dual Compensation/Conflict of Interest.* Title 5, United States Code, section 5536 prohibits medical personnel who are active duty Uniformed Service members or civilian employees of the Government from receiving additional Government compensation above their normal pay and allowances for medical care furnished. In addition, Uniformed Service members and civilian employees of the Government are generally prohibited by law and agency regulations and policies from participating in apparent or actual conflict of interest situations in which a potential for personal gain exists or in which there is an appearance of impropriety or incompatibility with the performance of their official duties or responsibilities. The Departments of Defense, Health and Human Services, and Transportation have a responsibility, when disbursing appropriated funds in the payment of CHAMPUS benefits, to ensure that the laws and regulations are not violated. Therefore, active duty Uniformed Service members (including a reserve member while on active duty and civilian employees of the United States Government shall not be authorized to be CHAMPUS providers. While individual employees of the Government may be able to demonstrate that the furnishing of care to CHAMPUS beneficiaries may not be incompatible with their official duties and responsibilities, the processing of millions of CHAMPUS claims each year does not enable Program administrators to efficiently review the status of the provider on each claim to ensure that no conflict of interest or dual compensation situation exists. The problem is further complicated given the numerous interagency agreements (for example, resource sharing arrangements between the Department of Defense and the Veterans Administration in the provision of health care) and other unique arrangements which exist at individual treatment facilities around the country. While an individual provider may be prevented from being an authorized CHAMPUS provider even though no conflict of interest or dual compensation situation exists, it is essential for CHAMPUS to have an easily administered, uniform rule which will ensure compliance with the existing laws and regulations. Therefore, a provider who is an active duty Uniformed Service member or civilian employee of the Government shall not be an authorized CHAMPUS provider. In addition, a provider shall certify on each CHAMPUS claim that he/she is not an active duty Uniformed Service member or civilian employee of the Government.

(4) [Reserved]

(5) *Utilization review and quality assurance.* Providers approved as authorized CHAMPUS providers have certain obligations to provide services and supplies under CHAMPUS which are (i) furnished at the appropriate level and only when and to the extent medically necessary under the criteria of this part; (ii) of a quality that meets professionally recognized standards of health care; and, (iii) supported by adequate medical documentation as may be reasonably required under this part by the Director, OCHAMPUS, or designee, to evidence the medical necessity and quality of services furnished, as well as the appropriateness of the level of care. Therefore, the authorization of CHAMPUS benefits is contingent upon the services and supplies furnished by any provider being subject to pre-payment or post-payment utilization and quality assurance review under professionally recognized standards, norms, and criteria, as well as any standards or criteria issued by the Director, OCHAMPUS, or a designee, pursuant to this part. (Refer to §§ 199.4, 199.5, and 199.7 of this part.)

(6) *Exclusion of beneficiary liability.* In connection with certain utilization review, quality assurance and preauthorization requirements of section 199.4 of this part, providers may not hold patients liable for payment for certain services for which CHAMPUS payment is disallowed. With respect to such services, providers may not seek payment from the patient or the patient's family. Any such effort to seek payment is a basis for termination of the provider's authorized status.

(7) *Provider required.* In order to be considered for benefits, all services and

supplies shall be rendered by, prescribed by, or furnished at the direction of, or on the order of a CHAMPUS-authorized provider practicing within the scope of his or her license.

(8) *Participating providers.* A CHAMPUS-authorized provider is a participating provider, as defined in §199.2 under the following circumstances:

(i) *Mandatory participation.* (A) An institutional provider in §199.6(b), in order to be an authorized provider under TRICARE, must be a participating provider for all claims.

(B) A SNF or a HHA, in order to be an authorized provider under TRICARE, must enter into a participation agreement with TRICARE for all claims.

(C) Corporate services providers authorized as CHAMPUS providers under the provisions of paragraph (f) of this section must enter into a participation agreement as provided by the Director, OCHAMPUS, or designee.

(ii) *Voluntary participation*—(A) *Total claims participation: The participating provider program.* A CHAMPUS-authorized provider that is not required to participate by this part may become a participating provider by entering into an agreement or memorandum of understanding (MOU) with the Director, OCHAMPUS, or designee, which includes, but is not limited to, the provisions of paragraph (a)(13) of this section. The Director, OCHAMPUS, or designee, may include in a participating provider agreement/MOU provisions that establish between CHAMPUS and a class, category, type, or specific provider, uniform procedures and conditions which encourage provider participation while improving beneficiary access to benefits and contributing to CHAMPUS efficiency. Such provisions shall be otherwise allowed by this part or by DoD Directive or DoD Instruction specifically pertaining to CHAMPUS claims participation. Participating provider program provisions may be incorporated into an agreement/MOU to establish a specific CHAMPUS-provider relationship, such as a preferred provider arrangement.

(B) *Claim-specific participation.* A CHAMPUS-authorized provider that is not required to participate and that has not entered into a participation agreement pursuant to paragraph (a)(8)(ii)(A) of this section may elect to be a participating provider on a claim-by-claim basis by indicating ''accept assignment'' on each claim form for which participation is elected.

(iii) *Claim-by-claim participation.* Individual providers that are not participating providers pursuant to paragraph (a)(8)(ii) of this section may elect to participate on a claim-by-claim basis. They may do so by signing the appropriate space on the claims form and submitting it to the appropriate TRICARE contractor on behalf of the beneficiary.

(9) *Limitation to authorized institutional provider designation.* Authorized institutional provider status granted to a specific institutional provider applicant does not extend to any institution-affiliated provider, as defined in §199.2, of that specific applicant.

(10) *Authorized provider.* A hospital or institutional provider, physician, or other individual professional provider, or other provider of services or supplies specifically authorized in this chapter to provide benefits under CHAMPUS. In addition, to be an authorized CHAMPUS provider, any hospital which is a CHAMPUS participating provider under paragraph (a)(7) of this section, shall be a participating provider for all care, services, or supplies furnished to an active duty member of the uniformed services for which the active duty member is entitled under 10 U.S.C. 1074(c). As a participating provider for active duty members, the CHAMPUS authorized hospital shall provide such care, services, and supplies in accordance with the payment rules of §199.16 of this part. The failure of any CHAMPUS participating hospital to be a participating provider for any active duty member subjects the hospital to termination of the hospital's status as a CHAMPUS authorized provider for failure to meet the qualifications established by this part.

(11) *Balance billing limits*—(i) *In general.* Individual providers including providers salaried or under contract by an

institutional provider and other providers who are not participating providers may not balance bill a beneficiary an amount that exceeds the applicable balance billing limit. The balance billing limit shall be the same percentage as the Medicare limiting charge percentage for nonparticipating practitioners and suppliers.

(ii) *Waiver.* The balance billing limit may be waived by the Director, OCHAMPUS on a case-by-case basis if requested by a CHAMPUS beneficiary. A decision by the Director, OCHAMPUS to waive or not waive the limit in any particular case is not subject to the appeal and hearing procedures of §199.10.

(iii) *Compliance.* Failure to comply with the balance billing limit shall be considered abuse and/or fraud and grounds of exclusion or suspension of the provider under §199.9.

(12) *Medical records.* CHAMPUS-authorized provider organizations and individuals providing clinical services shall maintain adequate clinical records to substantiate that specific care was actually furnished, was medically necessary, and appropriate, and identify(ies) the individual(s) who provided the care. This applies whether the care is inpatient or outpatient. The minimum requirements for medical record documentation are set forth by all of the following:

(i) The cognizant state licensing authority;

(ii) The Joint Commission on Accreditation of Healthcare Organizations, or the appropriate Qualified Accreditation Organization as defined in §199.2;

(iii) Standards of practice established by national medical organizations; and

(iv) This part.

(13) *Participation agreements.* A participation agreement otherwise required by this part shall include, in part, all of the following provisions requiring that the provider shall:

(i) Not charge a beneficiary for the following:

(A) Services for which the provider is entitled to payment from CHAMPUS;

(B) Services for which the beneficiary would be entitled to have CHAMPUS payment made had the provider complied with certain procedural requirements.

(C) Services not medically necessary and appropriate for the clinical management of the presenting illness, injury, disorder or maternity;

(D) Services for which a beneficiary would be entitled to payment but for a reduction or denial in payment as a result of quality review; and

(E) Services rendered during a period in which the provider was not in compliance with one or more conditions of authorization;

(ii) Comply with the applicable provisions of this part and related CHAMPUS administrative policy;

(iii) Accept the CHAMPUS determined allowable payment combined with the cost-share, deductible, and other health insurance amounts payable by, or on behalf of, the beneficiary, as full payment for CHAMPUS allowed services;

(iv) Collect from the CHAMPUS beneficiary those amounts that the beneficiary has a liability to pay for the CHAMPUS deductible and cost-share;

(v) Permit access by the Director, OCHAMPUS, or designee, to the clinical record of any CHAMPUS beneficiary, to the financial and organizational records of the provider, and to reports of evaluations and inspections conducted by state, private agencies or organizations;

(vi) Provide the Director, OCHAMPUS, or designee, prompt written notification of the provider's employment of an individual who, at any time during the twelve months preceding such employment, was employed in a managerial, accounting, auditing, or similar capacity by an agency or organization which is responsible, directly or indirectly for decisions regarding Department of Defense payments to the provider;

(vii) Cooperate fully with a designated utilization and clinical quality management organization which has a contract with the Department of Defense for the geographic area in which the provider renders services;

(viii) Obtain written authorization before rendering designated services or items for which CHAMPUS cost-share may be expected;

(ix) Maintain clinical and other records related to individuals for whom

CHAMPUS payment was made for services rendered by the provider, or otherwise under arrangement, for a period of 60 months from the date of service;

(x) Maintain contemporaneous clinical records that substantiate the clinical rationale for each course of treatment, periodic evaluation of the efficacy of treatment, and the outcome at completion or discontinuation of treatment;

(xi) Refer CHAMPUS beneficiaries only to providers with which the referring provider does not have an economic interest, as defined in §199.2; and

(xii) Limit services furnished under arrangement to those for which receipt of payment by the CHAMPUS authorized provider discharges the payment liability of the beneficiary.

(14) *Implementing instructions.* The Director, OCHAMPUS, or a designee, shall issue CHAMPUS policies, instructions, procedures, and guidelines, as may be necessary to implement the intent of this section.

(15) *Exclusion.* Regardless of any provision in this section, a provider who is suspended, excluded, or terminated under §199.9 of this part is specifically excluded as an authorized CHAMPUS provider.

(b) *Institutional providers*—(1) *General.* Institutional providers are those providers who bill for services in the name of an organizational entity (such as hospital and skilled nursing facility), rather than in the name of a person. The term ''institutional provider'' does not include professional corporations or associations qualifying as a domestic corporation under §301.7701–5 of the Internal Revenue Service Regulations nor does it include other corporations that provide principally professional services. Institutional providers may provide medical services and supplies on either an inpatient or outpatient basis.

(i) *Preauthorization.* Preauthorization may be required by the Director, OCHAMPUS for any health care service for which payment is sought under CHAMPUS. (See §§199.4 and 199.15 for further information on preauthorization requirements.)

(ii) Billing practices.

(A) Each institutional billing, including those institutions subject to the CHAMPUS DRG-based reimbursement method or a CHAMPUS-determined all-inclusive rate reimbursement method, must be itemized fully and sufficiently descriptive for the CHAMPUS to make a determination of benefits.

(B) Institutional claims subject to the CHAMPUS DRG-based reimbursement method or a CHAMPUS-determined all-inclusive rate reimbursement method, may be submitted only after the beneficiary has been discharged or transferred from the institutional provider's facility or program.

(C) Institutional claims for Residential Treatment Centers and all other institutional providers, except those listed in (B) above, should be submitted to the appropriate CHAMPUS fiscal intermediary at least every 30 days.

(2) *Nondiscrimination policy.* Except as provided below, payment may not be made for inpatient or outpatient care provided and billed by an institutional provider found by the Federal Government to practice discrimination in the admission of patients to its services on the basis of race, color, or national origin. Reimbursement may not be made to a beneficiary who pays for care provided by such a facility and submits a claim for reimbursement. In the following circumstances, the Secretary of Defense, or a designee, may authorize payment for care obtained in an ineligible facility:

(i) *Emergency care.* Emergency inpatient or outpatient care.

(ii) *Care rendered before finding of a violation.* Care initiated before a finding of a violation and which continues after such violation when it is determined that a change in the treatment facility would be detrimental to the health of the patient, and the attending physician so certifies.

(iii) *Other facility not available.* Care provided in an ineligible facility because an eligible facility is not available within a reasonable distance.

(3) *Procedures for qualifying as a CHAMPUS-approved institutional provider.* General and special hospitals otherwise meeting the qualifications outlined in paragraphs (b)(4) (i), (ii), and (iii), of this section are not required to request CHAMPUS approval formally.

(i) *JCAH accreditation status.* Each CHAMPUS fiscal intermediary shall keep informed as to the current JCAH accreditation status of all hospitals and skilled nursing facilities in its area; and the provider's status under Medicare, particularly with regard to compliance with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d(1)). The Director, OCHAMPUS, or a designee, shall specifically approve all other authorized institutional providers providing services to CHAMPUS beneficiaries. At the discretion of the Director, OCHAMPUS, any facility that is certified and participating as a provider of services under title XVIII of the Social Security Act (Medicare), may be deemed to meet CHAMPUS requirements. The facility must be providing a type and level of service that is authorized by this part.

(ii) *Required to comply with criteria.* Facilities seeking CHAMPUS approval will be expected to comply with appropriate criteria set forth in paragraph (b)(4) of this section. They also are required to complete and submit CHAMPUS Form 200, ''Required Information, Facility Determination Instructions,'' and provide such additional information as may be requested by OCHAMPUS. An onsite evaluation, either scheduled or unscheduled, may be conducted at the discretion of the Director, OCHAMPUS, or a designee. The final determination regarding approval, reapproval, or disapproval of a facility will be provided in writing to the facility and the appropriate CHAMPUS fiscal intermediary.

(iii) *Notice of peer review rights.* All health care facilities subject to the DRG-based payment system shall provide CHAMPUS beneficiaries, upon admission, with information about peer review including their appeal rights. The notices shall be in a form specified by the Director, OCHAMPUS.

(iv) *Surveying of facilities.* The surveying of newly established institutional providers and the periodic resurveying of all authorized institutional providers is a continuing process conducted by OCHAMPUS.

(v) *Institutions not in compliance with CHAMPUS standards.* If a determination is made that an institution is not in compliance with one or more of the standards applicable to its specific category of institution, CHAMPUS shall take immediate steps to bring about compliance or terminate the approval as an authorized institution in accordance with §199.9(f)(2).

(vi) *Participation agreements required for some hospitals which are not Medicare-participating.* Notwithstanding the provisions of this paragraph (B)(3), a hospital which is subject to the CHAMPUS DRG-based payment system but which is not a Medicare-participating hospital must request and sign an agreement with OCHAMPUS. By signing the agreement, the hospital agrees to participate on all CHAMPUS inpatient claims and accept the requirements for a participating provider as contained in paragraph (a)(8) of §199.6. Failure to sign such an agreement shall disqualify such hospital as a CHAMPUS-approved institutional provider.

(4) *Categories of institutional providers.* The following categories of institutional providers may be reimbursed by CHAMPUS for services provided CHAMPUS beneficiaries subject to any and all definitions, conditions, limitation, and exclusions specified or enumerated in this part.

(i) *Hospitals, acute care, general and special.* An institution that provides inpatient services, that also may provide outpatient services (including clinical and ambulatory surgical services), and that:

(A) Is engaged primarily in providing to inpatients, by or under the supervision of physicians, diagnostic and therapeutic services for the medical or surgical diagnosis and treatment of illness, injury, or bodily malfunction (including maternity).

(B) Maintains clinical records on all inpatients (and outpatients if the facility operates an outpatient department or emergency room).

(C) Has bylaws in effect with respect to its operations and medical staff.

(D) Has a requirement that every patient be under the care of a physician.

(E) Provides 24-hour nursing service rendered or supervised by a registered professional nurse, and has a licensed practical nurse or registered professional nurse on duty at all times.

(F) Has in effect a hospital utilization review plan that is operational and functioning.

(G) In the case of an institution in a state in which state or applicable local law provides for the licensing of hospitals, the hospital:

(*1*) Is licensed pursuant to such law, or

(*2*) Is approved by the agency of such state or locality responsible for licensing hospitals as meeting the standards established for such licensing.

(H) Has in effect an operating plan and budget.

(I) Is accredited by the JCAH or meets such other requirements as the Secretary of Health and Human Services, the Secretary of Transportation, or the Secretary of Defense finds necessary in the interest of the health and safety of patients who are admitted to and furnished services in the institution.

(ii) *Organ transplant centers.* To obtain TRICARE approval as an organ transplant center, the center must be a Medicare approved transplant center or meet the criteria as established by the Executive Director, TMA, or a designee.

(iii) *Organ transplant consortia.* TRICARE shall approve individual pediatric organ transplant centers that meet the criteria established by the Executive Director, TMA, or a designee.

(iv) *Hospitals, psychiatric.* A psychiatric hospital is an institution which is engaged primarily in providing services to inpatients for the diagnosis and treatment of mental disorders.

(A) There are two major categories of psychiatric hospitals:

(*1*) The private psychiatric hospital category includes both proprietary and the not-for-profit nongovernmental institutions.

(*2*) The second category is those psychiatric hospitals that are controlled, financed, and operated by departments or agencies of the local, state, or Federal Government and always are operated on a not-for-profit basis.

(B) In order for the services of a psychiatric hospital to be covered, the hospital shall comply with the provisions outlined in paragraph (b)(4)(i) of this section. All psychiatric hospitals shall be accredited under the JCAHO Accreditation Manual for Hospitals (AMH) standards in order for their services to be cost-shared under CHAMPUS. In the case of those psychiatric hospitals that are not JCAHO-accredited because they have not been in operation a sufficient period of time to be eligible to request an accreditation survey by the JCAHO, the Director, OCHAMPUS, or a designee, may grant temporary approval if the hospital is certified and participating under Title XVIII of the Social Security Act (Medicare, Part A). This temporary approval expires 12 months from the date on which the psychiatric hospital first becomes eligible to request an accreditation survey by the JCAHO.

(C) Factors to be considered in determining whether CHAMPUS will cost-share care provided in a psychiatric hospital include, but are not limited to, the following considerations:

(*1*) Is the prognosis of the patient such that care provided will lead to resolution or remission of the mental illness to the degree that the patient is of no danger to others, can perform routine daily activities, and can be expected to function reasonably outside the inpatient setting?

(*2*) Can the services being provided be provided more economically in another facility or on an outpatient basis?

(*3*) Are the charges reasonable?

(*4*) Is the care primarily custodial or domiciliary? (Custodial or domiciliary care of the permanently mentally ill or retarded is not a benefit under the Basic Program.)

(D) Although psychiatric hospitals are accredited under the JCAHO AMH standards, their medical records must be maintained in accordance with the JCAHO Consolidated Standard Manual for Child, Adolescent, and Adult Psychiatric, Alcoholism, and Drug Abuse Facilities and Facilities Serving the Mentally Retarded, along with the requirements set forth in §199.7(b)(3). The hospital is responsible for assuring that patient services and all treatment are accurately documented and completed in a timely manner.

(v) *Hospitals, long-term (tuberculosis, chronic care, or rehabilitation).* To be

considered a long-term hospital, an institution for patients that have tuberculosis or chronic diseases must be an institution (or distinct part of an institution) primarily engaged in providing by or under the supervision of a physician appropriate medical or surgical services for the diagnosis and active treatment of the illness or condition in which the institution specializes.

(A) In order for the service of long-term hospitals to be covered, the hospital must comply with the provisions outlined in paragraph (b)(4)(i) of this section. In addition, in order for services provided by such hospitals to be covered by CHAMPUS, they must be primarily for the treatment of the presenting illness.

(B) Custodial or domiciliary care is not coverable under CHAMPUS, even if rendered in an otherwise authorized long-term hospital.

(C) The controlling factor in determining whether a beneficiary's stay in a long-term hospital is coverable by CHAMPUS is the level of professional care, supervision, and skilled nursing care that the beneficiary requires, in addition to the diagnosis, type of condition, or degree of functional limitations. The type and level of medical services required or rendered is controlling for purposes of extending CHAMPUS benefits; not the type of provider or condition of the beneficiary.

(vi) *Skilled nursing facility.* A skilled nursing facility is an institution (or a distinct part of an institution) that is engaged primarily in providing to inpatients medically necessary skilled nursing care, which is other than a nursing home or intermediate facility, and which:

(A) Has policies that are developed with the advice of (and with provisions for review on a periodic basis by) a group of professionals, including one or more physicians and one or more registered nurses, to govern the skilled nursing care and related medical services it provides.

(B) Has a physician, a registered nurse, or a medical staff responsible for the execution of such policies.

(C) Has a requirement that the medical care of each patient must be under the supervision of a physician, and provides for having a physician available to furnish necessary medical care in case of an emergency.

(D) Maintains clinical records on all patients.

(E) Provides 24-hour skilled nursing service that is sufficient to meet nursing needs in accordance with the policies developed as provided in paragraph (b)(4)(iv)(A) of this section, and has at least one registered professional nurse employed full-time.

(F) Provides appropriate methods and procedures for the dispensing and administering of drugs and biologicals.

(G) Has in effect a utilization review plan that is operational and functioning.

(H) In the case of an institution in a state in which state or applicable local law provides for the licensing of this type facility, the institution:

(*1*) Is licensed pursuant to such law, or

(*2*) Is approved by the agency of such state or locality responsible for licensing such institutions as meeting the standards established for such licensing.

(I) Has in effect an operating plan and budget.

(J) Meets such provisions of the most current edition of the Life Safety Code[8] as are applicable to nursing facilities; except that if the Secretary of Health and Human Services has waived, for such periods, as deemed appropriate, specific provisions of such code which, if rigidly applied, would result in unreasonable hardship upon a nursing facility.

(K) Is an authorized provider under the Medicare program, and meets the requirements of Title 18 of the social Security Act, sections 1819(a), (b), (c), and (d) (42 U.S.C. 1395i–3(a)–(d)).

NOTE: If a pediatric SNF is certified by Medicaid, it will be considered to meet the Medicare certification requirement in order to be an authorized provider under TRICARE.

(vii) *Residential treatment centers.* This paragraph (b)(4)(vii) establishes standards and requirements for residential treatment centers (RTCs).

[8] Compiled and published by the National Fire Protection Association, Batterymarch Park, Quincy, Massachusetts 02269.

(A) *Organization and administration—*(*1*) *Definition.* A Residential Treatment Center (RTC) is a facility or a distinct part of a facility that provides to beneficiaries under 21 years of age a medically supervised, interdisciplinary program of mental health treatment. An RTC is appropriate for patients whose predominant symptom presentation is essentially stabilized, although not resolved, and who have persistent dysfunction in major life areas. The extent and pervasiveness of the patient's problems require a protected and highly structured therapeutic environment. Residential treatment is differentiated from:

(*i*) Acute psychiatric care, which requires medical treatment and 24-hour availability of a full range of diagnostic and therapeutic services to establish and implement an effective plan of care which will reverse life-threatening and/or severely incapacitating symptoms;

(*ii*) Partial hospitalization, which provides a less than 24-hour-per-day, seven-day-per-week treatment program for patients who continue to exhibit psychiatric problems but can function with support in some of the major life areas;

(*iii*) A group home, which is a professionally directed living arrangement with the availability of psychiatric consultation and treatment for patients with significant family dysfunction and/or chronic but stable psychiatric disturbances;

(*iv*) Therapeutic school, which is an educational program supplemented by psychological and psychiatric services;

(*v*) Facilities that treat patients with a primary diagnosis of chemical abuse or dependence; and

(*vi*) Facilities providing care for patients with a primary diagnosis of mental retardation or developmental disability.

(*2*) Eligibility.

(*i*) Every RTC must be certified pursuant to CHAMPUS certification standards. Such standards shall incorporate the basic standards set forth in paragraphs (b)(4)(vii) (A) through (D) of this section, and shall include such additional elaborative criteria and standards as the Director, OCHAMPUS determines are necessary to implement the basic standards.

(*ii*) To be eligible for CHAMPUS certification, the facility is required to be licensed and fully operational for six months (with a minimum average daily census of 30 percent of total bed capacity) and operate in substantial compliance with state and federal regulations.

(*iii*) The facility is currently accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) under the current edition of the Manual for Mental Health, Chemical Dependency, and Mental Retardation/Developmental Disabilities Services which is available from JCAHO, P.O. Box 75751, Chicago, IL 60675.

(*iv*) The facility has a written participation agreement with OCHAMPUS. The RTC is not a CHAMPUS-authorized provider and CHAMPUS benefits are not paid for services provided until the date upon which a participation agreement is signed by the Director, OCHAMPUS.

(*3*) *Governing body.*

(*i*) The RTC shall have a governing body which is responsible for the policies, bylaws, and activities of the facility. If the RTC is owned by a partnership or single owner, the partners or single owner are regarded as the governing body. The facility will provide an up-to-date list of names, addresses, telephone numbers and titles of the members of the governing body.

(*ii*) The governing body ensures appropriate and adequate services for all patients and oversees continuing development and improvement of care. Where business relationships exist between the governing body and facility, appropriate conflict-of-interest policies are in place.

(*iii*) Board members are fully informed about facility services and the governing body conducts annual review of its performance in meeting purposes, responsibilities, goals and objectives.

(*4*) *Chief executive officer.* The chief executive officer, appointed by and subject to the direction of the governing body, shall assume overall administrative responsibility for the operation of the facility according to

governing body policies. The chief executive officer shall have five years' administrative experience in the field of mental health. On October 1, 1997, the CEO shall possess a degree in business administration, public health, hospital administration, nursing, social work, or psychology, or meeting similar educational requirements as prescribed by the Director, OCHAMPUS.

(*5*) *Clinical Director*. The clinical director, appointed by the governing body, shall be a psychiatrist or doctoral level psychologist who meets applicable CHAMPUS requirements for individual professional providers and is licensed to practice in the state where the residential treatment center is located. The clinical director shall possess requisite education and experience, credentials applicable under state practice and licensing laws appropriate to the professional discipline, and a minimum of five years' clinical experience in the treatment of children and adolescents. The clinical director shall be responsible for planning, development, implementation, and monitoring of all clinical activities.

(*6*) *Medical director*. The medical director, appointed by the governing body, shall be licensed to practice medicine in the state where the residential treatment center is located and shall possess requisite education and experience, including graduation from an accredited school of medicine or osteopathy, an approved residency in psychiatry and a minimum of five years clinical experience in the treatment of children and adolescents. The Medical Director shall be responsible for the planning, development, implementation, and monitoring of all activities relating to medical treatment of patients. If qualified, the Medical Director may also serve as Clinical Director.

(*7*) *Medical or professional staff organization*. The governing body shall establish a medical or professional staff organization to assure effective implementation of clinical privileging, professional conduct rules, and other activities directly affecting patient care.

(*8*) *Personnel policies and records*. The RTC shall maintain written personnel policies, updated job descriptions and personnel records to assure the selection of qualified personnel and successful job performance of those personnel.

(*9*) *Staff development*. The facility shall provide appropriate training and development programs for administrative, professional support, and direct care staff.

(*10*) *Fiscal accountability*. The RTC shall assure fiscal accountability to applicable government authorities and patients.

(*11*) *Designated teaching facilities*. Students, residents, interns or fellows providing direct clinical care are under the supervision of a qualified staff member approved by an accredited university. The teaching program is approved by the Director, OCHAMPUS.

(*12*) *Emergency reports and records*. The facility notifies OCHAMPUS of any serious occurrence involving CHAMPUS beneficiaries.

(B) *Treatment services*—(*1*) Staff composition. (*i*) The RTC shall follow written plans which assure that medical and clinical patient needs will be appropriately addressed 24 hours a day, seven days a week by a sufficient number of fully qualified (including license, registration or certification requirements, educational attainment, and professional experience) health care professionals and support staff in the respective disciplines. Clinicians providing individual, group, and family therapy meet CHAMPUS requirements as qualified mental health providers and operate within the scope of their licenses. The ultimate authority for planning, development, implementation, and monitoring of all clinical activities is vested in a psychiatrist or doctoral level psychologist. The management of medical care is vested in a physician.

(*ii*) The RTC shall ensure adequate coverage by fully qualified staff during all hours of operation, including physician availability, other professional staff coverage, and support staff in the respective disciplines.

(*2*) *Staff qualifications*. The RTC will have a sufficient number of qualified mental health providers, administrative, and support staff to address patients' clinical needs and to coordinate the services provided. RTCs which 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, provided the individual works under the clinical supervision of a fully qualified mental health provider employed by the RTC. All other program services shall be provided by trained, licensed staff.

(*3*) *Patient rights* (*i*) The RTC shall provide adequate protection for all patient rights, including rights provided by law, privacy, personnel rights, safety, confidentiality, informed consent, grievances, and personal dignity.

(*ii*) The facility has a written policy regarding patient abuse and neglect.

(*iii*) Facility marketing and advertising meets professional standards.

(*4*) *Behavioral management.* The RTC shall adhere to a comprehensive, written plan of behavioral management, developed by the clinical director and the medical or professional staff and approved by the governing body, including strictly limited procedures to assure that the restraint or seclusion are used only in extraordinary circumstances, are carefully monitored, and are fully documented. Only trained and clinically privileged RNs or qualified mental health professionals may be responsible for the implementation of seclusion and restraint procedures in an emergency situation.

(*5*) *Admission process.* The RTC shall maintain written policies and procedures to ensure that, prior to an admission, a determination is made, and approved pursuant to CHAMPUS preauthorization requirements, that the admission is medically and/or psychologically necessary and the program is appropriate to meet the patient's needs. Medical and/or psychological necessity determinations shall be rendered by qualified mental health professionals who meet CHAMPUS requirements for individual professional providers and who are permitted by law and by the facility to refer patients for admission.

(*6*) *Assessments.* The professional staff of the RTC shall complete a current multidisciplinary assessment which includes, but is not limited to physical, psychological, developmental, family, educational, social, spiritual and skills assessment of each patient admitted. Unless otherwise specified, all required clinical assessments are completed prior to development of the multidisciplinary treatment plan.

(*7*) *Clinical formulation.* A qualified mental health professional of the RTC will complete a clinical formulation on all patients. The clinical formulation will be reviewed and approved by the responsible individual professional provider and will incorporate significant findings from each of the multidisciplinary assessments. It will provide the basis for development of an interdisciplinary treatment plan.

(*8*) *Treatment planning.* A qualified mental health professional shall be responsible for the development, supervision, implementation, and assessment of a written, individualized, interdisciplinary plan of treatment, which shall be completed within 10 days of admission and shall include individual, measurable, and observable goals for incremental progress and discharge. A preliminary treatment plan is completed within 24 hours of admission and includes at least an admission note and orders written by the admitting mental health professional. The master treatment plan is reviewed and revised at least every 30 days, or when major changes occur in treatment.

(*9*) *Discharge and transition planning.* The RTC shall maintain a transition planning process to address adequately the anticipated needs of the patient prior to the time of discharge. The planning involves determining necessary modifications in the treatment plan, facilitating the termination of treatment, and identifying resources to maintain therapeutic stability following discharge.

(*10*) *Clinical documentation.* Clinical records shall be maintained on each patient to plan care and treatment and provide ongoing evaluation of the patient's progress. All care is documented and each clinical record contains at least the following: demographic data, consent forms, pertinent legal documents, all treatment plans and patient assessments, consultation and laboratory reports, physician orders, progress notes, and a discharge summary. All

documentation will adhere to applicable provisions of the JCAHO and requirements set forth in §199.7(b)(3). An appropriately qualified records administrator or technician will supervise and maintain the quality of the records. These requirements are in addition to other records requirements of this part, and documentation requirements of the Joint Commission on Accreditation of Healthcare Organizations.

(*11*) *Progress notes.* RTC's shall document the course of treatment for patients and families using progress notes which provide information to review, analyze, and modify the treatment plans. Progress notes are legible, contemporaneous, sequential, signed and dated and adhere to applicable provisions of the Manual of Mental Health, Chemical Dependency, and Mental Retardation/Development Disabilities Services and requirements set forth in §199.7(b)(3).

(*12*) *Therapeutic services.* (*i*) Individual, group, and family psychotherapy are provided to all patients, consistent with each patient's treatment plan, by qualified mental health providers.

(*ii*) A range of therapeutic activities, directed and staffed by qualified personnel, are offered to help patients meet the goals of the treatment plan.

(*iii*) Therapeutic educational services are provided or arranged that are appropriate to the patients educational and therapeutic needs.

(*13*) *Ancillary services.* A full range of ancillary services is provided. Emergency services include policies and procedures for handling emergencies with qualified personnel and written agreements with each facility providing the service. Other ancillary services include physical health, pharmacy and dietary services.

(C) *Standards for physical plant and environment—*(*1*) *Physical environment.* The buildings and grounds of the RTC shall be maintained so as to avoid health and safety hazards, be supportive of the services provided to patients, and promote patient comfort, dignity, privacy, personal hygiene, and personal safety.

(*2*) *Physical plant safety.* The RTC shall be of permanent construction and maintained in a manner that protects the lives and ensures the physical safety of patients, staff, and visitors, including conformity with all applicable building, fire, health, and safety codes.

(*3*) *Disaster planning.* The RTC shall maintain and rehearse written plan for taking care of casualties and handling other consequences arising from internal and external disasters.

(D) *Standards for evaluation system—*(*1*) *Quality assessment and improvement.* The RTC shall develop and implement a comprehensive quality assurance and quality improvement program that monitors the quality, efficiency, appropriateness, and effectiveness of the care, treatments, and services it provides for patients and their families, primarily utilizing explicit clinical indicators to evaluate all functions of the RTC and contribute to an ongoing process of program improvement. The clinical director is responsible for developing and implementing quality assessment and improvement activities throughout the facility.

(*2*) *Utilization review.* The RTC shall implement a utilization review process, pursuant to a written plan approved by the professional staff, the administration, and the governing body, that assesses the appropriateness of admission, continued stay, and timeliness of discharge as part of an effort to provide quality patient care in a cost-effective manner. Findings of the utilization review process are used as a basis for revising the plan of operation, including a review of staff qualifications and staff composition.

(*3*) *Patient records review.* The RTC shall implement a process, including monthly reviews of a representative sample of patient records, to determine the completeness and accuracy of the patient records and the timeliness and pertinence of record entries, particularly with regard to regular recording of progress/non-progress in treatment.

(*4*) *Drug utilization review.* The RTC shall implement a comprehensive process for the monitoring and evaluating of the prophylactic, therapeutic, and empiric use of drugs to assure that medications are provided appropriately, safely, and effectively.

(*5*) *Risk management*. The RTC shall implement a comprehensive risk management program, fully coordinated with other aspects of the quality assurance and quality improvement program, to prevent and control risks to patients and staff and costs associated with clinical aspects of patient care and safety.

(*6*) *Infection control*. The RTC shall implement a comprehensive system for the surveillance, prevention, control, and reporting of infections acquired or brought into the facility.

(*7*) *Safety*. The RTC shall implement an effective program to assure a safe environment for patients, staff, and visitors, including an incident report system, a continuous safety surveillance system, and an active multidisciplinary safety committee.

(*8*) *Facility evaluation*. The RTC annually evaluates accomplishment of the goals and objectives of each clinical program and service of the RTC and reports findings and recommendations to the governing body.

(E) *Participation agreement requirements*. In addition to other requirements set forth in paragraph (b)(4)(vii), of this section in order for the services of an RTC to be authorized, the RTC shall have entered into a Participation Agreement with OCHAMPUS. The period of a participation agreement shall be specified in the agreement, and will generally be for not more than five years. Participation agreements entered into prior April 6, 1995 must be renewed not later than October 1, 1995. In addition to review of a facility's application and supporting documentation, an on-site inspection by OCHAMPUS authorized personnel may be required prior to signing a Participation Agreement. Retroactive approval is not given. In addition, the Participation Agreement shall include provisions that the RTC shall, at a minimum:

(*1*) Render residential treatment center impatient services to eligible CHAMPUS beneficiaries in need of such services, in accordance with the participation agreement and CHAMPUS regulation;

(*2*) Accept payment for its services based upon the methodology provided in §199.14(f) or such other method as determined by the Director, OCHAMPUS;

(*3*) Accept the CHAMPUS all-inclusive per diem rate as payment in full and collect from the CHAMPUS beneficiary or the family of the CHAMPUS beneficiary only those amounts that represent the beneficiary's liability, as defined in §199.4, and charges for services and supplies that are not a benefit of CHAMPUS;

(*4*) Make all reasonable efforts acceptable to the Director, OCHAMPUS, to collect those amounts, which represents the beneficiary's liability, as defined in §199.4;

(*5*) Comply with the provisions of §199.8, and submit claims first to all health insurance coverage to which the beneficiary is entitled that is primary to CHAMPUS;

(*6*) Submit claims for services provided to CHAMPUS beneficiaries at least 30 days (except to the extent a delay is necessitated by efforts to first collect from other health insurance). If claims are not submitted at least every 30 days, the RTC agrees not to bill the beneficiary or the beneficiary's family for any amounts disallowed by CHAMPUS;

(*7*) Certify that:

(*i*) It is and will remain in compliance with the provisions of paragraph (b)(4)(vii) of this section establishing standards for Residential Treatment Centers;

(*ii*) It has conducted a self assessment of the facility's compliance with the CHAMPUS Standards for Residential Treatment Centers Serving Children and Adolescents with Mental Disorders, as issued by the Director, OCHAMPUS and notified the Director, OCHAMPUS of any matter regarding which the facility is not in compliance with such standards; and

(*iii*) It will maintain compliance with the CHAMPUS Standards for Residential Treatment Centers Serving Children and Adolescents with Mental Disorders, as issued by the Director, OCHAMPUS, except for any such standards regarding which the facility notifies the Director, OCHAMPUS that it is not in compliance.

(*8*) Designate an individual who will act as liaison for CHAMPUS inquiries.

The RTC shall inform OCHAMPUS in writing of the designated individual;

(*9*) Furnish OCHAMPUS, as requested by OCHAMPUS, with cost data certified by an independent accounting firm or other agency as authorized by the Director, OCHAMPUS;

(*10*) Comply with all requirements of this section applicable to institutional providers generally concerning preauthorization, concurrent care review, claims processing, beneficiary liability, double coverage, utilization and quality review and other matters;

(*11*) Grant the Director, OCHAMPUS, or designee, the right to conduct quality assurance audits or accounting audits with full access to patients and records (including records relating to patients who are not CHAMPUS beneficiaries) to determine the quality and cost-effectiveness of care rendered. The audits may be conducted on a scheduled or unscheduled (unannounced) basis. This right to audit/review includes, but is not limited to:

(*i*) Examination of fiscal and all other records of the RTC which would confirm compliance with the participation agreement and designation as an authorized CHAMPUS RTC provider;

(*ii*) Conducting such audits of RTC records including clinical, financial, and census records, as may be necessary to determine the nature of the services being provided, and the basis for charges and claims against the United States for services provided CHAMPUS beneficiaries;

(*iii*) Examining reports of evaluations and inspections conducted by federal, state and local government, and private agencies and organizations;

(*iv*) Conducting on-site inspections of the facilities of the RTC and interviewing employees, members of the staff, contractors, board members, volunteers, and patients, as required;

(*v*) Audits conducted by the United States General Accounting Office.

(F) *Other requirements applicable to RTCs.* (*1*) Even though an RTC may qualify as a CHAMPUS-authorized provider and may have entered into a participation agreement with CHAMPUS, payment by CHAMPUS for particular services provided is contingent upon the RTC also meeting all conditions set forth in §199.4 especially all requirements of paragraph (b)(4) of that section.

(*2*) The RTC shall provide inpatient services to CHAMPUS beneficiaries in the same manner it provides inpatient services to all other patients. The RTC may not discriminate against CHAMPUS beneficiaries in any manner, including admission practices, placement in special or separate wings or rooms, or provisions of special or limited treatment.

(*3*) The RTC shall assure that all certifications and information provided to the Director, OCHAMPUS incident to the process of obtaining and retaining authorized provider status is accurate and that it has no material errors or omissions. In the case of any misrepresentations, whether by inaccurate information being provided or material facts withheld, authorized status will be denied or terminated, and the RTC will be ineligible for consideration for authorized provider status for a two year period.

(viii) *Christian Science sanatoriums.* The services obtained in Christian Science sanatoriums are covered by CHAMPUS as inpatient care. To qualify for coverage, the sanatorium either must be operated by, or be listed and certified by the First Church of Christ, Scientist.

(ix) *Infirmaries.* Infirmaries are facilities operated by student health departments of colleges and universities to provide inpatient or outpatient care to enrolled students. Charges for care provided by such facilities will not be cost-shared by CHAMPUS if the student would not be charged in the absence of CHAMPUS, or if student is covered by a mandatory student health insurance plan, in which enrollment is required as a part of the student's school registration and the charges by the college or university include a premium for the student health insurance coverage. CHAMPUS will cost-share only if enrollment in the student health program or health insurance plan is voluntary.

NOTE: An infirmary in a boarding school also may qualify under this provision, subject to review and approval by the Director, OCHAMPUS or a designee.

(x) *Other special institution providers.* (A) *General.* (*1*) Care provided by certain special institutional providers (on either an inpatient or outpatient basis), may be cost-shared by CHAMPUS under specified circumstances and only if the provider is specifically identified in paragraph (b)(4)(x) of this section.

(*i*) The course of treatment is prescribed by a doctor of medicine or osteopathy.

(*ii*) The patient is under the supervision of a physician during the entire course of the inpatient admission or the outpatient treatment.

(*iii*) The type and level of care and service rendered by the institution are otherwise authorized by this part.

(*iv*) The facility meets all licensing or other certification requirements that are extant in the jurisdiction in which the facility is located geographically.

(*v*) Is other than a nursing home, intermediate care facility, home for the aged, halfway house, or other similar institution.

(*vi*) Is accredited by the JCAH or other CHAMPUS-approved accreditation organization, if an appropriate accreditation program for the given type of facility is available. As future accreditation programs are developed to cover emerging specialized treatment programs, such accreditation will be a prerequisite to coverage by CHAMPUS for services provided by such facilities.

(*2*) To ensure that CHAMPUS beneficiaries are provided quality care at a reasonable cost when treated by a special institutional provider, the Director, OCHAMPUS may:

(*i*) Require prior approval of all admissions to special institutional providers.

(*ii*) Set appropriate standards for special institutional providers in addition to or in the absence of JCAHO accreditation.

(*iii*) Monitor facility operations and treatment programs on a continuing basis and conduct onsite inspections on a scheduled and unscheduled basis.

(*iv*) Negotiate agreements of participation.

(*v*) Terminate approval of a case when it is ascertained that a departure from the facts upon which the admission was based originally has occurred.

(*vi*) Declare a special institutional provider not eligible for CHAMPUS payment if that facility has been found to have engaged in fraudulent or deceptive practices.

(*3*) In general, the following disclaimers apply to treatment by special institutional providers:

(*i*) Just because one period or episode of treatment by a facility has been covered by CHAMPUS may not be construed to mean that later episodes of care by the same or similar facility will be covered automatically.

(*ii*) The fact that one case has been authorized for treatment by a specific facility or similar type of facility may not be construed to mean that similar cases or later periods of treatment will be extended CHAMPUS benefits automatically.

(B) *Types of providers.* The following is a list of facilities that have been designated specifically as special institutional providers.

(*1*) *Free-standing ambulatory surgical centers.* Care provided by freestanding ambulatory surgical centers may be cost-shared by CHAMPUS under the following circumstances:

(*i*) The treatment is prescribed and supervised by a physician.

(*ii*) The type and level of care and services rendered by the center are otherwise authorized by this part.

(*iii*) The center meets all licensing or other certification requirements of the jurisdiction in which the facility is located.

(*iv*) The center is accredited by the JCAH, the Accreditation Association for Ambulatory Health Care, Inc. (AAAHC), or such other standards as authorized by the Director, OCHAMPUS.

(*v*) A childbirth procedure provided by a CHAMPUS-approved free-standing ambulatory surgical center shall not be cost-shared by the CHAMPUS unless the surgical center is also a CHAMPUS-approved birthing center institutional provider as established by the birthing center provider certification requirement of this Regulation.

(*2*) [Reserved]

(xi) *Birthing centers.* A birthing center is a freestanding or institution-affiliated outpatient maternity care program which principally provides a planned course of outpatient prenatal care and outpatient childbirth service limited to low-risk pregnancies; excludes care for high-risk pregnancies; limits childbirth to the use of natural childbirth procedures; and provides immediate newborn care.

(A) *Certification requirements.* A birthing center which meets the following criteria may be designated as an authorized CHAMPUS institutional provider:

(*1*) The predominant type of service and level of care rendered by the center is otherwise authorized by this part.

(*2*) The center is licensed to operate as a birthing center where such license is available, or is specifically licensed as a type of ambulatory health care facility where birthing center specific license is not available, and meets all applicable licensing or certification requirements that are extant in the state, county, municipality, or other political jurisdiction in which the center is located.

(*3*) The center is accredited by a nationally recognized accreditation organization whose standards and procedures have been determined to be acceptable by the Director, OCHAMPUS, or a designee.

(*4*) The center complies with the CHAMPUS birthing center standards set forth in this part.

(*5*) The center has entered into a participation agreement with OCHAMPUS in which the center agrees, in part, to:

(*i*) Participate in CHAMPUS and accept payment for maternity services based upon the reimbursement methodology for birthing centers;

(*ii*) Collect from the CHAMPUS beneficiary only those amounts that represent the beneficiary's liability under the participation agreement and the reimbursement methodology for birthing centers, and the amounts for services and supplies that are not a benefit of the CHAMPUS;

(*iii*) Permit access by the Director, OCHAMPUS, or a designee, to the clinical record of any CHAMPUS beneficiary, to the financial and organizational records of the center, and to reports of evaluations and inspections conducted by state or private agencies or organizations;

(*iv*) Submit claims first to all health benefit and insurance plans primary to the CHAMPUS to which the beneficiary is entitled and to comply with the double coverage provisions of this part;

(*v*) Notify CHAMPUS in writing within 7 days of the emergency transport of any CHAMPUS beneficiary from the center to an acute care hospital or of the death of any CHAMPUS beneficiary in the center.

(*6*) A birthing center shall not be a CHAMPUS-authorized institutional provider and CHAMPUS benefits shall not be paid for any service provided by a birthing center before the date the participation agreement is signed by the Director, OCHAMPUS, or a designee.

(B) *CHAMPUS birthing center standards.* (*1*) *Environment:* The center has a safe and sanitary environment, properly constructed, equipped, and maintained to protect health and safety and meets the applicable provisions of the ''Life Safety Code'' of the National Fire Protection Association.

(*2*) *Policies and procedures:* The center has written administrative, fiscal, personnel and clinical policies and procedures which collectively promote the provision of high-quality maternity care and childbirth services in an orderly, effective, and safe physical and organizational environment.

(*3*) *Informed consent:* Each CHAMPUS beneficiary admitted to the center will be informed in writing at the time of admission of the nature and scope of the center's program and of the possible risks associated with maternity care and childbirth in the center.

(*4*) *Beneficiary care:* Each woman admitted will be cared for by or under the direct supervision of a specific physician or a specific certified nurse-midwife who is otherwise eligible as a CHAMPUS individual professional provider.

(*5*) *Medical direction:* The center has written memoranda of understanding (MOU) for routine consultation and emergency care with an obstetrician-gynecologist who is certified or is eligible for certification by the American

Board of Obstetrics and Gynecology or the American Osteopathic Board of Obstetrics and Gynecology and with a pediatrician who is certified or eligible for certification by the American Board of Pediatrics or by the American Osteopathic Board of Pediatrics, each of whom have admitting privileges to at least one backup hospital. In lieu of a required MOU, the center may employ a physician with the required qualifications. Each MOU must be renewed annually.

(*6*) *Admission and emergency care criteria and procedures.* The center has written clinical criteria and administrative procedures, which are reviewed and approved annually by a physician related to the center as required by paragraph (b)(4)(xi)(B)(*5*) above, for the exclusion of a woman with a high-risk pregnancy from center care and for management of maternal and neonatal emergencies.

(*7*) *Emergency treatment.* The center has a written memorandum of understanding (MOU) with at least one backup hospital which documents that the hospital will accept and treat any woman or newborn transferred from the center who is in need of emergency obstetrical or neonatal medical care. In lieu of this MOU with a hospital, a birthing center may have an MOU with a physician, who otherwise meets the requirements as a CHAMPUS individual professional provider, and who has admitting privileges to a backup hospital capable of providing care for critical maternal and neonatal patients as demonstrated by a letter from that hospital certifying the scope and expected duration of the admitting privileges granted by the hospital to the physician. The MOU must be reviewed annually.

(*8*) *Emergency medical transportation.* The center has a written memorandum of understanding (MOU) with at least one ambulance service which documents that the ambulance service is routinely staffed by qualified personnel who are capable of the management of critical maternal and neonatal patients during transport and which specifies the estimated transport time to each backup hospital with which the center has arranged for emergency treatment as required in paragraph (b)(4)(xi)(B)(*7*) above. Each MOU must be renewed annually.

(*9*) *Professional staff.* The center's professional staff is legally and professionally qualified for the performance of their professional responsibilities.

(*10*) *Medical records.* The center maintains full and complete written documentation of the services rendered to each woman admitted and each newborn delivered. A copy of the informed consent document required by paragraph (b)(4)(xi)(B)(*3*), above, which contains the original signature of the CHAMPUS beneficiary, signed and dated at the time of admission, must be maintained in the medical record of each CHAMPUS beneficiary admitted.

(*11*) *Quality assurance.* The center has an organized program for quality assurance which includes, but is not limited to, written procedures for regularly scheduled evaluation of each type of service provided, of each mother or newborn transferred to a hospital, and of each death within the facility.

(*12*) *Governance and administration.* The center has a governing body legally responsible for overall operation and maintenance of the center and a full-time employee who has authority and responsibility for the day-to-day operation of the center.

(xii) *Psychiatric partial hospitalization programs.* Paragraph (b)(4)(xii) of this section establishes standards and requirements for psychiatric partial hospitalization programs.

(A) *Organization and administration—*(*1*) *Definition.* Partial hospitalization is defined as a time-limited, ambulatory, active treatment program that offers therapeutically intensive, coordinated, and structured clinical services within a stable therapeutic milieu. Partial hospitalization programs serve patients who exhibit psychiatric symptoms, disturbances of conduct, and decompensating conditions affecting mental health.

(*2*) *Eligibility.* (*i*) Every psychiatric partial hospitalization program must be certified pursuant to CHAMPUS certification standards. Such standards shall incorporate the basic standards set forth in paragraphs (b)(4)(xii) (A) through (D) of this section, and shall include such additional elaborative criteria and standards as the Director,

OCHAMPUS determines are necessary to implement the basic standards. Each psychiatric partial hospitalization program must be either a distinct part of an otherwise authorized institutional provider or a freestanding program.

(*ii*) To be eligible for CHAMPUS certification, the facility is required to be licensed and fully operational for a period of at least six months (with a minimum patient census of at least 30 percent of bed capacity) and operate in substantial compliance with state and federal regulations.

(*iii*) The facility is currently accredited by the Joint Commission on Accreditation of Healthcare Organizations under the current edition of the Accreditation Manual for Mental Health, Chemical Dependency, and Mental Retardation/Developmental Disabilities Services.

(*iv*) The facility has a written participation agreement with OCHAMPUS. On October 1, 1995, the PHP is not a CHAMPUS-authorized provider and CHAMPUS benefits are not paid for services provided until the date upon which a participation agreement is signed by the Director, OCHAMPUS. Partial hospitalization is capable of providing an interdisciplinary program of medical and therapeutic services a minimum of three hours per day, five days per week, and may include full- or half-day, evening, and weekend treatment programs.

(*3*) *Governing body*. (*i*) The PHP shall have a governing body which is responsible for the policies, bylaws, and activities of the facilities. If the PHP is owned by a partnership or single owner, the partners or single owner are regarded as the governing body. The facility will provide an up-to-date list of names, addresses, telephone numbers, and titles of the members of the governing body.

(*ii*) The governing body ensures appropriate and adequate services for all patients and oversees continuing development and improvement of care. Where business relationships exist between the governing body and facility, appropriate conflict-of-interest policies are in place.

(*iii*) Board members are fully informed about facility services and the governing body conducts annual review of its performance in meeting purposes, responsibilities, goals and objectives.

(*4*) *Chief executive officer*. The Chief Executive Officer, appointed by and subject to the direction of the governing body, shall assume overall administrative responsibility for the operation of the facility according to governing body policies. The chief executive officer shall have five years' administrative experience in the field of mental health. On October 1, 1997, the CEO shall possess a degree in business administration, public health, hospital administration, nursing, social work, or psychology, or meet similar educational requirements as prescribed by the Director, OCHAMPUS.

(*5*) *Clinical Director*. The clinical director, appointed by the governing body, shall be a psychiatrist or doctoral level psychologist who meets applicable CHAMPUS requirements for individual professional providers and is licensed to practice in the state where the PHP is located. The clinical director shall possess requisite education and experience, credentials applicable under state practice and licensing laws appropriate to the professional discipline, and a minimum of five years' clinical experience in the treatment of mental disorders specific to the ages and disabilities of the patients served. The clinical director shall be responsible for planning, development, implementation, and monitoring of all clinical activities.

(*6*) *Medical director*. The medical director, appointed by the governing body, shall be licensed to practice medicine in the state where the residential treatment center is located and shall possess requisite education and experience, including graduation from an accredited school of medicine or osteopathy, an approved residency in psychiatry and a minimum of five years clinical experience in the treatment of mental disorders specific to the ages and disabilities of the patients served. The Medical Director shall be responsible for the planning, development, implementation, and monitoring of all activities relating to medical treatment of patients. If qualified, the Medical Director may also serve as Clinical Director.

(*7*) *Medical or professional staff organization*. The governing body shall establish a medical or professional staff organization to assure effective implementation of clinical privileging, professional conduct rules, and other activities directly affecting patient care.

(*8*) *Personnel policies and records*. The PHP shall maintain written personnel policies, updated job descriptions, personnel records to assure the selection of qualified personnel and successful job performance of those personnel.

(*9*) *Staff development*. The facility shall provide appropriate training and development programs for administrative, professional support, and direct care staff.

(*10*) *Fiscal accountability*. The PHP shall assure fiscal accountability to applicable government authorities and patients.

(*11*) *Designated teaching facilities*. Students, residents, interns, or fellows providing direct clinical care are under the supervision of a qualified staff member approved by an accredited university. The teaching program is approved by the Director, OCHAMPUS.

(*12*) *Emergency reports and records*. The facility notifies OCHAMPUS of any serious occurrence involving CHAMPUS beneficiaries.

(B) *Treatment services*—(*1*) *Staff composition*. (*i*) The PHP shall ensure that patient care needs will be appropriately addressed during all hours of operation by a sufficient number of fully qualified (including license, registration or certification requirements, educational attainment, and professional experience) health care professionals. Clinicians providing individual, group, and family therapy meet CHAMPUS requirements as qualified mental health providers, and operate within the scope of their licenses. The ultimate authority for managing care is vested in a psychiatrist or licensed doctor level psychologist. The management of medical care is vested in a physician.

(*ii*) The PHP shall establish and follow written plans to assure adequate staff coverage during all hours of operation, including physician availability, other professional staff coverage, and support staff in the respective disciplines.

(*2*) *Staff qualifications*. The PHP will have a sufficient number of qualified mental health providers, administrative, and support staff to address patients' clinical needs and to coordinate the services provided. PHPs which 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, provided the individual works under the clinical supervision of a fully qualified mental health provider employed by the PHP. All other program services shall be provided by trained, licensed staff.

(*3*) *Patient rights*. (*i*) The PHP shall provide adequate protection for all patient rights, including rights provided by law, privacy, personal rights, safety, confidentiality, informed consent, grievances, and personal dignity.

(*ii*) The facility has a written policy regarding patient abuse and neglect.

(*iii*) Facility marketing and advertising meets professional standards.

(*4*) *Behavioral management*. The PHP shall adhere to a comprehensive, written plan of behavior management, developed by the clinical director and the medical or professional staff and approved by the governing body, including strictly limited procedures to assure that restraint or seclusion are used only in extraordinary circumstances, are carefully monitored, and are fully documented. Only trained and clinically privileged RNs or qualified mental health professionals may be responsible for implementation of seclusion and restraint procedures in an emergency situation.

(*5*) *Admission process*. The PHP shall maintain written policies and procedures to ensure that prior to an admission, a determination is made, and approved pursuant to CHAMPUS preauthorization requirements, that the admission is medically and/or psychologically necessary and the program is appropriate to meet the patient's needs. Medical and/or psychological necessity determinations shall be rendered by qualified mental health

professionals who meet CHAMPUS requirements for individual professional providers and who are permitted by law and by the facility to refer patients for admission.

(*6*) *Assessments.* The professional staff of the PHP shall complete a multidisciplinary assessment which includes, but is not limited to physical health, psychological health, physiological, developmental, family, educational, spiritual, and skills assessment of each patient admitted. Unless otherwise specified, all required clinical assessment are completed prior to development of the interdisciplinary treatment plan.

(*7*) *Clinical formulation.* A qualified mental health provider of the PHP will complete a clinical formulation on all patients. The clinical formulation will be reviewed and approved by the responsible individual professional provider and will incorporate significant findings from each of the multidisciplinary assessments. It will provide the basis for development of an interdisciplinary treatment plan.

(*8*) *Treatment planning.* A qualified mental health professional with admitting privileges shall be responsible for the development, supervision, implementation, and assessment of a written, individualized, interdisciplinary plan of treatment, which shall be completed by the fifth day following admission to a full-day PHP, or by the seventh day following admission to a half-day PHP, and shall include measurable and observable goals for incremental progress and discharge. The treatment plan shall undergo review at least every two weeks, or when major changes occur in treatment.

(*9*) *Discharge and transition planning.* The PHP shall develop an individualized transition plan which addresses anticipated needs of the patient at discharge. The transition plan involves determining necessary modifications in the treatment plan, facilitating the termination of treatment, and identifying resources for maintaining therapeutic stability following discharge.

(*10*) *Clinical documentation.* Clinical records shall be maintained on each patient to plan care and treatment and provide ongoing evaluation of the patient's progress. All care is documented and each clinical record contains at least the following: demographic data, consent forms, pertinent legal documents, all treatment plans and patient assessments, consultation and laboratory reports, physician orders, progress notes, and a discharge summary. All documentation will adhere to applicable provisions of the JCAHO and requirements set forth in §199.7(b)(3). An appropriately qualified records administrator or technician will supervise and maintain the quality of the records. These requirements are in addition to other records requirements of this part, and documentation requirements of the Joint Commission on Accreditation of Health Care Organization.

(*11*) *Progress notes.* PHPs shall document the course of treatment for patients and families using progress notes which provide information to review, analyze, and modify the treatment plans. Progress notes are legible, contemporaneous, sequential, signed and dated and adhere to applicable provisions of the Manual for Mental Health, Chemical Dependency, and Mental Retardation/Developmental Disabilities Services and requirements set forth in section 199.7(b)(3).

(*12*) *Therapeutic services.*

(*i*) Individual, group, and family therapy are provided to all patients, consistent with each patient's treatment plan by qualified mental health providers.

(*ii*) A range of therapeutic activities, directed and staffed by qualified personnel, are offered to help patients meet the goals of the treatment plan.

(*iii*) Educational services are provided or arranged that are appropriate to the patient's needs.

(*13*) *Ancillary services.* A full range of ancillary services are provided. Emergency services include policies and procedures for handling emergencies with qualified personnel and written agreements with each facility providing these services. Other ancillary services include physical health, pharmacy and dietary services.

(C) *Standards for physical plant and environment—(1) Physical environment.* The buildings and grounds of the PHP shall be maintained so as to avoid

health and safety hazards, be supportive of the services provided to patients, and promote patient comfort, dignity, privacy, personal hygiene, and personal safety.

(*2*) *Physical plant safety*. The PHP shall be of permanent construction and maintained in a manner that protects the lives and ensures the physical safety of patients, staff, and visitors, including conformity with all applicable building, fire, health, and safety codes.

(*3*) *Disaster planning*. The PHP shall maintain and rehearse written plans for taking care of casualties and handling other consequences arising from internal and external disasters.

(D) *Standards for evaluation system*—(*1*) *Quality assessment and improvement*. The PHP shall develop and implement a comprehensive quality assurance and quality improvement program that monitors the quality, efficiency, appropriateness, and effectiveness of care, treatments, and services the PHP provides for patients and their families. Explicit clinical indicators shall be used to be used to evaluate all functions of the PHP and contribute to an ongoing process of program improvement. The clinical director is responsible for developing and implementing quality assessment and improvement activities throughout the facility.

(*2*) *Utilization review*. The PHP shall implement a utilization review process, pursuant to a written plan approved by the professional staff, the administration and the governing body, that assesses distribution of services, clinical necessity of treatment, appropriateness of admission, continued stay, and timeliness of discharge, as part of an overall effort to provide quality patient care in a cost-effective manner. Findings of the utilization review process are used as a basis for revising the plan of operation, including a review of staff qualifications and staff composition.

(*3*) *Patient records*. The PHP shall implement a process, including regular monthly reviews of a representative sample of patient records, to determine completeness, accuracy, timeliness of entries, appropriate signatures, and pertinence of clinical entries. Conclusions, recommendations, actions taken, and the results of actions are monitored and reported.

(*4*) *Drug utilization review*. The PHP shall implement a comprehensive process for the monitoring and evaluating of the prophylactic, therapeutic, and empiric use of drugs to assure that medications are provided appropriately, safely, and effectively.

(*5*) *Risk management*. The PHP shall implement a comprehensive risk management program, fully coordinated with other aspects of the quality assurance and quality improvement program, to prevent and control risks to patients and staff, and to minimize costs associated with clinical aspects of patient care and safety.

(*6*) *Infection control*. The PHP shall implement a comprehensive system for the surveillance, prevention, control, and reporting of infections acquired or brought into the facility.

(*7*) *Safety*. The PHP shall implement an effective program to assure a safe environment for patients, staff, and visitors, including an incident reporting system, disaster training and safety education, a continuous safety surveillance system, and an active multidisciplinary safety committee.

(*8*) *Facility evaluation*. The PHP annually evaluates accomplishment of the goals and objectives of each clinical program component or facility service of the PHP and reports findings and recommendations to the governing body.

(E) *Participation agreement requirements*. In addition to other requirements set forth in paragraph (b)(4)(xii) of this section, in order for the services of a PHP to be authorized, the PHP shall have entered into a Participation Agreement with OCHAMPUS. The period of a Participation Agreement shall be specified in the agreement, and will generally be for not more than five years. On October 1, 1995, the PHP shall not be considered to be a CHAMPUS authorized provider and CHAMPUS payments shall not be made for services provided by the PHP until the date the participation agreement is signed by the Director, OCHAMPUS. In addition to review of a facility's application and supporting documentation, an on-site inspection by OCHAMPUS authorized personnel may be required

prior to signing a participation agreement. The Participation Agreement shall include at least the following requirements:

(*1*) Render partial hospitalization program services to eligible CHAMPUS beneficiaries in need of such services, in accordance with the participation agreement and CHAMPUS regulation.

(*2*) Accept payment for its services based upon the methodology provided in §199.14, or such other method as determined by the Director, OCHAMPUS;

(*3*) Accept the CHAMPUS all-inclusive per diem rate as payment in full and collect from the CHAMPUS beneficiary or the family of the CHAMPUS beneficiary only those amounts that represent the beneficiary's liability, as defined in §199.4, and charges for services and supplies that are not a benefit of CHAMPUS;

(*4*) Make all reasonable efforts acceptable to the Director, OCHAMPUS, to collect those amounts, which represent the beneficiary's liability, as defined in §199.4;

(*5*) Comply with the provisions of §199.8, and submit claims first to all health insurance coverage to which the beneficiary is entitled that is primary to CHAMPUS;

(*6*) Submit claims for services provided to CHAMPUS beneficiaries at least every 30 days (except to the extent a delay is necessitated by efforts to first collect from other health insurance). If claims are not submitted at least every 30 days, the PHP agrees not to bill the beneficiary or the beneficiary's family for any amounts disallowed by CHAMPUS;

(*7*) Certify that:

(*i*) It is and will remain in compliance with the provisions of paragraph (b)(4)(xii) of this section establishing standards for psychiatric partial hospitalization programs;

(*ii*) It has conducted a self assessment of the facility's compliance with the CHAMPUS Standards for Psychiatric Partial Hospitalization Programs, as issued by the Director, OCHAMPUS, and notified the Director, OCHAMPUS of any matter regarding which the facility is not in compliance with such standards; and

(*iii*) It will maintain compliance with the CHAMPUS Standards for Psychiatric Partial Hospitalization Programs, as issued by the Director, OCHAMPUS, except for any such standards regarding which the facility notifies the Director, OCHAMPUS that it is not in compliance.

(*8*) Designate an individual who will act as liaison for CHAMPUS inquiries. The PHP shall inform OCHAMPUS in writing of the designated individual;

(*9*) Furnish OCHAMPUS with cost data, as requested by OCHAMPUS, certified by an independent accounting firm or other agency as authorized by the Director, OCHAMPUS;

(*10*) Comply with all requirements of this section applicable to institutional providers generally concerning preauthorization, concurrent care review, claims processing, beneficiary liability, double coverage, utilization and quality review and other matters;

(*11*) Grant the Director, OCHAMPUS, or designee, the right to conduct quality assurance audits or accounting audits with full access to patients and records (including records relating to patients who are not CHAMPUS beneficiaries) to determine the quality and cost-effectiveness of care rendered. The audits may be conducted on a scheduled or unscheduled (unannounced) basis. This right to audit/review includes, but is not limited to:

(*i*) Examination of fiscal and all other records of the PHP which would confirm compliance with the participation agreement and designation as an authorized CHAMPUS PHP provider;

(*ii*) Conducting such audits of PHP records including clinical, financial, and census records, as may be necessary to determine the nature of the services being provided, and the basis for charges and claims against the United States for services provided CHAMPUS beneficiaries;

(*iii*) Examining reports of evaluations and inspections conducted by federal, state and local government, and private agencies and organizations;

(*iv*) Conducting on-site inspections of the facilities of the PHP and interviewing employees, members of the staff, contractors, board members, volunteers, and patients, as required;

(*v*) Audits conducted by the United States General Account Office.

(F) *Other requirements applicable to PHPs.*

(*1*) Even though a PHP may qualify as a CHAMPUS-authorized provider and may have entered into a participation agreement with CHAMPUS, payment by CHAMPUS for particular services provided is contingent upon the PHP also meeting all conditions set forth in section 199.4 of this part.

(*2*) The PHP shall provide patient services to CHAMPUS beneficiaries in the same manner it provides inpatient services to all other patients. The PHP may not discriminate against CHAMPUS beneficiaries in any manner, including admission practices, placement in special or separate wings or rooms, or provisions of special or limited treatment.

(*3*) The PHP shall assure that all certifications and information provided to the Director, OCHAMPUS incident to the process of obtaining and retaining authorized provider status is accurate and that is has no material errors or omissions. In the case of any misrepresentations, whether by inaccurate information being provided or material facts withheld, authorized provider status will be denied or terminated, and the PHP will be ineligible for consideration for authorized provider status for a two year period.

(xiii) *Hospice programs.* Hospice programs must be Medicare approved and meet all Medicare conditions of participation (42 CFR part 418) in relation to CHAMPUS patients in order to receive payment under the CHAMPUS program. A hospice program may be found to be out of compliance with a particular Medicare condition of participation and still participate in the CHAMPUS as long as the hospice is allowed continued participation in Medicare while the condition of noncompliance is being corrected. The hospice program can be either a public agency or private organization (or a subdivision thereof) which:

(A) Is primarily engaged in providing the care and services described under §199.4(e)(19) and makes such services available on a 24-hour basis.

(B) Provides bereavement counseling for the immediate family or terminally ill individuals.

(C) Provides for such care and services in individuals' homes, on an outpatient basis, and on a short-term inpatient basis, directly or under arrangements made by the hospice program, except that the agency or organization must:

(*1*) Ensure that substantially all the core services are routinely provided directly by hospice employees.

(*2*) Maintain professional management responsibility for all services which are not directly furnished to the patient, regardless of the location or facility in which the services are rendered.

(*3*) Provide assurances that the aggregate number of days of inpatient care provided in any 12-month period does not exceed 20 percent of the aggregate number of days of hospice care during the same period.

(*4*) Have an interdisciplinary group composed of the following personnel who provide the care and services described under §199.4(e)(19) and who establish the policies governing the provision of such care/services:

(*i*) A physician;

(*ii*) A registered professional nurse;

(*iii*) A social worker; and

(*iv*) A pastoral or other counselor.

(*5*) Maintain central clinical records on all patients.

(*6*) Utilize volunteers.

(*7*) The hospice and all hospice employees must be licensed in accordance with applicable Federal, State and local laws and regulations.

(*8*) The hospice must enter into an agreement with CHAMPUS in order to be qualified to participate and to be eligible for payment under the program. In this agreement the hospice and CHAMPUS agree that the hospice will:

(*i*) Not charge the beneficiary or any other person for items or services for which the beneficiary is entitled to have payment made under the CHAMPUS hospice benefit.

(*ii*) Be allowed to charge the beneficiary for items or services requested by the beneficiary in addition to those that are covered under the CHAMPUS hospice benefit.

(*9*) Meet such other requirements as the Secretary of Defense may find necessary in the interest of the health and

safety of the individuals who are provided care and services by such agency or organization.

(xiv) *Substance use disorder rehabilitation facilities.* Paragraph (b)(4)(xiv) of this section establishes standards and requirements for substance use order rehabilitation facilities (SUDRF). This includes both inpatient rehabilitation centers for the treatment of substance use disorders and partial hospitalization centers for the treatment of substance use disorders.

(A) *Organization and administration—*(*1*) *Definition of inpatient rehabilitation center.* An inpatient rehabilitation center is a facility, or distinct part of a facility, that provides medically monitored, interdisciplinary addiction-focused treatment to beneficiaries who have psychoactive substance use disorders. Qualified health care professionals provide 24-hour, seven-day-per-week, medically monitored assessment, treatment, and evaluation. An inpatient rehabilitation center is appropriate for patients whose addiction-related symptoms, or concomitant physical and emotional/behavioral problems reflect persistent dysfunction in several major life areas. Inpatient rehabilitation is differentiated from:

(*i*) Acute psychoactive substance use treatment and from treatment of acute biomedical/emotional/behavioral problems; which problems are either life-threatening and/or severely incapacitating and often occur within the context of a discrete episode of addiction-related biomedical or psychiatric dysfunction;

(*ii*) A partial hospitalization center, which serves patients who exhibit emotional/behavioral dysfunction but who can function in the community for defined periods of time with support in one or more of the major life areas;

(*iii*) A group home, sober-living environment, halfway house, or three-quarter way house;

(*iv*) Therapeutic schools, which are educational programs supplemented by addiction-focused services;

(*v*) Facilities that treat patients with primary psychiatric diagnoses other than psychoactive substance use or dependence; and

(*vi*) Facilities that care for patients with the primary diagnosis of mental retardation or developmental disability.

(*2*) *Definition of partial hospitalization center for the treatment of substance use disorders.* A partial hospitalization center for the treatment of substance use disorders is an addiction-focused service that provides active treatment to adolescents between the ages of 13 and 18 or adults aged 18 and over. Partial hospitalization is a generic term for day, evening, or weekend programs that treat patients with psychoactive substance use disorders according to a comprehensive, individualized, integrated schedule of care. A partial hospitalization center is organized, interdisciplinary, and medically monitored. Partial hospitalization is appropriate for those whose addiction-related symptoms or concomitant physical and emotional/behavioral problems can be managed outside the hospital environment for defined periods of time with support in one or more of the major life areas.

(*3*) *Eligibility.* (*i*) Every inpatient rehabilitation center and partial hospitalization center for the treatment of substance use disorders must be certified pursuant to CHAMPUS certification standards. Such standards shall incorporate the basic standards set forth in paragraphs (b)(4)(xiv) (A) through (D) of this section, and shall include such additional elaborative criteria and standards as the Director, OCHAMPUS determines are necessary to implement the basic standards.

(*ii*) To be eligible for CHAMPUS certification, the SUDRF is required to be licensed and fully operational (with a minimum patient census of the lesser of: six patients or 30 percent of bed capacity) for a period of at least six months and operate in substantial compliance with state and federal regulations.

(*iii*) The SUDRF is currently accredited by the Joint Commission on Accreditation of Healthcare Organizations under the Accreditation Manual for Mental Health, Chemical Dependency, and Mental Retardation/Developmental Disabilities Services, or by the Commission on Accreditation of Rehabilitation Facilities as an alcoholism and other drug dependency rehabilitation program under the Standards

Manual for Organizations Serving People with Disabilities, or other designated standards approved by the Director, OCHAMPUS.

(*iv*) The SUDRF has a written participation agreement with OCHAMPUS. On October 1, 1995, the SUDRF is not considered a CHAMPUS-authorized provider, and CHAMPUS benefits are not paid for services provided until the date upon which a participation agreement is signed by the Director, OCHAMPUS.

(*4*) *Governing body*. (*i*) The SUDRF shall have a governing body which is responsible for the policies, bylaws, and activities of the facility. If the SUDRF is owned by a partnership or single owner, the partners or single owner are regarded as the governing body. The facility will provide an up-to-date list of names, addresses, telephone numbers and titles of the members of the governing body.

(*ii*) The governing body ensures appropriate and adequate services for all patients and oversees continuing development and improvement of care. Where business relationships exist between the governing body and facility, appropriate conflict-of-interest policies are in place.

(*iii*) Board members are fully informed about facility services and the governing body conducts annual reviews of its performance in meeting purposes, responsibilities, goals and objectives.

(*5*) *Chief executive officer*. The chief executive officer, appointed by and subject to the direction of the governing body, shall assume overall administrative responsibility for the operation of the facility according to governing body policies. The chief executive officer shall have five years' administrative experience in the field of mental health or addictions. On October 1, 1997 the CEO shall possess a degree in business administration, public health, hospital administration, nursing, social work, or psychology, or meet similar educational requirements as prescribed by the Director, OCHAMPUS.

(*6*) *Clinical Director*. The clinical director, appointed by the governing body, shall be a qualified psychiatrist or doctoral level psychologist who meets applicable CHAMPUS requirements for individual professional providers and is licensed to practice in the state where the SUDRF is located. The clinical director shall possess requisite education and experience, including credentials applicable under state practice and licensing laws appropriate to the professional discipline. The clinical director shall satisfy at least one of the following requirements: certification by the American Society of Addiction Medicine; one year or 1,000 hours of experience in the treatment of psychoactive substance use disorders; or is a psychiatrist or doctoral level psychologist with experience in the treatment of substance use disorders. The clinical director shall be responsible for planning, development, implementation, and monitoring of all clinical activities.

(*7*) *Medical director*. The medical director, appointed by the governing body, shall be licensed to practice medicine in the state where the center is located and shall possess requisite education including graduation from an accredited school of medicine or osteopathy. The medical director shall satisfy at least one of the following requirements: certification by the American Society of Addiction Medicine; one year or 1,000 hours of experience in the treatment of psychoactive substance use disorders; or is a psychiatrist with experience in the treatment of substance use disorders. The medical director shall be responsible for the planning, development, implementation, and monitoring of all activities relating to medical treatment of patients. If qualified, the Medical Director may also serve as Clinical Director.

(*8*) *Medical or professional staff organization*. The governing body shall establish a medical or professional staff organization to assure effective implementation of clinical privileging, professional conduct rules, and other activities directly affecting patient care.

(*9*) *Personnel policies and records*. The SUDRF shall maintain written personnel policies, updated job descriptions, personnel records to assure the selection of qualified personnel and successful job performance of those personnel.

(*10*) *Staff development*. The SUDRF shall provide appropriate training and development programs for administrative, support, and direct care staff.

(*11*) *Fiscal accountability*. The SUDRF shall assure fiscal accountability to applicable government authorities and patients.

(*12*) *Designated teaching facilities*. Students, residents, interns, or fellows providing direct clinical care are under the supervision of a qualified staff member approved by an accredited university or approved training program. The teaching program is approved by the Director, OCHAMPUS.

(*13*) *Emergency reports and records*. The facility notifies OCHAMPUS of any serious occurrence involving CHAMPUS beneficiaries.

(B) *Treatment services*—(*1*) *Staff composition*. (*i*) The SUDRF shall follow written plans which assure that medical and clinical patient needs will be appropriately addressed during all hours of operation by a sufficient number of fully qualified (including license, registration or certification requirements, educational attainment, and professional experience) health care professionals and support staff in the respective disciplines. Clinicians providing individual, group and family therapy meet CHAMPUS requirements as qualified mental health providers and operate within the scope of their licenses. The ultimate authority for planning, development, implementation, and monitoring of all clinical activities is vested in a psychiatrist or doctoral level clinical psychologist. The management of medical care is vested in a physician.

(*ii*) The SUDRF shall establish and follow written plans to assure adequate staff coverage during all hours of operation of the center, including physician availability and other professional staff coverage 24 hours per day, seven days per week for an inpatient rehabilitation center and during all hours of operation for a partial hospitalization center.

(*2*) *Staff qualifications*. Within the scope of its programs and services, the SUDRF has a sufficient number of professional, administrative, and support staff to address the medical and clinical needs of patients and to coordinate the services provided. SUDRFs 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 DRG, provided the individual works under the clinical supervision of a fully qualified mental health provider employed by the SUDRF.

(*3*) *Patient rights*. (*i*) The SUDRF shall provide adequate protection for all patient rights, safety, confidentiality, informed consent, grievances, and personal dignity.

(*ii*) The SUDRF has a written policy regarding patient abuse and neglect.

(*iii*) SUDRF marketing and advertising meets professional standards.

(*4*) *Behavioral management*. When a SUDRF uses a behavioral management program, the center shall adhere to a comprehensive, written plan of behavioral management, developed by the clinical director and the medical or professional staff and approved by the governing body. It shall be based on positive reinforcement methods and, except for infrequent use of temporary physical holds or time outs, does not include the use of restraint or seclusion. Only trained and clinically privileged RNs or qualified mental health professionals may be responsible for the implementation of seclusion and restraint in an emergency situation.

(*5*) *Admission process*. The SUDRF shall maintain written policies and procedures to ensure that, prior to an admission, a determination is made, and approved pursuant to CHAMPUS preauthorization requirements, that the admission is medically and/or psychologically necessary and the program is appropriate to meet the patient's needs. Medical and/or psychological necessity determinations shall be rendered by qualified mental health professionals who meet CHAMPUS requirements for individual professional providers and who are permitted by law and by the facility to refer patients for admission.

(*6*) *Assessment*. The professional staff of the SUDRF shall provide a complete, multidisciplinary assessment of each

patient which includes, but is not limited to, medical history, physical health, nursing needs, alcohol and drug history, emotional and behavioral factors, age-appropriate social circumstances, psychological condition, education status, and skills. Unless otherwise specified, all required clinical assessments are completed prior to development of the multidisciplinary treatment plan.

(*7*) *Clinical formulation.* A qualified mental health care professional of the SUDRF will complete a clinical formulation on all patients. The clinical formulation will be reviewed and approved by the responsible individual professional provider and will incorporate significant findings from each of the multidisciplinary assessments. It will provide the basis for development of an interdisciplinary treatment plan.

(*8*) *Treatment planning.* A qualified health care professional with admitting privileges shall be responsible for the development, supervision, implementation, and assessment of a written, individualized, and interdisciplinary plan of treatment, which shall be completed within 10 days of admission to an inpatient rehabilitation center or by the fifth day following admission to full day partial hospitalization center, and by the seventh day of treatment for half day partial hospitalization. The treatment plan shall include individual, measurable, and observable goals for incremental progress towards the treatment plan objectives and goals and discharge. A preliminary treatment plan is completed within 24 hours of admission and includes at least a physician's admission note and orders. The master treatment plan is regularly reviewed for effectiveness and revised when major changes occur in treatment.

(*9*) *Discharge and transition planning.* The SUDRF shall maintain a transition planning process to address adequately the anticipated needs of the patient prior to the time of discharge.

(*10*) *Clinical documentation.* Clinical records shall be maintained on each patient to plan care and treatment and provide ongoing evaluation of the patient's progress. All care is documented and each clinical record contains at least the following: demographic data, consent forms, pertinent legal documents, all treatment plans and patient assessments, consultation and laboratory reports, physician orders, progress notes, and a discharge summary. All documentation will adhere to applicable provisions of the JCAHO and requirements set forth in §199.7(b)(3). An appropriately qualified records administrator or technician will supervise and maintain the quality of the records. These requirements are in addition to other records requirements of this part, and provisions of the JCAHO Manual for Mental Health, Chemical Dependency, and Mental Retardation/Developmental Disabilities Services.

(*11*) *Progress notes.* Timely and complete progress notes shall be maintained to document the course of treatment for the patient and family.

(*12*) *Therapeutic services.* (*i*) Individual, group, and family psychotherapy and addiction counseling services are provided to all patients, consistent with each patient's treatment plan by qualified mental health providers.

(*ii*) A range of therapeutic activities, directed and staffed by qualified personnel, are offered to help patients meet the goals of the treatment plan.

(*iii*) Therapeutic educational services are provided or arranged that are appropriate to the patient's educational and therapeutic needs.

(*13*) *Ancillary services.* A full range of ancillary services is provided. Emergency services include policies and procedures for handling emergencies with qualified personnel and written agreements with each facility providing the service. Other ancillary services include physical health, pharmacy and dietary services.

(C) *Standards for physical plant and environment.* (*1*) *Physical environment.* The buildings and grounds of the SUDRF shall be maintained so as to avoid health and safety hazards, be supportive of the services provided to patients, and promote patient comfort, dignity, privacy, personal hygiene, and personal safety.

(*2*) *Physical plant safety.* The SUDRF shall be maintained in a manner that

protects the lives and ensures the physical safety of patients, staff, and visitors, including conformity with all applicable building, fire, health, and safety codes.

(*3*) *Disaster planning*. The SUDRF shall maintain and rehearse written plans for taking care of casualties and handling other consequences arising from internal or external disasters.

(D) *Standards for evaluation system*. (*1*) *Quality assessment and improvement*. The SUDRF develop and implement a comprehensive quality assurance and quality improvement program that monitors the quality, efficiency, appropriateness, and effectiveness of the care, treatments, and services it provides for patients and their families, utilizing clinical indicators of effectiveness to contribute to an ongoing process of program improvement. The clinical director is responsible for developing and implementing quality assessment and improvement activities throughout the facility.

(*2*) *Utilization review*. The SUDRF shall implement a utilization review process, pursuant to a written plan approved by the professional staff, the administration, and the governing body, that assesses the appropriateness of admissions, continued stay, and timeliness of discharge as part of an effort to provide quality patient care in a cost-effective manner. Findings of the utilization review process are used as a basis for revising the plan of operation, including a review of staff qualifications and staff composition.

(*3*) *Patient records review*. The center shall implement a process, including monthly reviews of a representative sample of patient records, to determine the completeness and accuracy of the patient records and the timeliness and pertinence of record entries, particularly with regard to regular recording of progress/non-progress in treatment plan.

(*4*) *Drug utilization review*. An inpatient rehabilitation center and, when applicable, a partial hospitalization center, shall implement a comprehensive process for the monitoring and evaluating of the prophylactic, therapeutic, and empiric use of drugs to assure that medications are provided appropriately, safely, and effectively.

(*5*) *Risk management*. The SUDRF shall implement a comprehensive risk management program, fully coordinated with other aspects of the quality assurance and quality improvement program, to prevent and control risks to patients and staff and costs associated with clinical aspects of patient care and safety.

(*6*) *Infection control*. The SUDRF shall implement a comprehensive system for the surveillance, prevention, control, and reporting of infections acquired or brought into the facility.

(*7*) *Safety*. The SUDRF shall implement an effective program to assure a safe environment for patients, staff, and visitors.

(*8*) *Facility evaluation*. The SUDRF annually evaluates accomplishment of the goals and objectives of each clinical program and service of the SUDRF and reports findings and recommendations to the governing body.

(*E*) *Participation agreement requirements*. In addition to other requirements set forth in paragraph (b)(4)(xiv) of this section, in order for the services of an inpatient rehabilitation center or partial hospitalization center for the treatment of substance abuse disorders to be authorized, the center shall have entered into a Participation Agreement with OCHAMPUS. The period of a Participation Agreement shall be specified in the agreement, and will generally be for not more than five years. On October 1, 1995, the SUDRF shall not be considered to be a CHAMPUS authorized provider and CHAMPUS payments shall not be made for services provided by the SUDRF until the date the participation agreement is signed by the Director, OCHAMPUS. In addition to review of the SUDRFS application and supporting documentation, an on-site visit by OCHAMPUS representatives may be part of the authorization process. In addition, such a Participation Agreement may not be signed until an SUDRF has been licensed and operational for at least six months. The Participation Agreement shall include at least the following requirements:

(*1*) Render applicable services to eligible CHAMPUS beneficiaries in need of such services, in accordance with the

participation agreement and CHAMPUS regulation;

(*2*) Accept payment for its services based upon the methodology provided in §199.14, or such other method as determined by the Director, OCHAMPUS;

(*3*) Accept the CHAMPUS-determined rate as payment in full and collect from the CHAMPUS beneficiary or the family of the CHAMPUS beneficiary only those amounts that represent the beneficiary's liability, as defined in §199.4, and charges for services and supplies that are not a benefit of CHAMPUS;

(*4*) Make all reasonable efforts acceptable to the Director, OCHAMPUS, to collect those amounts which represent the beneficiary's liability, as defined in §199.4;

(*5*) Comply with the provisions of §199.8, and submit claims first to all health insurance coverage to which the beneficiary is entitled that is primary to CHAMPUS;

(*6*) Furnish OCHAMPUS with cost data, as requested by OCHAMPUS, certified to by an independent accounting firm or other agency as authorized by the Director, OCHAMPUS;

(*7*) Certify that:

(*i*) It is and will remain in compliance with the provisions of paragraph (b)(4)(xiv) of the section establishing standards for substance use disorder rehabilitation facilities;

(*ii*) It has conducted a self assessment of the SUDRF'S compliance with the CHAMPUS Standards for Substance Use Disorder Rehabilitation Facilities, as issued by the Director, OCHAMPUS, and notified the Director, OCHAMPUS of any matter regarding which the facility is not in compliance with such standards; and

(*iii*) It will maintain compliance with the CHAMPUS Standards for Substance Use Disorder Rehabilitation Facilities, as issued by the Director, OCHAMPUS, except for any such standards regarding which the facility notifies the Director, OCHAMPUS that it is not in compliance.

(*8*) Grant the Director, OCHAMPUS, or designee, the right to conduct quality assurance audits or accounting audits with full access to patients and records (including records relating to patients who are not CHAMPUS beneficiaries) to determine the quality and cost effectiveness of care rendered. The audits may be conducted on a scheduled or unscheduled (unannounced) basis. This right to audit/review included, but is not limited to:

(*i*) Examination of fiscal and all other records of the center which would confirm compliance with the participation agreement and designation as an authorized CHAMPUS provider;

(*ii*) Conducting such audits of center records including clinical, financial, and census records, as may be necessary to determine the nature of the services being provided, and the basis for charges and claims against the United States for services provided CHAMPUS beneficiaries;

(*iii*) Examining reports of evaluations and inspection conducted by federal, state and local government, and private agencies and organizations;

(*iv*) Conducting on-site inspections of the facilities of the SUDRF and interviewing employees, members of the staff, contractors, board members, volunteers, and patients, as required.

(*v*) Audits conducted by the United States General Accounting Office.

(F) *Other requirements applicable to substance use disorder rehabilitation facilities.* (*1*) Even though a SUDRF may qualify as a CHAMPUS-authorized provider and may have entered into a participation agreement with CHAMPUS, payment by CHAMPUS for particular services provided is contingent upon the SUDRF also meeting all conditions set forth in §199.4.

(*2*) The center shall provide inpatient services to CHAMPUS beneficiaries in the same manner it provides services to all other patients. The center may not discriminate against CHAMPUS beneficiaries in any manner, including admission practices, placement in special or separate wings or rooms, or provisions of special or limited treatment.

(*3*) The substance use disorder facility shall assure that all certifications and information provided to the Director, OCHAMPUS incident to the process of obtaining and retaining authorized provider status is accurate and that it has no material errors or omissions. In the case of any misrepresentations, whether by inaccurate information being provided or material facts

withheld, authorized provider status will be denied or terminated, and the facility will be ineligible for consideration for authorized provider status for a two year period.

(xv) *Home health agencies (HHAs).* HHAs must be Medicare approved and meet all Medicare conditions of participation under sections 1861(o) and 1891 of the Social Security Act (42 U.S.C. 1395x(o) and 1395bbb) and 42 CFR part 484 in relation to TRICARE beneficiaries in order to receive payment under the TRICARE program. An HHA may be found to be out of compliance with a particular Medicare condition of participation and still participate in the TRICARE program as long as the HHA is allowed continued participation in Medicare while the condition of noncompliance is being corrected. An HHA is a public or private organization, or a subdivision of such an agency or organization, that meets the following requirements:

(A) Engaged in providing skilled nursing services and other therapeutic services, such as physical therapy, speech-language pathology services, or occupational therapy, medical services, and home health aide services.

(*1*) Makes available part-time or intermittent skilled nursing services and at least one other therapeutic service on a visiting basis in place of residence used as a patient's home.

(*2*) Furnishes at least one of the qualifying services directly through agency employees, but may furnish the second qualifying service and additional services under arrangement with another HHA or organization.

(B) Policies established by a professional group associated with the agency or organization (including at least one physician and one registered nurse) to govern the services and provides for supervision of such services by a physician or a registered nurse.

(C) Maintains clinical records for all patients.

(D) Licensed in accordance with State and local law or is approved by the State or local licensing agency as meeting the licensing standards, where applicable.

(E) Enters into an agreement with TRICARE in order to participate and to be eligible for payment under the program. In this agreement the HHA and TRICARE agree that the HHA will:

(*1*) Not charge the beneficiary or any other person for items or services for which the beneficiary is entitled to have payment under the TRICARE HHA prospective payment system.

(*2*) Be allowed to charge the beneficiary for items or services requested by the beneficiary in addition to those that are covered under the TRICARE HHA prospective payment system.

(F) Abide by the following consolidated billing requirements:

(*1*) The HHA must submit all TRICARE claims for all home health services, excluding durable medical equipment (DME), while the beneficiary is under the home health plan without regard to whether or not the item or service was furnished by the HHA, by others under arrangement with the HHA, or under any other contracting or consulting arrangement.

(*2*) Separate payment will be made for DME items and services provided under the home health benefit which are under the DME fee schedule. DME is excluded from the consolidated billing requirements.

(*3*) Home health services included in consolidated billing are:

(*i*) Part-time or intermittent skilled nursing;

(*ii*) Part-time or intermittent home health aide services;

(*iii*) Physical therapy, occupational therapy and speech-language pathology;

(*iv*) Medical social services;

(*v*) Routine and non-routine medical supplies;

(*vi*) A covered osteoporosis drug (not paid under PPS rate) but excluding other drugs and biologicals;

(*vii*) Medical services provided by an intern or resident-in-training of a hospital, under an approved teaching program of the hospital in the case of an HHA that is affiliated or under common control of a hospital;

(*viii*) Services at hospitals, SNFs or rehabilitation centers when they involve equipment too cumbersome to bring home.

(G) Meet such other requirements as the Secretary of Health and Human Services and/or Secretary of Defense may find necessary in the interest of

the health and safety of the individuals who are provided care and services by such agency or organization.

(c) *Individual professional providers of care*—(1) *General*—(i) *Purpose.* This individual professional provider class is established to accommodate individuals who are recognized by 10 U.S.C. 1079(a) as authorized to assess or diagnose illness, injury, or bodily malfunction as a prerequisite for CHAMPUS cost-share of otherwise allowable related preventive or treatment services or supplies, and to accommodate such other qualified individuals who the Director, OCHAMPUS, or designee, may authorize to render otherwise allowable services essential to the efficient implementation of a plan-of-care established and managed by a 10 U.S.C. 1079(a) authorized professional.

(ii) *Professional corporation affiliation or association membership permitted.* Paragraph (c) of this section applies to those individual health care professionals who have formed a professional corporation or association pursuant to applicable state laws. Such a professional corporation or association may file claims on behalf of a CHAMPUS-authorized individual professional provider and be the payee for any payment resulting from such claims when the CHAMPUS-authorized individual certifies to the Director, OCHAMPUS, or designee, in writing that the professional corporation or association is acting on the authorized individual's behalf.

(iii) *Scope of practice limitation.* For CHAMPUS cost-sharing to be authorized, otherwise allowable services provided by a CHAMPUS-authorized individual professional provider shall be within the scope of the individual's license as regulated by the applicable state practice act of the state where the individual rendered the service to the CHAMPUS beneficiary or shall be within the scope of the test which was the basis for the individual's qualifying certification.

(iv) *Employee status exclusion.* An individual employed directly, or indirectly by contract, by an individual or entity to render professional services otherwise allowable by this part is excluded from provider status as established by this paragraph (c) for the duration of each employment.

(v) *Training status exclusion.* Individual health care professionals who are allowed to render health care services only under direct and ongoing supervision as training to be credited towards earning a clinical academic degree or other clinical credential required for the individual to practice independently are excluded from provider status as established by this paragraph (c) for the duration of such training.

(2) *Conditions of authorization*—(i) *Professional license requirement.* The individual must be currently licensed to render professional health care services in each state in which the individual renders services to CHAMPUS beneficiaries. Such license is required when a specific state provides, but does not require, license for a specific category of individual professional provider. The license must be at full clinical practice level to meet this requirement. A temporary license at the full clinical practice level is acceptable.

(ii) *Professional certification requirement.* When a state does not license a specific category of individual professional, certification by a Qualified Accreditation Organization, as defined in §199.2, is required. Certification must be at full clinical practice level. A temporary certification at the full clinical practice level is acceptable.

(iii) *Education, training and experience requirement.* The Director, OCHAMPUS, or designee, may establish for each category or type of provider allowed by this paragraph (c) specific education, training, and experience requirements as necessary to promote the delivery of services by fully qualified individuals.

(iv) *Physician referral and supervision.* When physician referral and supervision is a prerequisite for CHAMPUS cost-sharing of the services of a provider authorized under this paragraph (c), such referral and supervision means that the physicians must actually see the patient to evaluate and diagnose the condition to be treated prior to referring the beneficiary to another provider and that the referring physician provides ongoing oversight of the course of referral related treatment throughout the period during which

the beneficiary is being treated in response to the referral. Written contemporaneous documentation of the referring physician's basis for referral and ongoing communication between the referring and treating provider regarding the oversight of the treatment rendered as a result of the referral must meet all requirements for medical records established by this part. Referring physician supervision does not require physical location on the premises of the treating provider or at the site of treatment.

(v) Subject to section 1079(a) of title 10, U.S.C., chapter 55, a physician or other health care practitioner who is eligible to receive reimbursement for services provided under Medicare (as defined in section 1086(d)(3)(C) of title 10 U.S.C., chapter 55) shall be considered approved to provide medical care authorized under section 1079 and section 1086 of title 10, U.S.C., chapter 55 unless the administering Secretaries have information indicating Medicare, TRICARE, or other Federal health care program integrity violations by the physician or other health care practitioner. Approval is limited to those classes of provider currently considered TRICARE authorized providers as outlined in 32 CFR 199.6. Services and supplies rendered by those providers who are not currently considered authorized providers shall be denied.

(3) *Types of providers.* Subject to the standards of participation provisions of this part, the following individual professional providers of medical care are authorized to provide services to CHAMPUS beneficiaries:

(i) *Physicians.* (A) Doctors of Medicine (M.D.).

(B) Doctors of Osteopathy (D.O.).

(ii) *Dentists.* Except for covered oral surgery as specified in §199.4(e) of this part, all otherwise covered services rendered by dentists require preauthorization.

(A) Doctors of Dental Medicine (D.M.D.).

(B) Doctors of Dental Surgery (D.D.S.).

(iii) *Other allied health professionals.* The services of the following individual professional providers of care are coverable on a fee-for-service basis provided such services are otherwise authorized in this or other sections of this part.

(A) *Clinical psychologist.* For purposes of CHAMPUS, a clinical psychologist is an individual who is licensed or certified by the state for the independent practice of psychology and:

(*1*) Possesses a doctoral degree in psychology from a regionally accredited university; and

(*2*) Has had 2 years of supervised clinical experience in psychological health services of which at least 1 year is post-doctoral and 1 year (may be the post-doctoral year) is in an organized psychological health service training program; or

(*3*) As an alternative to paragraphs (c)(3)(iii)(A)(*1*) and (*2*) of this section is listed in the National Register of Health Service Providers in Psychology.

(B) *Doctors of Optometry.*

(C) *Doctors of Podiatry or Surgical Chiropody.*

(D) *Certified nurse midwives.*

(*1*) A certified nurse midwife may provide covered care independent of physician referral and supervision, provided the nurse midwife is:

(*i*) Licensed, when required, by the local licensing agency for the jurisdiction in which the care is provided; and

(*ii*) Certified by the American College of Nurse Midwives. To receive certification, a candidate must be a registered nurse who has completed successfully an educational program approved by the American College of Nurse Midwives, and passed the American College of Nurse Midwives National Certification Examination.

(*2*) The services of a registered nurse who is not a certified nurse midwife may be authorized only when the patient has been referred for care by a licensed physician and a licensed physician provides continuing supervision of the course of care. A lay midwife who is neither a certified nurse midwife nor a registered nurse is not a CHAMPUS-authorized provider, regardless of whether the services rendered may otherwise be covered.

(E) *Certified nurse practitioner.* Within the scope of applicable licensure or certification requirements, a certified nurse practitioner may provide covered care independent of physician referral

and supervision, provided the nurse practitioner is:

(*1*) A licensed, registered nurse; and

(*2*) Specifically licensed or certified as a nurse practitioner by the state in which the care was provided, if the state offers such specific licensure or certification; or

(*3*) Certified as a nurse practitioner (certified nurse) by a professional organization offering certification in the specialty of practice, if the state does not offer specific licensure or certification for nurse practitioners.

(F) *Certified Clinical Social Worker.* A clinical social worker may provide covered services independent of physician referral and supervision, provided the clinical social worker:

(*1*) Is licensed or certified as a clinical social worker by the jurisdiction where practicing; or, if the jurisdiction does not provide for licensure or certification of clinical social workers, is certified by a national professional organization offering certification of clinical social workers; and

(*2*) Has at least a master's degree in social work from a graduate school of social work accredited by the Council on Social Work Education; and

(*3*) Has had a minimum of 2 years or 3,000 hours of post-master's degree supervised clinical social work practice under the supervision of a master's level social worker in an appropriate clinical setting, as determined by the Director, OCHAMPUS, or a designee.

NOTE: Patients' organic medical problems must receive appropriate concurrent management by a physician.

(G) *Certified psychiatric nurse specialist.* A certified psychiatric nurse specialist may provide covered care independent of physician referral and supervision. For purposes of CHAMPUS, a certified psychiatric nurse specialist is an individual who:

(*1*) Is a licensed, registered nurse; and

(*2*) Has at least a master's degree in nursing from a regionally accredited institution with a specialization in psychiatric and mental health nursing; and

(*3*) Has had at least 2 years of post-master's degree practice in the field of psychiatric and mental health nursing, including an average of 8 hours of direct patient contact per week; or

(*4*) Is listed in a CHAMPUS-recognized, professionally sanctioned listing of clinical specialists in psychiatric and mental health nursing.

(H) *Certified physician assistant.* A physician assistant may provide care under general supervision of a physician (see §199.14(g)(1)(iii) of this part for limitations on reimbursement). For purposes of CHAMPUS, a physician assistant must meet the applicable state requirements governing the qualifications of physician assistants and at least one of the following conditions:

(*1*) Is currently certified by the National Commission on Certification of Physician Assistants to assist primary care physicians, or

(*2*) Has satisfactorily completed a program for preparing physician assistants that:

(*i*) Was at least 1 academic year in length;

(*ii*) Consisted of supervised clinical practice and at least 4 months (in the aggregate) of classroom instruction directed toward preparing students to deliver health care; and

(*iii*) Was accredited by the American Medical Association's Committee on Allied Health Education and Accreditation; or

(*3*) Has satisfactorily completed a formal educational program for preparing program physician assistants that does not meet the requirement of paragraph (c)(3)(iii)(H)(*2*) of this section and had been assisting primary care physicians for a minimum of 12 months during the 18-month period immediately preceding January 1, 1987.

(I) *Anesthesiologist Assistant.* An anesthesiologist assistant may provide covered anesthesia services, if the anesthesiologist assistant:

(*1*) Works under the direct supervision of an anesthesiologist who bills for the services and for each patient;

(*i*) The anesthesiologist performs a pre-anesthetic examination and evaluation;

(*ii*) The anesthesiologist prescribes the anesthesia plan;

(*iii*) The anesthesiologist personally participates in the most demanding aspects of the anesthesia plan including, if applicable, induction and emergence;

(*iv*) The anesthesiologist ensures that any procedures in the anesthesia plan

that he or she does not perform are performed by a qualified anesthesiologist assistant;

(*v*) The anesthesiologist monitors the course of anesthesia administration at frequent intervals;

(*vi*) The anesthesiologist remains physically present and available for immediate personal diagnosis and treatment of emergencies;

(*vii*) The anesthesiologist provides indicated post-anesthesia care; and

(*viii*) The anesthesiologist performs no other services while he or she supervises no more than four anesthesiologist assistants concurrently or a lesser number if so limited by the state in which the procedure is performed.

(*2*) Is in compliance with all applicable requirements of state law, including any licensure requirements the state imposes on nonphysician anesthetists; and

(*3*) Is a graduate of a Master's level anesthesiologist assistant educational program that is established under the auspices of an accredited medical school and that:

(*i*) Is accredited by the Committee on Allied Health Education and Accreditation, or its successor organization; and

(*ii*) Includes approximately two years of specialized basic science and clinical education in anesthesia at a level that builds on a premedical undergraduate science background.

(*4*) The Director, TMA, or a designee, shall issue TRICARE policies, instructions, procedures, guidelines, standards, and criteria as may be necessary to implement the intent of this section.

(J) *Certified Registered Nurse Anesthetist (CRNA).* A certified registered nurse anesthetist may provide covered care independent of physician referral and supervision as specified by state licensure. For purposes of CHAMPUS, a certified registered nurse anesthetist is an individual who:

(*1*) Is a licensed, registered nurse; and

(*2*) Is certified by the Council on Certification of Nurse Anesthetists, or its successor organization.

(K) *Other individual paramedical providers.* The services of the following individual professional providers of care to be considered for benefits on a fee-for-service basis may be provided only if the beneficiary is referred by a physician for the treatment of a medically-diagnosed condition and a physician must also provide continuing and ongoing oversight and supervision of the program or episode of treatment provided by these individual para-medical providers.

(*1*) Licensed registered nurses.

(*2*) Licensed registered physical therapists and occupational therapists.

(*3*) Licensed registered physical therapists.

(*4*) Audiologists.

(*5*) Speech therapists (speech pathologists).

(iv) *Extramedical individual providers.* Extramedical individual providers are those who do counseling or nonmedical therapy and whose training and therapeutic concepts are outside the medical field. The services of extramedical individual professionals are coverable following the CHAMPUS determined allowable charge methodology provided such services are otherwise authorized in this or other sections of the regulation.

(A) *Certified marriage and family therapists.* For the purposes of CHAMPUS, a certified marriage and family therapist is an individual who meets the following requirements:

(*1*) Recognized graduate professional education with the minimum of an earned master's degree from a regionally accredited educational institution in an appropriate behavioral science field, mental health discipline; and

(*2*) The following experience:

(*i*) Either 200 hours of approved supervision in the practice of marriage and family counseling, ordinarily to be completed in a 2- to 3-year period, of which at least 100 hours must be in individual supervision. This supervision will occur preferably with more than one supervisor and should include a continuous process of supervision with at least three cases; and

(*ii*) 1,000 hours of clinical experience in the practice of marriage and family counseling under approved supervision, involving at least 50 different cases; or

(*iii*) 150 hours of approved supervision in the practice of psychotherapy, ordinarily to be completed in a 2- to 3-year period, of which at least 50 hours must be individual supervision; plus at least

50 hours of approved individual supervision in the practice of marriage and family counseling, ordinarily to be completed within a period of not less than 1 nor more than 2 years; and

(*iv*) 750 hours of clinical experience in the practice of psychotherapy under approved supervision involving at least 30 cases; plus at least 250 hours of clinical practice in marriage and family counseling under approved supervision, involving at least 20 cases; and

(*3*) Is licensed or certified to practice as a marriage and family therapist by the jurisdiction where practicing (see paragraph (c)(3)(iv)(D) of this section for more specific information regarding licensure); and

(*4*) Agrees that a patients' organic medical problems must receive appropriate concurrent management by a physician.

(*5*) Agrees to accept the CHAMPUS determined allowable charge as payment in full, except for applicable deductibles and cost-shares, and hold CHAMPUS beneficiaries harmless for noncovered care (i.e., may not bill a beneficiary for noncovered care, and may not balance bill a beneficiary for amounts above the allowable charge). The certified marriage and family therapist must enter into a participation agreement with the Office of CHAMPUS within which the certified marriage and family therapist agrees to all provisions specified above.

(*6*) As of the effective date of termination, the certified marriage and family therapist will no longer be recognized as an authorized provider under CHAMPUS. Subsequent to termination, the certified marriage and family therapist may only be reinstated as an authorized CHAMPUS extramedical provider by entering into a new participation agreement as a certified marriage and family therapist.

(B) *Pastoral counselors.* For the purposes of CHAMPUS, a pastoral counselor is an individual who meets the following requirements:

(*1*) Recognized graduate professional education with the minimum of an earned master's degree from a regionally accredited educational institution in an appropriate behavioral science field, mental health discipline; and

(*2*) The following experience:

(*i*) Either 200 hours of approved supervision in the practice of pastoral counseling, ordinarily to be completed in a 2- to 3-year period, of which at least 100 hours must be in individual supervision. This supervision will occur preferably with more than one supervisor and should include a continuous process of supervision with at least three cases; and

(*ii*) 1,000 hours of clinical experience in the practice of pastoral counseling under approved supervision, involving at least 50 different cases; or

(*iii*) 150 hours of approved supervision in the practice of psychotherapy, ordinarily to be completed in a 2- to 3-year period, of which at least 50 hours must be individual supervision; plus at least 50 hours of approved individual supervision in the practice of pastoral counseling, ordinarily to be completed within a period of not less than 1 nor more than 2 years; and

(*iv*) 750 hours of clinical experience in the practice of psychotherapy under approved supervision involving at least 30 cases; plus at least 250 hours of clinical practice in pastoral counseling under approved supervision, involving at least 20 cases; and

(*3*) Is licensed or certified to practice as a pastoral counselor by the jurisdiction where practicing (see paragraph (c)(3)(iv)(D) of this section for more specific information regarding licensure); and

(*4*) The services of a pastoral counselor meeting the above requirements are coverable following the CHAMPUS determined allowable charge methodology, under the following specified conditions:

(*i*) The CHAMPUS beneficiary must be referred for therapy by a physician; and

(*ii*) A physician is providing ongoing oversight and supervision of the therapy being provided; and

(*iii*) The pastoral counselor must certify on each claim for reimbursement that a written communication has been made or will be made to the referring physician of the results of the treatment. Such communication will be made at the end of the treatment, or more frequently, as required by the referring physician (refer to § 199.7).

(*5*) Because of the similarity of the requirements for licensure, certification, experience, and education, a pastoral counselor may elect to be authorized under CHAMPUS as a certified marriage and family therapist, and as such, be subject to all previously defined criteria for the certified marriage and family therapist category, to include acceptance of the CHAMPUS determined allowable charge as payment in full, except for applicable deductibles and cost-shares (i.e., balance billing of a beneficiary above the allowable charge is prohibited; may not bill beneficiary for noncovered care). The pastoral counselor must also agree to enter into the same participation agreement as a certified marriage and family therapist with the Office of CHAMPUS within which the pastoral counselor agrees to all provisions including licensure, national association membership and conditions upon termination, outlined above for certified marriage and family therapist.

NOTE: No dual status will be recognized by the Office of CHAMPUS. Pastoral counselors must elect to become one of the categories of extramedical CHAMPUS provides specified above. Once authorized as either a pastoral counselor, or a certified marriage and family therapist, claims review and reimbursement will be in accordance with the criteria established for the elected provider category.

(C) *Mental health counselor*. For the purposes of CHAMPUS, a mental health counselor is an individual who meets the following requirements:

(*1*) Minimum of a master's degree in mental health counseling or allied mental health field from a regionally accredited institution; and

(*2*) Two years of post-masters experience which includes 3000 hours of clinical work and 100 hours of face-to-face supervision; and

(*3*) Is licensed or certified to practice as a mental health counselor by the jurisdiction where practicing (see paragraph (c)(3)(iv)(D) of this section for more specific information); and

(*4*) May only be reimbursed when:

(*i*) The CHAMPUS beneficiary is referred for therapy by a physician; and

(*ii*) A physician is providing ongoing oversight and supervision of the therapy being provided; and

(*iii*) The mental health counselor certifies on each claim for reimbursement that a written communication has been made or will be made to the referring physician of the results of the treatment. Such communication will be made at the end of the treatment, or more frequently, as required by the referring physician (refer to §199.7).

(D) The following additional information applies to each of the above categories of extramedical individual providers:

(*1*) These providers must also be licensed or certified to practice as a certified marriage and family therapist, pastoral counselor or mental health counselor by the jurisdiction where practicing. In jurisdictions that do not provide for licensure or certification, the provider must be certified by or eligible for full clinical membership in the appropriate national professional association that sets standards for the specific profession.

(*2*) Grace period for therapists or counselors in states where licensure/certification is optional. CHAMPUS is providing a grace period for those therapists or counselors who did not obtain optional licensure/certification in their jurisdiction, not realizing it was a CHAMPUS requirement for authorization. The exemption by state law for pastoral counselors may have misled this group into thinking licensure was not required. The same situation may have occurred with the other therapist or counselor categories where licensure was either not mandated by the state or was provided under a more general category such as ''professional counselors.'' This grace period pertains only to the licensure/certification requirement, applies only to therapists or counselors who are already approved as of October 29, 1990, and only in those areas where the licensure/certification is optional. Any therapist or counselor who is not licensed/certified in the state in which he/she is practicing by August 1, 1991, will be terminated under the provisions of §199.9. This grace period does not change any of the other existing requirements which remain in effect. During this grace period, membership or proof of eligibility

for full clinical membership in a recognized professional association is required for those therapists or counselors who are not licensed or certified by the state. The following organizations are recognized for therapists or counselors at the level indicated: Full clinical member of the American Association of Marriage and Family Therapy; membership at the fellow or diplomate level of the American Association of Pastoral Counselors; and membership in the National Academy of Certified Clinical Mental Health Counselors. Acceptable proof of eligibility for membership is a letter from the appropriate certifying organization. This opportunity for delayed certification/licensure is limited to the counselor or therapist category only as the language in all of the other provider categories has been consistent and unmodified from the time each of the other provider categories were added. The grace period does not apply in those states where licensure is mandatory.

(E) *Christian Science practitioners and Christian Science nurses.* CHAMPUS cost-shares the services of Christian Science practitioners and nurses. In order to bill as such, practitioners or nurses must be listed or be eligible for listing in the Christian Science Journal[1] at the time the service is provided.

(d) *Other providers.* Certain medical supplies and services of an ancillary or supplemental nature are coverable by CHAMPUS, subject to certain controls. This category of provider includes the following:

(1) *Independent laboratory.* Laboratory services of independent laboratories may be cost-shared if the laboratory is approved for participation under Medicare and certified by the Medicare Bureau, Health Care Financing Administration.

(2) *Suppliers of portable x-ray services.* Such suppliers must meet the conditions of coverage of the Medicare program, set forth in the Medicare regulations, or the Medicaid program in that state in which the covered service is provided.

(3) *Pharmacies.* Pharmacies must meet the applicable requirements of state law in the state in which the pharmacy is located.

(4) *Ambulance companies.* Such companies must meet the requirements of state and local laws in the jurisdiction in which the ambulance firm is licensed.

(5) *Medical equipment firms, medical supply firms, and Durable Medical Equipment, Prosthetic, Orthotic, Supplies providers/suppliers.* Any firm, supplier, or provider that is an authorized provider under Medicare or is otherwise designated an authorized provider by the Director, TRICARE Management Activity.

(6) *Mammography suppliers.* Mammography services may be cost-shared only if the supplier is certified by Medicare for participation as a mammography supplier, or is certified by the American College of Radiology as having met its mammography supplier standards.

(e) *Extended Care Health Option Providers*—(1) *General.* (i) Services and items cost-shared through §199.5 must be rendered by a CHAMPUS-authorized provider.

(ii) A Program for Persons with Disabilities (PFPWD) provider with TRICARE-authorized status on the effective date for the Extended Care Health Option (ECHO) Program shall be deemed to be a TRICARE-authorized provider until the expiration of all outstanding PFPWD benefit authorizations for services or items being rendered by the provider.

(2) *ECHO provider categories*—(i) *ECHO inpatient care provider.* A provider of residential institutional care, which is otherwise an ECHO benefit, shall be:

(A) A not-for-profit entity or a public facility; and

(B) Located within a state; and

(C) Be certified as eligible for Medicaid payment in accordance with a state plan for medical assistance under Title XIX of the Social Security Act (Medicaid) as a Medicaid Nursing Facility, or Intermediate Care Facility for the Mentally Retarded, or be a

[1] Copies of this journal can be obtained through the Christian Science Publishing Company, 1 Norway Street, Boston, MA 02115–3122 or the Christian Science Publishing Society, P.O. Box 11369, Des Moines, IA 50340.

TRICARE-authorized institutional provider as defined in paragraph (b) of this section, or be approved by a state educational agency as a training institution.

(ii) *ECHO outpatient care provider.* A provider of ECHO outpatient, ambulatory, or in-home services shall be:

(A) A TRICARE-authorized provider of services as defined in this section; or

(B) An individual, corporation, foundation, or public entity that predominantly renders services of a type uniquely allowable as an ECHO benefit and not otherwise allowable as a benefit of § 199.4, that meets all applicable licensing or other regulatory requirements of the state, county, municipality, or other political jurisdiction in which the ECHO service is rendered, or in the absence of such licensing or regulatory requirements, as determined by the Director, TRICARE Management Activity or designee.

(iii) *ECHO vendor.* A provider of an allowable ECHO item, such as supplies or equipment, shall be deemed to be a TRICARE-authorized vendor for the provision of the specific item, supply or equipment when the vendor supplies such information as the Director, TRICARE Management Activity or designee determines necessary to adjudicate a specific claim.

(3) *ECHO provider exclusion or suspension.* A provider of ECHO services or items may be excluded or suspended for a pattern of discrimination on the basis of disability. Such exclusion or suspension shall be accomplished according to the provisions of § 199.9.

(f) *Corporate services providers*—(1) *General.* (i) This corporate services provider class is established to accommodate individuals who would meet the criteria for status as a CHAMPUS authorized individual professional provider as established by paragraph (c) of this section but for the fact that they are employed directly or contractually by a corporation or foundation that provides principally professional services which are within the scope of the CHAMPUS benefit.

(ii) Payment for otherwise allowable services may be made to a CHAMPUS-authorized corporate services provider subject to the applicable requirements, exclusions and limitations of this part.

(iii) The Director, OCHAMPUS, or designee, may create discrete types within any allowable category of provider established by this paragraph (f) to improve the efficiency of CHAMPUS management.

(iv) The Director, OCHAMPUS, or designee, may require, as a condition of authorization, that a specific category or type of provider established by this paragraph (f):

(A) Maintain certain accreditation in addition to or in lieu of the requirement of paragraph (f)(2)(v) of this section;

(B) Cooperate fully with a designated utilization and clinical quality management organization which has a contract with the Department of Defense for the geographic area in which the provider does business;

(C) Render services for which direct or indirect payment is expected to be made by CHAMPUS only after obtaining CHAMPUS written authorization; and

(D) Maintain Medicare approval for payment when the Director, OCHAMPUS, or designee, determines that a category, or type, of provider established by this paragraph (f) is substantially comparable to a provider or supplier for which Medicare has regulatory conditions of participation or conditions of coverage.

(v) Otherwise allowable services may be rendered at the authorized corporate services provider's place of business, or in the beneficiary's home under such circumstances as the Director, OCHAMPUS, or designee, determines to be necessary for the efficient delivery of such in-home services.

(vi) The Director, OCHAMPUS, or designee, may limit the term of a participation agreement for any category or type of provider established by this paragraph (f).

(vii) Corporate services providers shall be assigned to only one of the following allowable categories based upon the predominate type of procedure rendered by the organization;

(A) Medical treatment procedures;

(B) Surgical treatment procedures;

(C) Maternity management procedures;

(D) Rehabilitation and/or habilitation procedures; or

(E) Diagnostic technical procedures.

(viii) The Director, OCHAMPUS, or designee, shall determine the appropriate procedural category of a qualified organization and may change the category based upon the provider's CHAMPUS claim characteristics. The category determination of the Director, OCHAMPUS, designee, is conclusive and may not be appealed.

(2) *Conditions of authorization.* An applicant must meet the following conditions to be eligible for authorization as a CHAMPUS corporate services provider:

(i) Be a corporation or a foundation, but not a professional corporation or professional association; and

(ii) Be institution-affiliated or freestanding as defined in §199.2; and

(iii) Provide:

(A) Services and related supplies of a type rendered by CHAMPUS individual professional providers or diagnostic technical services and related supplies of a type which requires direct patient contact and a technologist who is licensed by the state in which the procedure is rendered or who is certified by a Qualified Accreditation Organization as defined in §199.2; and

(B) A level of care which does not necessitate that the beneficiary be provided with on-site sleeping accommodations and food in conjunction with the delivery of services; and

(iv) Complies with all applicable organizational and individual licensing or certification requirements that are extant in the state, county, municipality, or other political jurisdiction in which the provider renders services; and

(v) Be approved for Medicare payment when determined to be substantially comparable under the provisions of paragraph (f)(1)(iv)(D) of this section or, when Medicare approved status is not required, be accredited by a qualified accreditation organization, as defined in §199.2; and

(vi) Has entered into a participation agreement approved by the Director, OCHAMPUS, or designee, which at least complies with the minimum participation agreement requirements of this section.

(3) *Transfer of participation agreement.* In order to provide continuity of care for beneficiaries when there is a change of provider ownership, the provider agreement is automatically assigned to the new owner, subject to all the terms and conditions under which the original agreement was made.

(i) The merger of the provider corporation or foundation into another corporation or foundation, or the consolidation of two or more corporations or foundations resulting in the creation of a new corporation or foundation, constitutes a change of ownership.

(ii) Transfer of corporate stock or the merger of another corporation or foundation into the provider corporation or foundation does not constitute change of ownership.

(iii) The surviving corporation or foundation shall notify the Director, OCHAMPUS, or designee, in writing of the change of ownership promptly after the effective date of the transfer or change in ownership.

(4) *Pricing and payment methodology:* The pricing and payment of procedures rendered by a provider authorized under this paragraph (f) shall be limited to those methods for pricing and payment allowed by this part which the Director, OCHAMPUS, or designee, determines contribute to the efficient management of CHAMPUS.

(5) *Termination of participation agreement.* A provider may terminate a participation agreement upon 45 days written notice to the Director, OCHAMPUS, or designee, and to the public.

[51 FR 24008, July 1, 1986]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting §199.6, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

§199.7 Claims submission, review, and payment.

(a) *General.* The Director, OCHAMPUS, or a designee, is responsible for ensuring that benefits under CHAMPUS are paid only to the extent described in this part. Before benefits can be paid, an appropriate claim must be submitted that includes sufficient

information as to beneficiary identification, the medical services and supplies provided, and double coverage information, to permit proper, accurate, and timely adjudication of the claim by the CHAMPUS contractor or OCHAMPUS. Providers must be able to document that the care or service shown on the claim was rendered. This section sets forth minimum medical record requirements for verification of services. Subject to such definitions, conditions, limitations, exclusions, and requirements as may be set forth in this part, the following are the CHAMPUS claim filing requirements:

(1) *CHAMPUS identification card required.* A patient shall present his or her applicable CHAMPUS identification card (that is, Uniformed Services identification card) to the authorized provider of care that identifies the patient as an eligible CHAMPUS beneficiary (refer to § 199.3 of this part).

(2) *Claim required.* No benefit may be extended under the Basic Program or Extended Care Health Option (ECHO) without submission of an appropriate, complete and properly executed claim form.

(3) *Responsibility for perfecting claim.* It is the responsibility of the CHAMPUS beneficiary or sponsor or the authorized provider acting on behalf of the CHAMPUS beneficiary to perfect a claim for submission to the appropriate CHAMPUS fiscal intermediary. Neither a CHAMPUS fiscal intermediary nor OCHAMPUS is authorized to prepare a claim on behalf of a CHAMPUS beneficiary.

(4) *Obtaining appropriate claim form.* CHAMPUS provides specific CHAMPUS forms appropriate for making a claim for benefits for various types of medical services and supplies (such as hospital, physician, or prescription drugs). Claim forms may be obtained from the appropriate CHAMPUS fiscal intermediary who processes claims for the beneficiary's state of residence, from the Director, OCHAMPUS, or a designee, or from CHAMPUS health benefits advisors (HBAs) located at all Uniformed Services medical facilities.

(5) *Prepayment not required.* A CHAMPUS beneficiary or sponsor is not required to pay for the medical services or supplies before submitting a claim for benefits.

(6) *Deductible certificate.* If the fiscal year outpatient deductible, as defined in § 199.4(f)(2) has been met by a beneficiary or a family through the submission of a claim or claims to a CHAMPUS fiscal intermediary in a geographic location different from the location where a current claim is being submitted, the beneficiary or sponsor must obtain a deductible certificate from the CHAMPUS fiscal intermediary where the applicable individual or family fiscal year deductible was met. Such deductible certificate must be attached to the current claim being submitted for benefits. Failure to obtain a deductible certificate under such circumstances will result in a second individual or family fiscal year deductible being applied. However, this second deductible may be reimbursed once appropriate documentation, as described in this paragraph is supplied to the CHAMPUS fiscal intermediary applying the second deductible (refer to § 199.4 (f)(2)(i)(F)).

(7) *Nonavailability Statement (DD Form 1251).* In some geographic locations or under certain circumstances, it is necessary for a CHAMPUS beneficiary to determine whether the required medical care can be provided through a Uniformed Services facility. If the required medical care cannot be provided by the Uniformed Services facility, a Nonavailability Statement will be issued. When required (except for emergencies), this Nonavailability Statement must be issued before medical care is obtained from civilian sources. Failure to secure such a statement will waive the beneficiary's rights to benefits under CHAMPUS, subject to appeal to the appropriate hospital commander (or higher medical authority).

(i) *Rules applicable to issuance of Nonavailability Statement.* Appropriate policy guidance may be issued as necessary to prescribe the conditions for issuance and use of a Nonavailability Statement.

(ii) *Beneficiary responsibility.* The beneficiary shall ascertain whether or not he or she resides in a geographic area that requires obtaining a Nonavailability Statement. Information concerning current rules may be obtained

from the CHAMPUS fiscal intermediary concerned, a CHAMPUS HBA or the Director, OCHAMPUS, or a designee.

(iii) *Rules in effect at time civilian care is provided apply.* The applicable rules regarding Nonavailability Statements in effect at the time the civilian care is rendered apply in determining whether a Nonavailability Statement is required.

(iv) *Nonavailability Statement must be filed with applicable claim.* When a claim is submitted for CHAMPUS benefits that includes services for which a Nonavailability Statement is required, such statement must be submitted along with the claim form.

(b) *Information required to adjudicate a CHAMPUS claim.* Claims received that are not completed fully and that do not provide the following minimum information may be returned. If enough space is not available on the appropriate claim form, the required information must be attached separately and include the patient's name and address, be dated, and signed.

(1) *Patient's identification information.* The following patient identification information must be completed on every CHAMPUS claim form submitted for benefits before a claim will be adjudicated and processed:

(i) *Patient's full name.*

(ii) *Patient's residence address.*

(iii) *Patient's date of birth.*

(iv) *Patient's relationship to sponsor.*

NOTE: If name of patient is different from sponsor, explain (for example, stepchild or illegitimate child).

(v) *Patient's identification number (from DD Form 1173).*

(vi) *Patient's identification card effective date and expiration date (from DD Form 1173).*

(vii) *Sponsor's full name.*

(viii) *Sponsor's service or social security number.*

(ix) *Sponsor's grade.*

(x) *Sponsor's organization and duty station.* Home port for ships; home address for retiree.

(xi) *Sponsor's branch of service or deceased or retiree's former branch of service.*

(xii) *Sponsor's current status.* Active duty, retired, or deceased.

(2) *Patient treatment information.* The following patient treatment information routinely is required relative to the medical services and supplies for which a claim for benefits is being made before a claim will be adjudicated and processed:

(i) *Diagnosis.* All applicable diagnoses are required; standard nomenclature is acceptable. In the absence of a diagnosis, a narrative description of the definitive set of symptoms for which the medical care was rendered must be provided.

(ii) *Source of care.* Full name of source of care (such as hospital or physician) providing the specific medical services being claimed.

(iii) *Full address of source of care.* This address must be where the care actually was provided, not a billing address.

(iv) *Attending physician.* Name of attending physician (or other authorized individual professional provider).

(v) *Referring physician.* Name and address of ordering, prescribing, or referring physician.

(vi) *Status of patient.* Status of patient at the time the medical services and supplies were rendered (that is, inpatient or outpatient).

(vii) *Dates of service.* Specific and inclusive dates of service.

(viii) *Inpatient stay.* Source and dates of related inpatient stay (if applicable).

(ix) *Physicians or other authorized individual professional providers.* The claims must give the name of the individual actually rendering the care, along with the individual's professional status (e.g., M.D., Ph.D., R.N., etc.) and provider number, if the individual signing the claim is not the provider who actually rendered the service. The following information must also be included:

(A) Date each service was rendered.

(B) Procedure code or narrative description of each procedure or service for each date of service.

(C) Individual charge for each item of service or each supply for each date.

(D) Detailed description of any unusual complicating circumstances related to the medical care provided that the physician or other individual professional provider may choose to submit separately.

(x) *Hospitals or other authorized institutional providers.* For care provided by

hospitals (or other authorized institutional providers), the following information also must be provided before a claim will be adjudicated and processed:

(A) An itemized billing showing each item of service or supply provided for each day covered by the claim.

NOTE: The Director, OCHAMPUS, or a designee, may approve, in writing, an alternative billing procedure for RTCs or other special institutions, in which case the itemized billing requirement may be waived. The particular facility will be aware of such approved alternate billing procedure.

(B) Any absences from a hospital or other authorized institution during a period for which inpatient benefits are being claimed must be identified specifically as to date or dates and provide details on the purpose of the absence. Failure to provide such information will result in denial of benefits and, in an ongoing case, termination of benefits for the inpatient stay at least back to the date of the absence.

(C) For hospitals subject to the CHAMPUS DRG-based payment system (see paragraph (a)(1)(ii)(D) of §199.14), the following information is also required:

(*1*) The principal diagnosis (the diagnosis established, after study, to be chiefly responsible for causing the patient's admission to the hospital).

(*2*) All secondary diagnoses.

(*3*) All significant procedures performed.

(*4*) The discharge status of the beneficiary.

(*5*) The hospital's Medicare provider number.

(*6*) The source of the admission.

(D) Claims submitted by hospitals (or other authorized institutional providers) must include the name of the individual actually rendering the care, along with the individual's professional status (e.g., M.D., Ph.D., R.N., etc.).

(xi) *Prescription drugs and medicines (and insulin).* For prescription drugs and medicines (and insulin, whether or not a prescription is required) receipted bills must be attached and the following additional information provided:

(A) Name of drug.

NOTE: When the physician or pharmacist so requests, the name of the drugs may be submitted to the CHAMPUS fiscal intermediary directly by the physician or pharmacist.

(B) Strength of drug.

(C) Name and address of pharmacy where drug was purchased.

(D) Prescription number of drug being claimed.

(xii) *Other authorized providers.* For items from other authorized providers (such as medical supplies), an explanation as to the medical need must be attached to the appropriate claim form. For purchases of durable equipment under the ECHO it is necessary also to attach a copy of the authorization.

(xiii) *Nonparticipating providers.* When the beneficiary or sponsor submits the claim to the CHAMPUS fiscal intermediary (that is, the provider elects not to participate), an itemized bill from the provider to the beneficiary or sponsor must be attached to the CHAMPUS claim form.

(3) *Medical records/medical documentation.* Medical records are of vital importance in the care and treatment of the patient. Medical records serve as a basis for planning of patient care and for the ongoing evaluation of the patient's treatment and progress. Accurate and timely completion of orders, notes, etc., enable different members of a health care team and subsequent health care providers to have access to relevant data concerning the patient. Appropriate medical records must be maintained in order to accommodate utilization review and to substantiate that billed services were actually rendered.

(i) All care rendered and billed must be appropriately documented in writing. Failure to document the care billed will result in the claim or specific services on the claim being denied CHAMPUS cost-sharing.

(ii) A pattern of failure to adequately document medical care will result in episodes of care being denied CHAMPUS cost-sharing.

(iii) Cursory notes of a generalized nature that do not identify the specific treatment and the patient's response to the treatment are not acceptable.

(iv) The documentation of medical records must be legible and prepared as soon as possible after the care is rendered. Entries should be made when the

treatment described is given or the observations to be documented are made. The following are documentation requirements and specific time frames for entry into the medical records:

(A) General requirements for acute medical/surgical services:

(*1*) Admission evaluation report within 24 hours of admission.

(*2*) Completed history and physical examination report within 72 hours of admission.

(*3*) Registered nursing notes at the end of each shift.

(*4*) Daily physician notes.

(B) Requirements specific to mental health services:

(*1*) Psychiatric admission evaluation report within 24 hours of admission.

(*2*) History and physical examination within 24 hours of admission; complete report documented within 72 hours for acute and residential programs and within 3 working days for partial programs.

(*3*) Individual and family therapy notes within 24 hours of procedure for acute, detoxification and Residential Treatment Center (RTC) programs and within 48 hours for partial programs.

(*4*) Preliminary treatment plan within 24 hours of admission.

(*5*) Master treatment plan within 5 calendar days of admission for acute care, 10 days for RTC care, 5 days for full-day partial programs and within 7 days for half-day partial programs.

(*6*) Family assessment report within 72 hours of admission for acute care and 7 days for RTC and partial programs.

(*7*) Nursing assessment report within 24 hours of admission.

(*8*) Nursing notes at the end of each shift for acute and detoxification programs; every ten visits for partial hospitalization; and at least once a week for RTCs.

(*9*) Daily physician notes for intensive treatment, detoxification, and rapid stabilization programs; twice per week for acute programs; and once per week for RTC and partial programs.

(*10*) Group therapy notes once per week.

(*11*) Ancillary service notes once per week.

NOTE: A pattern of failure to meet the above criteria may result in provider sanctions prescribed under §199.9.

(4) *Double coverage information.* When the CHAMPUS beneficiary is eligible for medical benefits coverage through another plan, insurance, or program, either private or Government, the following information must be provided:

(i) *Name of other coverage.* Full name and address of double coverage plan, insurance, or program (such as Blue Cross, Medicare, commercial insurance, and state program).

(ii) *Source of double coverage.* Source of double coverage (such as employment, including retirement, private purchase, membership in a group, and law).

(iii) *Employer information.* If source of double coverage is employment, give name and address of employer.

(iv) *Identification number.* Identification number or group number of other coverage.

(5) *Right to additional information.* (i) As a condition precedent to the cost-sharing of benefits under this part or pursuant to a review or audit, whether the review or audit is prospective, concurrent, or retroactive, OCHAMPUS or CHAMPUS contractors may request, and 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 whom claims or requests for approval for benefits are submitted. Such information and records may relate to the attendance, testing, monitoring, examination, diagnosis, treatment, or services and supplies furnished to a beneficiary and, as such, shall be necessary for the accurate and efficient administration of CHAMPUS benefits. This may include requests for copies of all medical records or documentation related to the episode of care. In addition, before a determination on a request for preauthorization or claim of benefits is made, a beneficiary, or sponsor, shall provide additional information relevant to the requested determination, when necessary. The recipient of such information shall 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 DoD Directive 5400.7 and 5400.11, the Freedom of Information Act, and the Privacy Act (refer to paragraph (m) of §199.1 of this part).

(ii) For the purposes of determining the applicability of and implementing the provisions of §§199.8 and 199.9, 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 or obtain from any insurance company or other organization, governmental agency, provider, or person, 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.

(iii) Before a beneficiary's claim of benefits is adjudicated, the beneficiary or the provider(s) must furnish to CHAMPUS that information which is necessary to make the benefit determination. Failure to provide the requested information will result in denial of the claim. A beneficiary, by submitting a CHAMPUS claim(s) (either a participating or nonparticipating claim), is deemed to have given consent to the release of any and all medical records or documentation pertaining to the claims and the episode of care.

(c) *Signature on CHAMPUS Claim Form*—(1) *Beneficiary signature.* CHAMPUS claim forms must be signed by the beneficiary except under the conditions identified in paragraph (c)(1)(v) of this section. The parent or guardian may sign for any beneficiary under 18 years.

(i) *Certification of identity.* This signature certifies that the patient identification information provided is correct.

(ii) *Certification of medical care provided.* This signature certifies that the specific medical care for which benefits are being claimed actually were rendered to the beneficiary on the dates indicated.

(iii) *Authorization to obtain or release information.* Before requesting additional information necessary to process a claim or releasing medical information, the signature of the beneficiary who is 18 years old or older must be recorded on or obtained on the CHAMPUS claim form or on a separate release form. The signature of the beneficiary, parent, or guardian will be requested when the beneficiary is under 18 years.

NOTE: If the care was rendered to a minor and a custodial parent or legal guardian requests information prior to the minor turning 18 years of age, medical records may still be released pursuant to the signature of the parent or guardian, and claims information may still be released to the parent or guardian in response to the request, even though the beneficiary has turned 18 between the time of the request and the response. However, any follow-up request or subsequent request from the parent or guardian, after the beneficiary turns 18 years of age, will necessitate the authorization of the beneficiary (or the beneficiary's legal guardian as appointed by a cognizant court), before records and information can be released to the parent or guardian.

(iv) *Certification of accuracy and authorization to release double coverage information.* This signature certifies to the accuracy of the double coverage information and authorizes the release of any information related to double coverage. (Refer to §199.8 of this part).

(v) *Exceptions to beneficiary signature requirement.* (A) Except as required by paragraph (c)(1)(iii) of this section, the signature of a spouse, parent, or guardian will be accepted on a claim submitted for a beneficiary who is 18 years old or older.

(B) When the institutional provider obtains the signature of the beneficiary (or the signature of the parent or guardian when the beneficiary is under 18 years) on a CHAMPUS claim form at admission, the following participating claims may be submitted without the beneficiary's signature.

(*1*) Claims for laboratory and diagnostic tests and test interpretations from radiologists, pathologists, neurologists, and cardiologists.

(*2*) Claims from anesthesiologists.

(C) Claims filed by providers using CHAMPUS-approved signature-on-file and claims submission procedures.

(2) *Provider's signature.* A participating provider (see paragraph (a)(8) of §199.6) is required to sign the CHAMPUS claim form.

(i) *Certification.* A participating provider's signature on a CHAMPUS claim form:

(A) Certifies that the specific medical care listed on the claim form was, in fact, rendered to the specific beneficiary for which benefits are being claimed, on the specific date or dates indicated, at the level indicated and by the provider signing the claim unless the claim otherwise indicates another individual provided the care. For example, if the claim is signed by a psychiatrist and the care billed was rendered by a psychologist or licensed social worker, the claim must indicate both the name and profession of the individual who rendered the care.

(B) Certifies that the provider has agreed to participate (providing this agreement has been indicated on the claim form) and that the CHAMPUS-determined allowable charge or cost will constitute the full charge or cost for the medical care listed on the specific claim form; and further agrees to accept the amount paid by CHAMPUS or the CHAMPUS payment combined with the cost-shared amount paid by, or on behalf of the beneficiary, as full payment for the covered medical services or supplies.

(*1*) Thus, neither CHAMPUS nor the sponsor is responsible for any additional charges, whether or not the CHAMPUS-determined charge or cost is less than the billed amount.

(*2*) Any provider who signs and submits a CHAMPUS claim form and then violates this agreement by billing the beneficiary or sponsor for any difference between the CHAMPUS-determined charge or cost and the amount billed is acting in bad faith and is subject to penalties including withdrawal of CHAMPUS approval as a CHAMPUS provider by administrative action of the Director, OCHAMPUS, or a designee, and possible legal action on the part of CHAMPUS, either directly or as a part of a beneficiary action, to recover monies improperly obtained from CHAMPUS beneficiaries or sponsors (refer to §199.6 of this part.)

(ii) *Physician or other authorized individual professional provider.* A physician or other authorized individual professional provider is liable for any signature submitted on his or her behalf. Further, a facsimile signature is not acceptable unless such facsimile signature is on file with, and has been authorized specifically by, the CHAMPUS fiscal intermediary serving the state where the physician or other authorized individual professional provider practices.

(iii) *Hospital or other authorized institutional provider.* The provider signature on a claim form for institutional services must be that of an authorized representative of the hospital or other authorized institutional provider, whose signature is on file with and approved by the appropriate CHAMPUS fiscal intermediary.

(d) *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 paragraph (d)(2) of this section, 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.

(1) *Claims returned for additional information.* When a claim is submitted initially within the claim filing time limit, but is returned in whole or in part for additional information to be considered for benefits, the returned claim, along with the requested information, must be resubmitted and received by the appropriate CHAMPUS contractor no later than the later of:

(i) One year after the services are provided; or

(ii) 90 days from the date the claim was returned to the provider or beneficiary.

(2) *Exception to claims filing deadline.* The Director, OCHAMPUS, or a designee, may grant exceptions to the claims filing deadline requirements.

(i) *Types of exception.* (A) *Retroactive eligibility.* Retroactive CHAMPUS eligibility determinations.

(B) *Administrative error.* Administrative error (that is, misrepresentation, mistake, or other accountable action) of an officer or employee of OCHAMPUS (including OCHAMPUSEUR) or a CHAMPUS fiscal intermediary, performing functions under CHAMPUS and acting within the scope of that official's authority.

(C) *Mental incompetency.* Mental incompetency of the beneficiary or guardian or sponsor, in the case of a minor child (which includes inability to communicate, even if it is the result of a physical disability).

(D) *Delays by other health insurance.* When not attributable to the beneficiary, delays in adjudication by other health insurance companies when double coverage coordination is required before the CHAMPUS benefit determination.

(E) *Other waiver authority.* The Director, OCHAMPUS may waive the claims filing deadline in other circumstances in which the Director determines that the waiver is necessary in order to ensure adequate access for CHAMPUS beneficiaries to health care services.

(ii) *Request for exception to claims filing deadline.* Beneficiaries who wish to request an exception to the claims filing deadline may submit such a request to the CHAMPUS fiscal intermediary having jurisdiction over the location in which the service was rendered, or as otherwise designated by the Director, OCHAMPUS.

(A) Such requests for an exception must include a complete explanation of the circumstances of the late filing, together with all available documentation supporting the request, and the specific claim denied for late filing.

(B) Each request for an exception to the claims filing deadline is reviewed individually and considered on its own merits.

(e) *Other claims filing requirements.* Notwithstanding the claims filing deadline described in paragraph (d) of this section, to lessen any potential adverse impact on a CHAMPUS beneficiary or sponsor that could result from a retroactive denial, the following additional claims filing procedures are recommended or required.

(1) *Continuing care.* Except for claims subject to the CHAMPUS DRG-based payment system, whenever medical services and supplies are being rendered on a continuing basis, an appropriate claim or claims should be submitted every 30 days (monthly) whether submitted directly by the beneficiary or sponsor or by the provider on behalf of the beneficiary. Such claims may be submitted more frequently if the beneficiary or provider so elects. The Director, OCHAMPUS, or a designee, also may require more frequent claims submission based on dollars. Examples of care that may be rendered on a continuing basis are outpatient physical therapy, private duty (special) nursing, or inpatient stays. 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.

(2) *Inpatient mental health services.* Under most circumstances, the 60-day inpatient mental health limit applies to the first 60 days of care paid in a calendar year. The patient will be notified when the first 30 days of inpatient mental health benefits have been paid. The beneficiary is responsible for assuring that all claims for care are submitted sequentially and on a regular basis. Once payment has been made for care determined to be medically appropriate and a program benefit, the decision will not be reopened solely on the basis that previous inpatient mental health care had been rendered but not yet billed during the same calendar year by a different provider.

(3) *Claims involving the services of marriage and family counselors, pastoral counselors, and mental health counselors.* CHAMPUS requires that marriage and family counselors, pastoral counselors, and mental health counselors make a written report to the referring physician concerning the CHAMPUS beneficiary's progress. Therefore, each claim for reimbursement for services of marriage and family counselors, pastoral counselors, and mental health counselors must include certification to the effect that a written communication has been made or will be made to the referring physician at the end of treatment, or more frequently, as required by the referring physician.

(f) *Preauthorization.* When specifically required in other sections of this part, preauthorization requires the following:

(1) *Preauthorization must be granted before benefits can be extended.* In those situations requiring preauthorization, the request for such preauthorization shall be submitted and approved before benefits may be extended, except as provided in §199.4(a)(11). If a claim for services or supplies is submitted without the required preauthorization, no benefits shall be paid, unless the Director, OCHAMPUS, or a designee, has granted an exception to the requirement for preauthorization.

(i) *Specifically preauthorized services.* An approved preauthorization specifies the exact services or supplies for which authorization is being given. In a preauthorization situation, benefits cannot be extended for services or supplies provided beyond the specific authorization.

(ii) *Time limit on preauthorization.* Approved preauthorizations are valid for specific periods of time, appropriate for the circumstances presented and specified at the time the preauthorization is approved. In general, preauthorizations are valid for 30 days. If the preauthorized service or supplies are not obtained or commenced within the specified time limit, a new preauthorization is required before benefits may be extended. For organ and stem cell transplants, the preauthorization shall remain in effect as long as the beneficiary continues to meet the specific transplant criteria set forth in the TRICARE/CHAMPUS Policy Manual, or until the approved transplant occurs.

(2) *Treatment plan.* Each preauthorization request shall be accompanied by a proposed medical treatment plan (for inpatient stays under the Basic Program) which shall include generally a diagnosis; a detailed summary of complete history and physical; a detailed statement of the problem; the proposed treatment modality, including anticipated length of time the proposed modality will be required; any available test results; consultant's reports; and the prognosis. When the preauthorization request involves transfer from a hospital to another inpatient facility, medical records related to the inpatient stay also must be provided.

(3) *Claims for services and supplies that have been preauthorized.* Whenever a claim is submitted for benefits under CHAMPUS involving preauthorized services and supplies, the date of the approved preauthorization must be indicated on the claim form and a copy of the written preauthorization must be attached to the appropriate CHAMPUS claim.

(4) *Advance payment prohibited.* No CHAMPUS payment shall be made for otherwise authorized services or items not yet rendered or delivered to the beneficiary.

(g) *Claims review.* It is the responsibility of the CHAMPUS fiscal intermediary (or OCHAMPUS, including OCHAMPUSEUR) to review each CHAMPUS claim submitted for benefit consideration to ensure compliance with all applicable definitions, conditions, limitations, or exclusions specified or enumerated in this part. It is also required that before any CHAMPUS benefits may be extended, claims for medical services and supplies will be subject to utilization review and quality assurance standards, norms, and criteria issued by the Director, OCHAMPUS, or a designee (see paragraph (a)(1)(v) of §199.14 for review standards for claims subject to the CHAMPUS DRG-based payment system).

(h) *Benefit payments.* CHAMPUS benefit payments are made either directly to the beneficiary or sponsor or to the provider, depending on the manner in which the CHAMPUS claim is submitted.

(1) *Benefit payments made to beneficiary or sponsor.* When the CHAMPUS beneficiary or sponsor signs and submits a specific claim form directly to the appropriate CHAMPUS fiscal intermediary (or OCHAMPUS, including OCHAMPUSEUR), any CHAMPUS benefit payments due as a result of that specific claim submission will be made in the name of, and mailed to, the beneficiary or sponsor. In such circumstances, the beneficiary or sponsor is responsible to the provider for any amounts billed.

(2) *Benefit payments made to participating provider.* When the authorized provider elects to participate by signing a CHAMPUS claim form, indicating participation in the appropriate space on the claim form, and submitting a specific claim on behalf of the beneficiary to the appropriate CHAMPUS fiscal intermediary, any CHAMPUS benefit payments due as a result of that claim submission will be made in the name of and mailed to the participating provider. Thus, by signing the claim form, the authorized provider agrees to abide by the CHAMPUS-determined allowable charge or cost, whether or not lower than the amount billed. Therefore, the beneficiary or sponsor is responsible only for any required deductible amount and any cost-sharing portion of the CHAMPUS-determined allowable charge or cost as may be required under the terms and conditions set forth in §§ 199.4 and 199.5 of this part.

(3) *CEOB.* When a CHAMPUS claim is adjudicated, a CEOB is sent to the beneficiary or sponsor. A copy of the CEOB also is sent to the provider if the claim was submitted on a participating basis. The CEOB form provides, at a minimum, the following information:

(i) Name and address of beneficiary.

(ii) Name and address of provider.

(iii) Services or supplies covered by claim for which CEOB applies.

(iv) Dates services or supplies provided.

(v) Amount billed; CHAMPUS-determined allowable charge or cost; and amount of CHAMPUS payment.

(vi) To whom payment, if any, was made.

(vii) Reasons for any denial.

(viii) Recourse available to beneficiary for review of claim decision (refer to § 199.10 of this part).

NOTE: The Director, OCHAMPUS, or a designee, may authorize a CHAMPUS fiscal intermediary to waive a CEOB to protect the privacy of a CHAMPUS beneficiary.

(4) *Benefit under $1.* If the CHAMPUS benefit is determined to be under $1, payment is waived.

(i) *Extension of the Active Duty Dependents Dental Plan to areas outside the United States.* The Assistant Secretary of Defense (Health Affairs) (ASD(HA) may, under the authority of 10 U.S.C. 1076a(h), extend the Active Duty Dependents Dental Plan to areas other than those areas specified in paragraph (a)(2)(i) of this section for the eligible beneficiaries of members of the Uniformed Services. In extending the program outside the Continental United States, the ASD(HA), or designee, is authorized to establish program elements, methods of administration and payment rates and procedures to providers that are different from those in effect under this section in the Continental United States to the extent the ASD(HA), or designee, determines necessary for the effective and efficient operation of the plan outside the Continental United States. This includes provisions for preauthorization of care if the needed services are not available in a Uniformed Service overseas dental treatment facility and payment by the Department of certain cost-shares and other portions of a provider's billed charges. Other differences may occur based on limitations in the availability and capabilities of the Uniformed Services overseas dental treatment facility and a particular nation's civilian sector providers in certain areas. Otherwise, rules pertaining to services covered under the plan and quality of care standards for providers shall be comparable to those in effect under this section in the Continental United States and available military guidelines. In addition, all provisions of 10 U.S.C. 1076a shall remain in effect.

(j) *General assignment of benefits not recognized.* CHAMPUS does not recognize any general assignment of CHAMPUS benefits to another person. All CHAMPUS benefits are payable as described in this and other Sections of this part.

[51 FR 24008, July 1, 1986, as amended at 52 FR 33007, Sept. 1, 1987; 53 FR 5373, Feb. 24, 1988; 54 FR 25246, June 14, 1989; 56 FR 28487, June 21, 1991; 56 FR 59878, Nov. 26, 1991; 58 FR 35408, July 1, 1993; 58 FR 51238, Oct. 1, 1993; 58 FR 58961, Nov. 5, 1993; 62 FR 35097, June 30, 1997; 63 FR 48446, Sept. 10, 1998; 64 FR 38576, July 19, 1999; 67 FR 42721, June 25, 2002; 68 FR 44881, July 31, 2003; 69 FR 51569, Aug. 20, 2004; 70 FR 19265, Apr. 13, 2005]

§ 199.8 Double coverage.

(a) *Introduction.* (1) In enacting TRICARE legislation, Congress clearly

has intended that TRICARE be the secondary payer to all health benefit, insurance and third-party payer plans. 10 U.S.C. 1079(j)(1) specifically provides that a benefit may not be paid under a plan (CHAMPUS) covered by this section in the case of a person enrolled in, or covered by, any other insurance, medical service, or health plan, including any plan offered by a third-party payer (as defined in 10 U.S.C. 1095(h)(1)) to the extent that the benefit is also a benefit under the other plan, except in the case of a plan administered under title XIX of the Social Security Act (42 U.S.C. 1396 *et seq.*).

(2) The provision in paragraph (a)(1) of this section is made applicable specifically to retired members, dependents, and survivors by 10 U.S.C. 1086(g). The underlying intent, in addition to preventing waste of Federal resources, is to ensure that TRICARE beneficiaries receive maximum benefits while ensuring that the combined payments of TRICARE and other health and insurance plans do not exceed the total charges.

(b) *Double coverage plan.* A double coverage plan is one of the following:

(1) *Insurance plan.* An insurance plan is any plan or program that is designed to provide compensation or coverage for expenses incurred by a beneficiary for medical services and supplies. It includes plans or programs for which the beneficiary pays a premium to an issuing agent as well as those plans or programs to which the beneficiary is entitled as a result of employment or membership in, or association with, an organization or group.

(2) *Medical service or health plan.* A medical service or health plan is any plan or program of an organized health care group, corporation, or other entity for the provision of health care to an individual from plan providers, both professional and institutional. It includes plans or programs for which the beneficiary pays a premium to an issuing agent as well as those plans or programs to which the beneficiary is entitled as a result of employment or membership in, or association with, an organization or group.

(3) *Third-party payer.* A third-party payer means an entity that provides an insurance, medical service, or health plan by contract or agreement, including an automobile liability insurance or no-fault insurance carrier and a workers' compensation program or plan, and any other plan or program (e.g., homeowners insurance, etc.) that is designed to provide compensation or coverage for expenses incurred by a beneficiary for medical services or supplies. For purposes of the definition of ''third-party payer,'' an insurance, medical service or health plan includes a preferred provider organization, an insurance plan described as Medicare supplemental insurance, and a personal injury protection plan or medical payments benefit plan for personal injuries resulting from the operation of a motor vehicle.

(4) *Exceptions.* Double coverage plans do not include:

(i) Plans administered under title XIX of the Social Security Act (Medicaid);

(ii) Coverage specifically designed to supplement CHAMPUS benefits (a health insurance policy or other health benefit plan that meets the definition and criteria under supplemental insurance plan as set forth in §199.2(b));

(iii) Entitlement to receive care from Uniformed Services medical care facilities;

(iv) Certain Federal Government programs, as prescribed by the Director, OCHAMPUS, that are designed to provide benefits to a distinct beneficiary population and for which entitlement does not derive from either premium payment of monetary contribution (for example, the Indian Health Service); or

(v) State Victims of Crime Compensation Programs.

(c) *Application of double coverage provisions.* CHAMPUS claims submitted for otherwise covered services or supplies and which involve double coverage shall be adjudicated as follows:

(1) *TRICARE last pay.* For any claim that involves a double coverage plan as defined in paragraph (b) of this section, TRICARE shall be last pay *except* as may be authorized by the Director, TRICARE Management Activity, or a designee, pursuant to paragraph (c)(2) of this section. That is, TRICARE benefits may not be extended until all other double coverage plans have adjudicated the claim.

(2) *TRICARE advance payment.* The Director, TRICARE Management Activity, or a designee, may authorize payment of a claim in advance of adjudication of the claim by a double coverage plan and recover, under §199.12, the TRICARE costs of health care incurred on behalf of the covered beneficiary under the following conditions:

(i) The claim is submitted for health care services furnished to a covered beneficiary; and,

(ii) The claim is identified as involving services for which a third-party payer, other than a primary medical insurer, may be liable.

(3) *Primary medical insurer.* For purposes of paragraph (c)(2) of this section, a ''primary medical insurer'' is an insurance plan, medical service or health plan, or a third-party payer under this section, the primary or sole purpose of which is to provide or pay for health care services, supplies, or equipment. The term ''primary medical insurer'' does not include automobile liability insurance, no-fault insurance, workers' compensation program or plan, homeowners insurance, or any other similar third-party payer as may be designated by the Director, TRICARE Management Activity, or a designee, in any policy guidance or instructions issued in implementation of this Part.

(4) *Waiver of benefits.* A CHAMPUS beneficiary may not elect to waive benefits under a double coverage plan and use CHAMPUS. Whenever double coverage exists, the provisions of this Section shall be applied.

(5) *Lack of payment by double coverage plan.* Amounts that have been denied by a double coverage plan simply because a claim was not filed timely or because the beneficiary failed to meet some other requirement of coverage cannot be paid. If a statement from the double coverage plan as to how much that plan would have paid had the claim met the plan's requirements is provided to the CHAMPUS contractor, the claim can be processed as if the double coverage plan actually paid the amount shown on the statement. If no such statement is received, no payment from CHAMPUS is authorized.

(6) *Lack of payment by double coverage plan.* Amounts that have been denied by a double coverage plan simply because a claim was not filed timely or because the beneficiary failed to meet some other requirement of coverage cannot be paid. If a statement from the double coverage plan as to how much that plan would have paid had the claim met the plan's requirements is provided to the CHAMPUS contractor, the claim can be processed as if the double coverage plan actually paid the amount shown on the statement. If no such statement is received, no payment from CHAMPUS is authorized.

(d) *Special considerations*—(1) *CHAMPUS and Medicare*—(i) *General rule.* In any case in which a beneficiary eligible for both Medicare and CHAMPUS receives medical or dental care for which payment may be made under Medicare and CHAMPUS, Medicare is always the primary payer. For dependents of active duty members, payment will be determined in accordance to paragraph (c) of this section. For all other beneficiaries eligible for Medicare, the amount payable by CHAMPUS shall be the amount of the actual out-of-pocket costs incurred by the beneficiary for that care over the sum of the amount paid for that care under Medicare and the total of all amounts paid or payable by third party payers other than Medicare.

(ii) *Payment limit.* The total CHAMPUS amount payable for care under paragraph (d)(1)(i) of this section may not exceed the total amount that would be paid under CHAMPUS if payment for that care was made solely under CHAMPUS.

(iii) *Application of general rule.* In applying the general rule under paragraph (d)(1)(i) of this section, the first determination will be whether payment may be made under Medicare. For this purpose, Medicare exclusions, conditions, and limitations will be based for the determination.

(A) For items or services or portions or segments of items or services for which payment may be made under Medicare, the CHAMPUS payment will be the amount of the beneficiary's actual out of pocket liability, minus the amount payable by Medicare, also minus amount payable by other third party payers, subject to the limit under paragraph (d)(1)(ii) of this section.

(B) For items or services or segments of items or services for which no payment may be made under Medicare, the CHAMPUS payment will be the same as it would be for a CHAMPUS eligible retiree, dependent, or survivor beneficiary who is not Medicare eligible.

(iv) *Examples of applications of general rule.* The following examples are illustrative. They are not all-inclusive.

(A) In the case of a Medicare-eligible beneficiary receiving typical physician office visit services, Medicare payment generally will be made. CHAMPUS payment will be determined consistent with paragraph (d)(1)(iii)(A) of this section.

(B) In the case of a Medicare-eligible beneficiary residing and receiving medical care overseas, Medicare payment generally may not be made. CHAMPUS payment will be determined consistent with paragraph (d)(1)(iii)(B) of this section.

(C) In the case of a Medicare-eligible beneficiary receiving skilled nursing facility services a portion of which is payable by Medicare (such as during the first 100 days) and a portion of which is not payable by Medicare (such as after 100 days), CHAMPUS payment for the first portion will be determined consistent with paragraph (d)(1)(iii)(A) of this section and for the second portion consistent with paragraph (d)(1)(iii)(B) of this section.

(v) *Application of catastrophic cap.* Only in cases in which CHAMPUS payment is determined consistent with paragraph (d)(1)(iii)(B) of this section, actual beneficiary out of pocket liability remaining after CHAMPUS payments will be counted for purposes of the annual catastrophic loss protection, set forth under Sec. 199.4(f)(10). When a family has met the cap, CHAMPUS will pay allowable amounts for remaining covered services through the end of that fiscal year.

(vi) *Effect of enrollment in Medicare+Choice plan.* In the case of a beneficiary enrolled in a Medicare+Choice plan who receives items or services for which payment may be made under both the Medicare+Choice plan and CHAMPUS, a claim for the beneficiary's normal out-of-pocket costs under the Medicare+Choice plan may be submitted for CHAMPUS payment. However, consistent with paragraph (c)(4) of this section, out-of-pocket costs do not include costs associated with unauthorized out-of-system care or care otherwise obtained under circumstances that result in a denial or limitation of coverage for care that would have been covered or fully covered had the beneficiary met applicable requirements and procedures. In such cases, the CHAMPUS amount payable is limited to the amount that would have been paid if the beneficiary had received care covered by the Medicare+Choice plan.

(vii) *Effect of other double coverage plans, including medigap plans.* CHAMPUS is second payer to other third-party payers of health insurance, including Medicare supplemental plans.

(viii) *Effect of employer-provided insurance.* In the case of individuals with health insurance due to their current employment status, the employer insurance plan shall be first payer, Medicare shall be the second payer, and CHAMPUS shall be the tertiary payer.

(2) *CHAMPUS and Medicaid.* Medicaid is not a double coverage plan. In any double coverage situation involving Medicaid, CHAMPUS is always the primary payer.

(3) *TRICARE and Workers' Compensation.* TRICARE benefits are not payable for a work-related illness or injury that is covered under a workers' compensation program. Pursuant to paragraph (c)(2) of this section, however, the Director, TRICARE Management Activity, or a designee, may authorize payment of a claim involving a work-related illness or injury covered under a workers' compensation program in advance of adjudication and payment of the workers' compensation claim and then recover, under §199.12, the TRICARE costs of health care incurred on behalf of the covered beneficiary.

(4) *Extended Care Health Option (ECHO).* For those services or supplies that require use of public facilities, an ECHO eligible beneficiary (or sponsor or guardian acting on behalf of the beneficiary) does not have the option of waiving the full use of public facilities which are determined by the Director, TRICARE Management Activity or

designee to be available and adequate to meet a disability related need for which an ECHO benefit was requested. Benefits eligible for payment under a state plan for medical assistance under Title XIX of the Social Security Act (Medicaid) are never considered to be available in the adjudication of ECHO benefits.

(5) *Primary payer.* The requirements of paragraph (d)(4) of this section notwithstanding, TRICARE is primary payer for services and items that are provided in accordance with the Individualized Family Service Plan as required by Part C of the Individuals with Disabilities Education Act and that are medically or psychologically necessary and otherwise allowable under the TRICARE Basic Program or the Extended Care Health Option.

(e) *Implementing instructions.* The Director, OCHAMPUS, or a designee, shall issue such instructions, procedures, or guidelines, as necessary, to implement the intent of this section.

[51 FR 24008, July 1, 1986, as amended at 62 FR 35097, June 30, 1997; 62 FR 54384, Oct. 20, 1997; 63 FR 59232, Nov. 3, 1998; 64 FR 46141, Aug. 24, 1999; 66 FR 40607, Aug. 3, 2001; 67 FR 18827, Apr. 17, 2002; 68 FR 6618, Feb. 10, 2003; 68 FR 23032, Apr. 30, 2003; 68 FR 32361, May 30, 2003; 69 FR 51569, Aug. 20, 2004]

§ 199.9 Administrative remedies for fraud, abuse, and conflict of interest.

(a) *General.* (1) This section sets forth provisions for invoking administrative remedies under CHAMPUS in situations involving fraud, abuse, or conflict of interest. The remedies impact institutional providers, professional providers, and beneficiaries (including parents, guardians, or other representatives of beneficiaries), and cover situations involving criminal fraud, civil fraud, administrative determinations of conflicts of interest or dual compensation, and administrative determinations of fraud or abuse. The administrative actions, remedies, and procedures may differ based upon whether the initial findings were made by a court of law, another agency, or the Director, OCHAMPUS (or designee).

(2) This section also sets forth provisions for invoking administrative remedies in situations requiring administrative action to enforce provisions of law, regulation, and policy in the administration of CHAMPUS and to ensure quality of care for CHAMPUS beneficiaries. Examples of such situations may include a case in which it is discovered that a provider fails to meet requirements under this part to be an authorized CHAMPUS provider; a case in which the provider ceases to be qualified as a CHAMPUS provider because of suspension or revocation of the provider's license by a local licensing authority; or a case in which a provider meets the minimum requirements under this part but, nonetheless, it is determined that it is in the best interest of the CHAMPUS or CHAMPUS beneficiaries that the provider should not be an authorized CHAMPUS provider.

(3) The administrative remedies set forth in this section are in addition to, and not in lieu of, any other remedies or sanctions authorized by law or regulation. For example, administrative action under this section may be taken in a particular case even if the same case will be or has been processed under the administrative procedures established by the Department of Defense to implement the Program Fraud Civil Remedies Act.

(4) Providers seeking payment from the Federal Government through programs such as CHAMPUS have a duty to familiarize themselves with, and comply with, the program requirements.

(5) CHAMPUS contractors and peer review organizations have a responsibility to apply provisions of this regulation in the discharge of their duties, and to report all known situations involving fraud, abuse, or conflict of interest. Failure to report known situations involving fraud, abuse, or conflict of interest will result in the withholding of administrative payments or other contractual remedies as determined by the Director, OCHAMPUS, or a designee.

(b) *Abuse.* The term ''abuse'' generally describes incidents and practices which may directly or indirectly cause financial loss to the Government under CHAMPUS or to CHAMPUS beneficiaries. For the definition of abuse, see § 199.2 of this part. The type of

abuse to which CHAMPUS is most vulnerable is the CHAMPUS claim involving the overutilization of medical and health care services. To avoid abuse situations, providers have certain obligations to provide services and supplies under CHAMPUS which are: Furnished at the appropriate level and only when and to the extent medically necessary as determined under the provisions of this part; of a quality that meets professionally recognized standards of health care; and, supported by adequate medical documentation as may reasonably be required under this part by the Director, OCHAMPUS, or a designee, to evidence the medical necessity and quality of services furnished, as well as the appropriateness of the level of care. A provider's failure to comply with these obligations can result in sanctions being imposed by the Director, OCHAMPUS, or a designee, under this section. Even when administrative remedies are not initiated under this section, abuse situations under CHAMPUS are a sufficient basis for denying all or any part of CHAMPUS cost-sharing of individual claims. The types of abuse or possible abuse situations under CHAMPUS include, but are not limited, to the following:

(1) A pattern of waiver of beneficiary (patient) cost-share or deductible.

NOTE: In a case of a legitimate bad debt write-off of patient cost-share or deductible, the provider's record should include documentation as to what efforts were made to collect the debt, when the debt was written off, why the debt was written off, and the amount of the debt written off.

(2) Improper billing practices. Examples include, charging CHAMPUS beneficiaries rates for services and supplies that are in excess of those charges routinely charged by the provider to the general public, commercial health insurance carriers, or other federal health benefit entitlement programs for the same or similar services. (This includes dual fee schedules—one for CHAMPUS beneficiaries and one for other patients or third-party payers. This also includes billing other third-party payers the same as CHAMPUS is billed but accepting less than the billed amount as reimbursement. However, a formal discount arrangement such as through a preferred provider organization, may not necessarily constitute an improper billing practice.)

(3) A pattern of claims for services which are not medically necessary or, if medically necessary, not to the extent rendered. For example, a battery of diagnostic tests are given when, based on the diagnosis, fewer tests were needed.

(4) Care of inferior quality. For example, consistently furnishing medical or mental health services that do not meet accepted standards of care.

(5) Failure to maintain adequate medical or financial records.

(6) Refusal to furnish or allow the Government (for example, OCHAMPUS) or Government contractors access to records related to CHAMPUS claims.

(7) Billing substantially in excess of customary or reasonable charges unless it is determined by OCHAMPUS that the excess charges are justified by unusual circumstances or medical complications requiring additional time, effort, or expense in localities when it is accepted medical practice to make an extra charge in such cases.

(8) Unauthorized use of the term ''Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)'' in private business. While the use of the term ''CHAMPUS'' is not prohibited by federal statute, misrepresentation or deception by use of the term ''CHAMPUS'' to imply an official connection with the Government or to defraud CHAMPUS beneficiaries may be a violation of federal statute. Regardless of whether the actual use of the term ''CHAMPUS'' may be actionable under federal statute, the unauthorized or deceptive use of the term ''CHAMPUS'' in private business will be considered abuse for purposes of this Section.

(c) *Fraud.* For the definition of fraud, see §199.2 of this part. Examples of situations which, for the purpose of this part, are presumed to be fraud include, but are not limited to:

(1) Submitting CHAMPUS claims (including billings by providers when the claim is submitted by the beneficiary) for services, supplies, or equipment not furnished to, or used by, CHAMPUS beneficiaries. For example, billing or claiming services when the provider

was on call (other than an authorized standby charge) and did not provide any specific medical care to the beneficiary; providing services to an ineligible person and billing or submitting a claim for the services in the name of an eligible CHAMPUS beneficiary; billing or submitting a CHAMPUS claim for an office visit for a missed appointment; or billing or submitting a CHAMPUS claim for individual psychotherapy when a medical visit was the only service provided.

(2) Billing or submitting a CHAMPUS claim for costs for noncovered or nonchargeable services, supplies, or equipment disguised as covered items. Some examples are: (i) Billings or CHAMPUS claims for services which would be covered except for the frequency or duration of the services, such as billing or submitting a claim for two one-hour psychotherapy sessions furnished on separate days when the actual service furnished was a two-hour therapy session on a single day, (ii) spreading the billing or claims for services over a time period that reduces the apparent frequency to a level that may be cost-shared by CHAMPUS, (iii) charging to CHAMPUS, directly or indirectly, costs not incurred or not reasonably allowable to the services billed or claimed under CHAMPUS, for example, costs attributable to nonprogram activities, other enterprises, or the personal expenses of principals, or (iv) billing or submitting claim on a fee-for-service basis when in fact a personal service to a specific patient was not performed and the service rendered is part of the overall management of, for example, the laboratory or x-ray department.

(3) Breach of a provider participation agreement which results in the beneficiary (including parent, guardian, or other representative) being billed for amounts which exceed the CHAMPUS-determined allowable charge or cost.

(4) Billings or CHAMPUS claims for supplies or equipment which are clearly unsuitable for the patient's needs or are so lacking in quality or sufficiency for the purpose as to be virtually worthless.

(5) Billings or CHAMPUS claims which involve flagrant and persistent overutilization of services without proper regard for results, the patient's ailments, condition, medical needs, or the physician's orders.

(6) Misrepresentations of dates, frequency, duration, or description of services rendered, or of the identity of the recipient of the services or the individual who rendered the services.

(7) Submitting falsified or altered CHAMPUS claims or medical or mental health patient records which misrepresent the type, frequency, or duration of services or supplies or misrepresent the name(s) of the individual(s) who provided the services or supplies.

(8) Duplicate billings or CHAMPUS claims. This includes billing or submitting CHAMPUS claims more than once for the same services, billing or submitting claims both to CHAMPUS and the beneficiary for the same services, or billing or submitting claims both to CHAMPUS and other third-parties (such as other health insurance or government agencies) for the same services, without making full disclosure of material facts or immediate, voluntary repayment or notification to CHAMPUS upon receipt of payments which combined exceed the CHAMPUS-determined allowable charge of the services involved.

(9) Misrepresentation by a provider of his or her credentials or concealing information or business practices which bear on the provider's qualifications for authorized CHAMPUS provider status. For example, a provider representing that he or she has a qualifying doctorate in clinical psychology when the degree is not from a regionally accredited university.

(10) Reciprocal billing. Billing or claiming services which were furnished by another provider or furnished by the billing provider in a capacity other than as billed or claimed. For example, practices such as the following: (i) One provider performing services for another provider and the latter bills as though he had actually performed the services (e.g., a weekend fill-in); (ii) providing service as an institutional employee and billing as a professional provider for the services; (iii) billing for professional services when the services were provided by another individual who was an institutional employee; (iv) billing for professional services at a higher provider profile

than would be paid for the person actually furnishing the services, (for example, bills reflecting that an M.D. or Ph.D. performed the services when services were actually furnished by a licensed social worker, psychiatric nurse, or marriage and family counselor); or (v) an authorized provider billing for services which were actually furnished by an unauthorized or sanctioned provider.

(11) Submitting CHAMPUS claims at a rate higher than a rate established between CHAMPUS and the provider, if such a rate has been established. For example, billing or claiming a rate in excess of the provider's most favored rate limitation specified in a residential treatment center agreement.

(12) Arrangements by providers with employees, independent contractors, suppliers, or others which appear to be designed primarily to overcharge the CHAMPUS through various means (such as commissions, fee-splitting, and kickbacks) used to divert or conceal improper or unnecessary costs or profits.

(13) Agreements or arrangements between the supplier and recipient (recipient could be either a provider or beneficiary, including the parent, guardian, or other representative of the beneficiary) that result in billings or claims which include unnecessary costs or charges to CHAMPUS.

(d) *Conflict of Interest.* (1) Conflict of interest includes any situation where an active duty member of the Uniformed Services (including a reserve member while on active duty, active duty for training, or inactive duty training) or civilian employee of the United States Government, through an official federal position has the apparent or actual opportunity to exert, directly or indirectly, any influence on the referral of CHAMPUS beneficiaries to himself/herself or others with some potential for personal gain or the appearance of impropriety. Although individuals under contract to the Uniformed Services are not considered ''employees,'' such individuals are subject to conflict of interest provisions by express terms of their contracts and, for purposes of this part, may be considered to be involved in conflict of interest situations as a result of their contract positions. In any situation involving potential conflict of interest of a Uniformed Service employee, the Director, OCHAMPUS, or a designee, may refer the case to the Uniformed Service concerned for appropriate review and action. If such a referral is made, a report of the results of findings and action taken shall be made to the Director, OCHAMPUS, by the Uniformed Service having jurisdiction within 90 days of receiving the referral.

(2) CHAMPUS cost-sharing shall be denied on any claim where a conflict of interest situation is found to exist. This denial of cost-sharing applies whether the claim is submitted by the individual who provided the care, the institutional provider in which the care was furnished, or the beneficiary.

(e) *Dual Compensation.* (1) Federal law (5 U.S.C. 5536) prohibits active duty members of the Uniformed Services or employees (including part-time or intermittent) appointed in the civil service of the United States Government from receiving additional compensation from the Government above their normal pay and allowances. This prohibition applies to CHAMPUS payments for care furnished to CHAMPUS beneficiaries by active duty members of the Uniformed Services or civilian employees of the Government.

(2) CHAMPUS cost-sharing of a claim shall be denied where the services or supplies were provided by an active duty member of the Uniformed Services or a civilian employee of the Government. This denial of CHAMPUS payment applies whether the claim for reimbursement is filed by the individual who provided the care, the institutional provider in which the care was furnished, or by the beneficiary.

NOTE: Physicians of the National Health Service Corps (NHSC) may be assigned to areas where there is a shortage of medical providers. Although these physicians would be prohibited from accepting CHAMPUS payments as individuals if they are employees of the United States Government, the private organizations to which they may be assigned may be eligible for payment, as determined by the Director, OCHAMPUS, or a designee.

(3) The prohibition against dual compensation does not apply to individuals under contract to the Uniformed Services or the Government.

(f) *Administrative Remedies.* Administrative remedies available under CHAMPUS in this section are set forth below.

(1) *Provider exclusion or suspension.* The Director, OCHAMPUS, or a designee, shall have the authority to exclude or suspend an otherwise authorized CHAMPUS provider from the program based on any criminal conviction or civil judgment involving fraud by the provider; fraud or abuse under CHAMPUS by the provider; exclusion or suspension of the provider by another agency of the Federal Government, a state, or local licensing authority; participation in a conflict of interest situation by the provider; or, when it is in the best interests of the program or CHAMPUS beneficiaries to exclude or suspend a provider under CHAMPUS. In all cases, the exclusion or suspension of a provider shall be effective 15 calendar days from the date on the written initial determination issued under paragraph (h)(2) of this section.

(i) *Criminal conviction or civil judgment involving fraud by a provider*—(A) *Criminal conviction involving CHAMPUS fraud.* A provider convicted by a Federal, state, foreign, or other court of competent jurisdiction of a crime involving CHAMPUS fraud, whether the crime is a felony or misdemeanor, shall be excluded or suspended from CHAMPUS for a period of time as determined by the Director, OCHAMPUS, or a designee. The CHAMPUS exclusion or suspension applies whether or not the provider, as a result of the conviction, receives probation or the sentence is suspended or deferred, and whether or not the conviction or sentence is under appeal.

NOTE: Under the above paragraph (f)(1)(i)(A) of this section, an entity may be excluded or suspended from CHAMPUS whenever the entity is found to have a person, convicted of a crime involving CHAMPUS fraud, who has a direct or indirect ownership or control interest (see §199.2) of 5 percent or more in the entity, or is an officer, director, agent or managing employee of the entity. The entity will have an opportunity to provide evidence to show that the ownership or control relationship has ceased. While an entity will not be excluded or suspended from CHAMPUS for employing a provider who has been sanctioned under this Section, the entity will be denied CHAMPUS payment for any services furnished by the sanctioned employee. As an authorized CHAMPUS provider, the entity is responsible for ensuring that all CHAMPUS claims involve services furnished to CHAMPUS beneficiaries by employees who meet all requirements under CHAMPUS for provider status.

(B) *Criminal conviction involving fraud of other Federal programs.* Any provider convicted by a Federal, state, or other court of competent jurisdiction of a crime involving another Federal health care or benefit program (such as plans administered under titles XVIII and XIX of the Social Security Act, Federal Workmen's Compensation, and the Federal Employees Program (FEP) for employee health insurance), whether the crime is a felony or misdemeanor, shall be excluded from CHAMPUS for a period of time as determined by the Director, OCHAMPUS, or a designee. The CHAMPUS exclusion or suspension applies whether or not the provider, as a result of the conviction, receives probation or the sentence is suspended or deferred, and whether or not the conviction or sentence is under appeal.

(C) *Criminal conviction involving fraud of non-Federal programs.* Any provider convicted by a Federal, state, foreign, or other court of competent jurisdiction of a crime involving any non-Federal health benefit program or private insurance involving health benefits may be excluded or suspended from CHAMPUS for a period of time as determined by the Director, OCHAMPUS, or a designee.

(D) *Civil fraud involving CHAMPUS.* If a judgment involving civil fraud has been entered (whether or not it is appealed) against a provider in a civil action involving CHAMPUS benefits (whether or not other Federal programs are involved), the provider shall be excluded or suspended from CHAMPUS for a period determined by the Director, OCHAMPUS, or a designee.

(E) *Civil fraud involving other programs.* If a judgment involving civil fraud has been entered against a provider (whether or not it has been appealed) in a civil action involving other public or private health care programs or health insurance, the provider may be excluded or suspended for a period of

time determined by the Director, OCHAMPUS, or a designee.

(ii) *Administrative determination of fraud or abuse under CHAMPUS.* If the Director, OCHAMPUS, or a designee, determines that a provider has committed fraud or abuse as defined in this part, the provider shall be excluded or suspended from CHAMPUS for a period of time determined by the Director, OCHAMPUS, or designee.

(iii) *Administrative determination that the provider has been excluded or suspended by another agency of the Federal Government, a state, or local licensing authority.* Any provider who is excluded or suspended by any other Federal health care program (for example, Medicare), shall be excluded or suspended under CHAMPUS. A provider who has his/her credentials revoked through a Veterans Administration or Military Department credentials review process and who is excluded, suspended, terminated, retired, or separated, shall also be excluded or suspended under CHAMPUS. The period of time of exclusion or suspension shall be determined by the Director, OCHAMPUS, or a designee, pursuant to paragraph (g) of this section.

(iv) *Administrative determination that the provider has participated in a conflict of interest situation.* The Director, OCHAMPUS, or a designee, may exclude or suspend any provider who has knowingly been involved in a conflict of interest situation under CHAMPUS. The period of time of exclusion or suspension shall be determined by the Director, OCHAMPUS, or a designee, pursuant to paragraph (g) of this section. For purposes of this administrative determination, it will be presumed that a CHAMPUS provider knowingly participated in a conflict of interest situation if the provider employs, in the treatment of a CHAMPUS beneficiary (resulting in a CHAMPUS claim), any medical personnel who are active duty members of the Uniformed Services or civilian employees of the Government. The burden of proof to rebut this presumption rests with the CHAMPUS provider. Two exceptions will be recognized to the presumption that a conflict of interest exists. First, indirect CHAMPUS payments may be made to private organizations to which physicians of the National Health Service Corps (NHSC) are assigned. Second, any off-duty Government medical personnel employed in an emergency room of an acute care hospital will be presumed not to have had the opportunity to exert, directly or indirectly, any influence on the referral of CHAMPUS beneficiaries; therefore, CHAMPUS payments may be made to the employing hospital *provided* the medical care was not furnished directly by the off-duty Government medical personnel in violation of dual compensation provisions.

(v) *Administrative determination that it is in the best interests of the CHAMPUS or CHAMPUS beneficiaries to exclude or suspend a provider*—(A) *Unethical or improper practices or unprofessional conduct.* (*1*) In most instances, unethical or improper practices or unprofessional conduct by a provider will be program abuse and subject the provider to exclusion or suspension for abuse. However, in some cases such practices and conduct may provide an independent basis for exclusion or suspension of the provider by the Director, OCHAMPUS, or a designee.

(*2*) Such exclusions or suspensions may be based on findings or recommendations of state licensure boards, boards of quality assurance, other regulatory agencies, state medical societies, peer review organizations, or other professional associations.

(B) *In any other case in which the Director, OCHAMPUS (or designee), determines that exclusion or suspension of a provider is in the best interests of CHAMPUS or CHAMPUS beneficiaries.* The Director, OCHAMPUS, or a designee, may exclude or suspend any provider if it is determined that the authorization of that particular provider under CHAMPUS poses an unreasonable potential for fraud, abuse, or professional misconduct. Any documented misconduct by the provider reflecting on the business or professional competence or integrity of the provider may be considered. Situations in which the Director, OCHAMPUS, or a designee, may take administrative action under this Section to protect CHAMPUS or CHAMPUS beneficiaries include, but are not limited to, a case

in which it is determined that a provider poses an unreasonable potential cost to the Government to monitor the provider for fraud or abuse and to avoid the issuance of erroneous payments; or that the provider poses an unreasonable potential harm to the financial or health status of CHAMPUS beneficiaries; or that the provider poses any other unreasonable threat to the interests of CHAMPUS or CHAMPUS beneficiaries. One example of such circumstances involves a provider who, for his/her entire practice or for most of his/her practice, provides or bills for treatment that is not a CHAMPUS benefit, resulting in CHAMPUS frequently and repeatedly denying claims as noncovered services. This may occur when a professional provider furnishes sex therapy (a therapy which may be recognized by the provider's licensing authority but which is excluded from CHAMPUS coverage) and repeatedly submits CHAMPUS claims for the services.

(2) *Provider termination.* The Director, OCHAMPUS, or a designee, shall terminate the provider status of any provider determined not to meet the qualifications established by this part to be an authorized CHAMPUS provider.

(i) *Effective date of termination.* Except as provided in paragraph (g)(2)(ii) of this section, the termination shall be retroactive to the date on which the provider did not meet the requirements of this part.

(A) The retroactive effective date of termination shall not be limited due to the passage of time, erroneous payment of claims, or any other events which may be cited as a basis for CHAMPUS recognition of the provider notwithstanding the fact that the provider does not meet program qualifications. Unless specific provision is made in this part to ''grandfather'' or authorize a provider who does not otherwise meet the qualifications established by this part, all unqualified providers shall be terminated.

(B) Any claims cost-shared or paid under CHAMPUS for services or supplies furnished by the provider on or after the effective date of termination, even when the effective date is retroactive, shall be deemed an erroneous payment unless specific exception is provided in this part. All erroneous payments are subject to collection under § 199.11 of this part.

(C) If an institution is terminated as an authorized CHAMPUS provider, the institution shall immediately give written notice of the termination to any CHAMPUS beneficiary (or their parent, guardian, or other representative) admitted to, or receiving care at, the institution on or after the effective date of the termination. In addition, when an institution is terminated with an effective date of termination after the date of the initial determination terminating the provider, any beneficiary admitted to the institution prior to the effective date of termination (or their parent, guardian, or other representative) shall be notified by the Director, OCHAMPUS, or a designee, by certified mail of the termination, and that CHAMPUS cost-sharing of the beneficiary's care in the institution will cease as of the effective date of the termination. However, any beneficiary admitted to the institution prior to any grace period extended to the institution under paragraph (f)(2)(ii)(A) of this section shall be advised that, if the beneficiary's care otherwise qualifies for CHAMPUS coverage, CHAMPUS cost-sharing of the care in the institution will continue in order to provide a reasonable period of transition of care; however the transitional period of CHAMPUS cost-sharing shall not exceed the last day of the month following the month in which the institution's status as a CHAMPUS provider is terminated. (This authorized CHAMPUS cost-sharing of the inpatient care received during the transition period is an exception to the general rule that CHAMPUS payment for care furnished after the effective date of termination of the provider's status shall be deemed to be an erroneous payment.) If a major violation under paragraph (f)(2)(ii)(B) of this section is involved, in order to ensure immediate action is taken to transfer beneficiaries to an approved provider, CHAMPUS cost-sharing shall not be authorized after the effective date of termination of the provider's status.

(ii) *Institutions not in compliance with CHAMPUS standards.* If it is determined that an institution is not in

compliance with one or more of the standards applicable to its specific category of institution under this part, the Director, OCHAMPUS, or a designee, shall take immediate steps to bring about compliance or terminate the status of the provider as an authorized CHAMPUS provider.

(A) *Minor violations.* An institution determined to be in violation of one or more of the standards shall be advised by certified mail of the nature of the discrepancy or discrepancies and will be given a grace period of 30 days to effect appropriate corrections. The grace period may be extended at the discretion of the Director, OCHAMPUS, or a designee, but in no event shall the extension exceed 90 days.

(*1*) CHAMPUS will not cost-share a claim for any beneficiary admitted during the grace period.

(*2*) Any beneficiary admitted to the institution prior to the grace period (or the beneficiary's parent, guardian, or other representative) will be notified by the Director, OCHAMPUS, or a designee, in writing, of the minor violations and the grace period granted the institution to correct the violations. The beneficiary will also be advised that, if the beneficiary's care otherwise meets all requirements for CHAMPUS coverage, CHAMPUS cost-sharing will continue during the grace period.

(*3*) If the institution submits written notice before the end of the grace period that corrective action has been taken *and* if the Director, OCHAMPUS, or a designee, determines that the corrective action has eliminated the minor violations, the provider will be advised that the institution is restored to full status as an authorized CHAMPUS provider as of 12:01 a.m. on the day written notice of correction was received by the Director, OCHAMPUS, or a designee, or the day on which acceptable corrective action was completed in the judgment of the Director, OCHAMPUS, or a designee. Any beneficiary admitted to the institution prior to the grace period will be notified by the Director, OCHAMPUS, or a designee, of the corrective action and that the provider continues to be an authorized CHAMPUS provider. CHAMPUS cost-sharing for any beneficiary admitted to the institution during the grace period shall be allowed only for care received after 12:01 a.m. on the day written notice of correction was received by the Director, OCHAMPUS, or a designee, or the day on which acceptable corrective action was completed in the judgment of the Director, OCHAMPUS, or a designee.

(*4*) If the institution has failed to give notification in writing before the end of the grace period that corrective action has been completed *or*, in the judgment of the Director, OCHAMPUS, or a designee, the institution has not completed acceptable corrective action during the grace period, the Director, OCHAMPUS, or a designee, may initiate action to terminate the provider as an authorized CHAMPUS provider.

(B) *Major violations.* If the Director, OCHAMPUS, or a designee, determines that an institution is in violation of standards detrimental to life, safety, or health, or substantially in violation of approved treatment programs, immediate action shall be taken to terminate the institution as an authorized CHAMPUS provider. The institution shall be notified by telegram, certified mail, or express mail of the termination under this subparagraph, effective on receipt of the notice. The notice shall include a brief statement of the nature of violations resulting in the termination and advise the institution that an initial determination formalizing the administrative action of termination will be issued pursuant to paragraph (h)(3)(ii) of this section within 15 days.

(3) *Beneficiary sanctions.* (i) With entitlement to CHAMPUS benefits based on public law, an eligible beneficiary will not be suspended or excluded from CHAMPUS. However, the Director, OCHAMPUS, or a designee, may take action deemed appropriate and reasonable to protect the Government from those beneficiaries (including sponsors, parents, guardians, or representatives of beneficiaries) who have submitted false claims.

(ii) Pursuant to §199.11 of this part, the Director, OCHAMPUS, or a designee, may recover erroneous payments on claims involving fraud or false or misleading statements. Remedies for

recovery of the erroneous payments include the use of offset against future CHAMPUS payments.

(iii) Under policies adopted by the Director, OCHAMPUS, or a designee, individuals who, based on reliable information, have previously submitted fraudulent or false CHAMPUS claims, may be required to comply with any procedures (e.g., partial or total prepayment audit or review, restriction to a designated primary care provider, etc.) which the Director, OCHAMPUS, or a designee, deems appropriate to ensure that their future medical care and CHAMPUS claims (including the medical care and CHAMPUS claims submitted by or for members of their family) are valid.

(g) *Period of exclusion, suspension, or termination*—(1) *Exclusions or suspensions.* Except as otherwise required by paragraph (g)(1)(i) of this section, the Director, OCHAMPUS, or a designee, shall determine the period of exclusion or suspension for a provider using the factors set forth in paragraph (g)(1)(ii) of this section.

(i) *Exclusion or suspension of a provider based on the provider's exclusion or suspension by another agency of the Federal Government, a state, or a local licensing authority.* If the administrative action under CHAMPUS is based *solely* on the provider's exclusion or suspension by another agency, state, or local licensing authority, the period of exclusion or suspension under CHAMPUS shall be for the same length of time of exclusion or suspension imposed by the other agency, state, or local licensing authority. The provider may request reinstatement as an authorized CHAMPUS provider if reinstatement is achieved under the other program prior to the end of the period of exclusion or suspension. If the administrative action under CHAMPUS is not based *solely* on the provider's exclusion or suspension by another agency, state, or local licensing authority, the minimum period of exclusion or suspension shall be for the same period of exclusion or suspension imposed by the other agency, state, or local licensing authority.

(ii) *Factors to be considered in determining the period of exclusion or suspension of providers under CHAMPUS.* In determining the period of exclusion or suspension of a provider, the Director, OCHAMPUS, or a designee, may consider any or all of the following:

(A) When the case concerns all or any part of the same issues which have been the subject of criminal conviction or civil judgment involving fraud by a provider:

(*1*) The period(s) of sentence, probation, and other sanction imposed by court order against the provider may be presumed reasonable and adopted as the administrative period of exclusion or suspension under CHAMPUS, unless aggravating or mitigating factors exist.

(*2*) If any aggravating factors exist, then cause exists for the Director, OCHAMPUS, or a designee, to consider the factors set forth in paragraph (g)(1)(ii)(B) of this section, in imposing a period of administrative exclusion or suspension in excess of the period(s) of sentence, probation, and/or other sanctions imposed by court order. Examples of aggravating factors include, but are not limited to:

(*i*) An administrative determination by the Director, OCHAMPUS, or a designee, that the basis for administrative exclusion or suspension includes an act(s) of fraud or abuse under CHAMPUS in addition to, or unrelated to, an act(s) of fraud included in the court conviction or civil judgment.

(*ii*) The fraudulent act(s) involved in the criminal conviction or civil judgment, or similar acts, were committed over a significant period of time; that is, one year or more.

(*iii*) The act(s) of fraud or abuse had an adverse physical, mental, or financial impact on one or more CHAMPUS beneficiaries.

(*iv*) The loss or potential loss to CHAMPUS is over $5,000. The entire amount of loss or potential loss to CHAMPUS due to acts of fraud and abuse will be considered, in addition to the amount of loss involved in the court conviction or civil judgment, regardless of whether full or partial restitution has been made to CHAMPUS.

(*v*) The provider has a prior court record, criminal or civil, or administrative record or finding of fraud or abuse.

(*3*) If any mitigating factors exist, then cause may exist for the Director, OCHAMPUS, or a designee, to reduce a period of administrative exclusion or suspension from any period(s) imposed by court conviction or civil judgment. Only the existence of either of the following two factors may be considered in mitigation:

(*i*) The criminal conviction or civil judgment only involved three or fewer misdemeanor offenses, and the total of the estimated losses incurred (including any loss from act(s) not involved in the conviction or judgment) is less than $1,000, regardless of whether full or partial restitution has been made.

(*ii*) The criminal or civil court proceedings establish that the provider had a mental, emotional or physical condition, prior to or contemporaneous with the commission of the act(s), that reduced the provider's criminal or civil culpability.

(B) The Director, OCHAMPUS, or a designee, may consider the following factors in determining a reasonable period of exclusion or suspension of a provider under CHAMPUS:

(*1*) The nature of the claims and the circumstances under which they were presented;

(*2*) The degree of culpability;

(*3*) History of prior offenses (including whether claims were submitted while the provider was either excluded or suspended pursuant to prior administrative action);

(*4*) Number of claims involved;

(*5*) Dollar amount of claims involved;

(*6*) Whether, if a crime was involved, it was a felony or misdemeanor;

(*7*) If patients were injured financially, mentally, or physically; the number of patients; and the seriousness of the injury(ies);

(*8*) The previous record of the provider under CHAMPUS;

(*9*) Whether restitution has been made or arrangements for repayment accepted by the Government;

(*10*) Whether the provider has resolved the conflict of interest situations or implemented procedures acceptable to the Director, OCHAMPUS, or a designee, which will prevent conflict of interest in the future; and,

(*11*) Such other factors as may be deemed appropriate.

(2) *Terminations.* When a provider's status as an authorized CHAMPUS provider is ended, other than through exclusion or suspension, the termination is based on a finding that the provider does not meet the qualifications to be an authorized provider, as set forth in this part. Therefore, the period of termination in all cases will be indefinite and will end only after the provider has successfully met the established qualifications for authorized provider status under CHAMPUS and has been reinstated under CHAMPUS. Except as otherwise provided in this subparagraph, the following guidelines control the termination of authorized CHAMPUS provider status for a provider whose license to practice (or, in the case of an institutional provider, to operate) has been temporarily or permanently suspended or revoked by the jurisdiction issuing the license.

(i) Termination of the provider under CHAMPUS shall continue even if the provider obtains a license to practice in a second jurisdiction during the period of suspension or revocation of the provider's license by the original licensing jurisdiction. A provider who has licenses to practice in two or more jurisdictions and has one or more license(s) suspended or revoked will also be terminated as a CHAMPUS provider.

(A) Professional providers shall remain terminated from the CHAMPUS until the jurisdiction(s) suspending or revoking the provider's license(s) to practice restores it or removes the impediment to restoration.

(B) Institutional providers shall remain terminated under CHAMPUS until their license is restored. In the event the facility is sold, transferred, or reorganized as a new legal entity, and a license issued under a new name or to a different legal entity, the new entity must submit an application to be an authorized CHAMPUS provider.

(ii) If the CHAMPUS provider status is terminated due to the loss of the provider's license, the effective date shall be retroactive to the date the provider lost the license; however, in the case of a professional provider who has licenses in two or more jurisdictions

and submitted claims from a jurisdiction from which he/she had a valid license, the effective date of the termination will be 15 calendar days from the date of the written initial determination of termination for purposes of claims from the jurisdiction in which the provider still has a valid license.

(h) *Procedures for initiating and implementing the administrative remedies*—(1) *Temporary suspension of claims processing.* (i) In general, temporary suspension of claims processing may be invoked to protect the interests of the Government for a period reasonably necessary to complete investigation or appropriate criminal, civil, and administrative proceedings. The temporary suspension only delays the ultimate payment of otherwise appropriate claims. When claims processing involving a participating provider is temporarily suspended, the participation agreement remains in full force and the provider cannot repudiate the agreement because of the delay in the final disposition of the claim(s). Once it has been determined appropriate to end the temporary suspension of claims processing, CHAMPUS claims which were the subject of the suspension and which are otherwise determined to be in compliance with the requirements of law and regulation, will be processed to completion and payment *unless* such action is deemed inappropriate as a result of criminal, civil, or administrative remedies ultimately invoked in the case.

(ii) When adequate evidence exists to determine that a provider or beneficiary is submitting fraudulent or false claims or claims involving practices that may be fraud or abuse as defined by this part, the Director, OCHAMPUS, or a designee, may suspend CHAMPUS claims processing (in whole or in part) for claims submitted by the beneficiary or any CHAMPUS claims involving care furnished by the provider. The temporary suspension of claims processing for care furnished by a provider may be invoked against all such claims, whether or not the claims are submitted by the beneficiary or by the provider as a participating CHAMPUS provider. In cases involving a provider, notice of the suspension of claims processing may also be given to the beneficiary community either directly or indirectly through notice to appropriate military facilities, health benefit advisors, and the information or news media.

(A) Adequate evidence is any information sufficient to support the reasonable belief that a particular act or omission has occurred.

(B) Indictment or any other initiation of criminal charges, filing of a complaint for civil fraud, issuance of an administrative complaint under the Program Fraud Civil Remedies Act, or issuance of an initial determination under this part for submitting fraudulent or false claims or claims involving practices that may be fraud or abuse as defined by this part, shall constitute adequate evidence for invoking temporary suspension of claims processing.

(iii) The Director, OCHAMPUS, or a designee, may suspend CHAMPUS claims processing without first notifying the provider or beneficiary of the intent to suspend payments. Following a decision to invoke a temporary suspension, however, the Director, OCHAMPUS, or a designee, shall issue written notice advising the provider or beneficiary that:

(A) A temporary suspension of claims processing has been ordered and a statement of the basis of the decision to suspend payment. Unless the suspension is based on any of the actions set forth in paragraph (h)(1)(ii)(B) of this section, the notice shall describe the suspected acts or omissions in terms sufficient to place the provider or beneficiary on notice without disclosing the Government's evidence.

(B) Within 30 days (or, upon written request received by OCHAMPUS during the 30 days and for good cause shown, within 60 days) from the date of the notice, the provider or beneficiary may:

(*1*) Submit to the Director, OCHAMPUS, or a designee, in writing, information (including documentary evidence) and argument in opposition to the suspension, provided the additional specific information raises a genuine dispute over the material facts, or

(*2*) Submit a written request to present in person evidence or argument

to the Director, OCHAMPUS, or a designee. All such presentations shall be made at the Office of Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS) in Aurora, Colorado, at the provider's or beneficiary's own expense.

(C) Additional proceedings to determine disputed material facts may be conducted unless:

(*1*) The suspension is based on any of the actions set forth in paragraph (h)(1)(ii)(B) of this section, or,

(*2*) A determination is made, on the basis of the advice of the responsible Government official (e.g., an official of the Department of Justice, the designated Reviewing Official under the Program Fraud Civil Remedies Act, etc.), that the substantial interests of the Government in pending or contemplated legal or administrative proceedings based on the same facts as the suspension would be prejudiced.

(iv) If the beneficiary or provider submits, either in writing or in person, additional information or argument in opposition to the suspension, the Director, OCHAMPUS, or a designee, shall issue a suspending official's decision which modifies, terminates, or leaves in force the suspension of claims processing. However, a decision to terminate or modify the suspension shall be without prejudice to the subsequent imposition of suspension of claims processing, imposition of sanctions under this §199.9, the recovery of erroneous payments under §199.11 of this part, or any other administrative or legal action authorized by law or regulation. The suspending official's decision shall be in writing as follows:

(A) A written decision based on all the information in the administrative record, including any submission by the beneficiary or provider, shall be final in a case:

(*1*) Based on any of the actions set forth in paragraph (h)(1)(ii)(B) of this section,

(*2*) In which the beneficiary's or provider's submission does not raise a genuine dispute over material facts, or

(*3*) In which additional proceedings to determine disputed material facts have been denied on the basis of advice of a responsible Government official that the substantial interests of the Government in pending or contemplated legal or administrative proceedings would be prejudiced.

(B) In a case in which additional proceedings are necessary as to disputed material facts, the suspending official's decision shall advise the beneficiary or provider that the case has been referred for handling as a hearing under §199.10 of this part.

(v) A suspension of claims processing may be modified or terminated for reasons such as:

(A) Newly discovered evidence;

(B) Elimination of any of the causes for which the suspension was invoked; or

(C) Other reasons the Director, OCHAMPUS, or a designee, deems appropriate.

(vi) A suspension of claims processing shall be for a temporary period pending the completion of investigation and any ensuing legal or administrative proceedings, unless sooner terminated by the Director, OCHAMPUS, or a designee, or as provided in this subparagraph.

(A) If legal or administrative proceedings are not initiated within 12 months after the date of the suspension notice, the suspension shall be terminated unless the Government official responsible for initiation of the legal or administrative action requests its extension, in which case it may be extended for an additional 6 months. In no event may a suspension extend beyond 18 months, unless legal or administrative proceedings have been initiated during that period.

(B) The Director, OCHAMPUS, or a designee, shall notify the Government official responsible for initiation of the legal or administrative action of the proposed termination of the suspension, at least 30 days before the 12-month period expires, to give the official an opportunity to request an extension.

(2) *Notice of proposed administrative sanction.* (i) A provider shall be notified in writing of the proposed action to exclude, suspend, or terminate the provider's status as an authorized CHAMPUS provider.

(A) The notice shall state which sanction will be taken and the effective date of that sanction as determined in

accordance with the provisions of this part.

(B) The notice shall inform the provider of the situation(s), circumstance(s), or action(s) which form the basis for the proposed sanction and reference the paragraph of this part under which the administrative action is being taken.

(C) The notice will be sent to the provider's last known business or office address (or home address if there is no known business address.)

(D) The notice shall offer the provider an opportunity to respond within 30 days (or, upon written request received by OCHAMPUS during the 30 days and for good cause shown, within 60 days) from the date on the notice with either:

(*1*) Documentary evidence and written argument contesting the proposed action; or,

(*2*) A written request to present in person evidence or argument to the Director, OCHAMPUS, or a designee. All such presentations shall be made at the Office of the Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS) in Aurora, Colorado, at the provider's own expense.

(3) *Initial determination.* (i) If, after the provider has exhausted, or failed to comply with, the procedures specified in paragraph (h)(2) of this section, the Director, OCHAMPUS, or a designee, decides to invoke an administrative remedy of exclusion, suspension, or termination of a provider under CHAMPUS, written notice of the decision will be sent to the provider by certified mail. Except in those cases where the sanction has a retroactive effective date, the written notice shall be dated no later than 15 days before the decision becomes effective. For terminations under paragraph (f)(2)(ii)(B) of this section, the initial determination may be issued without first implementing or exhausting the procedures specified in paragraph (h)(2) of this section.

(ii) The initial determination shall include:

(A) A statement of the sanction being invoked;

(B) A statement of the effective date of the sanction;

(C) A statement of the facts, circumstances, or actions which form the basis for the sanction and a discussion of any information submitted by the provider relevant to the sanction;

(D) A statement of the factors considered in determining the period of sanction;

(E) The earliest date on which a request for reinstatement under CHAMPUS will be accepted;

(F) The requirements and procedures for reinstatement; and,

(G) Notice of the available hearing upon request of the sanctioned provider.

(4) *Reinstatement procedures*—(i) *Restitution.* (A) There is no entitlement under CHAMPUS for payment (cost-sharing) of any claim that involves either criminal or civil fraud as defined by law, or fraud or abuse or conflict of interest as defined by this part. In addition, except as specifically provided in this part, there is no entitlement under CHAMPUS for payment (cost-sharing) of any claim for services or supplies furnished by a provider who does not meet the requirements to be an authorized CHAMPUS provider. In any of the situations described above, CHAMPUS payment shall be denied whether the claim is submitted by the provider as a participating claim or by the beneficiary for reimbursement. If an erroneous payment has been issued in any such case, collection of the payment will be processed under § 199.11 of this part.

(B) If the Government has made erroneous payments to a provider because of claims involving fraud, abuse, or conflicts of interest, restitution of the erroneous payments shall be made before a request for reinstatement as a CHAMPUS authorized provider will be considered. Without restitution or resolution of the debt under § 199.11 of this part, a provider shall not be reinstated as an authorized CHAMPUS provider. This is not an appealable issue under § 199.10 of this part.

(C) For purposes of authorization as a CHAMPUS provider, a provider who is excluded or suspended under this § 199.9 and who submits participating claims for services furnished on or after the effective date of the exclusion or suspension is considered to have forfeited

or waived any right or entitlement to bill the beneficiary for the care involved in the claims. Similarly, because a provider is expected to know the CHAMPUS requirements for qualification as an authorized provider, any participating provider who fails to meet the qualification requirements for CHAMPUS is considered to have forfeited or waived any right or entitlement to bill the beneficiary for the care involved in the CHAMPUS claims. If, in either situation, the provider bills the beneficiary, restitution to the beneficiary may be required by the Director, OCHAMPUS, or a designee, as a condition for consideration of reinstatement as a CHAMPUS authorized provider.

(ii) *Terminated providers.* A terminated provider who subsequently achieves the minimum qualifications to be an authorized CHAMPUS provider or who has had his/her license reinstated or the impediment to reinstatement removed by the appropriate licensing jurisdiction may submit a written request for reinstatement under CHAMPUS to the Director, OCHAMPUS, or a designee. If restitution or proper reinstatement of license is not at issue, the Director, OCHAMPUS, or a designee, will process the request for reinstatement under the procedures established for initial requests for authorized CHAMPUS provider status.

(iii) *Providers (other than entities) excluded or suspended under CHAMPUS.* (A) A provider excluded or suspended from CHAMPUS (other than an entity excluded under §199.9(f)(1)(i)) may seek reinstatement by submitting a written request to the Director, OCHAMPUS, or a designee, any time after the date specified in the notice of exclusion or suspension or any earlier date specified in an appeal decision issued in the provider's appeal under §199.10 of this part. The request for reinstatement shall include:

(*1*) Documentation sufficient to establish the provider's qualifications under this part to be a CHAMPUS authorized provider;

(*2*) A statement from the provider setting forth the reasons why the provider should be reinstated, accompanied by written statements from professional associates, peer review bodies, and/or probation officers (if appropriate), attesting to their belief that the violations that led to exclusion or suspension will not be repeated.

(B) A provider entity excluded from CHAMPUS under §199.9(f)(1)(i) may seek reinstatement by submitting a written request to the Director, OCHAMPUS, or a designee, with documentation sufficient to establish the provider's qualifications under this part to be a CHAMPUS authorized provider and either:

(*1*) Documentation showing the CHAMPUS reinstatement of the excluded individual provider whose conviction led to the CHAMPUS exclusion or suspension of the provider entity; *or*

(*2*) Documentation acceptable to the Director, OCHAMPUS, or a designee, that shows that the individual whose conviction led to the entity's exclusion:

(*i*) Has reduced his or her ownership or control interest in the entity below 5 percent; or

(*ii*) Is no longer an officer, director, agent or managing employee of the entity; or

(*iii*) Continues to maintain a 5 percent or more ownership or control interest in such entity, and that the entity due to circumstances beyond its control, is unable to obtain a divestiture.

NOTE: Under paragraph (h)(4)(iii)(B)(*2*) of this section, the request for reinstatement may be submitted any time prior to the date specified in the notice of exclusion or suspension or an earlier date specified in the appeal decision issued under §199.10 of this part.

(iv) *Action on request for reinstatement.* In order to reinstate a provider as a CHAMPUS authorized provider, the Director, OCHAMPUS, or a designee, must determine that:

(A) The provider meets all requirements under this part to be an authorized CHAMPUS provider;

(B) No additional criminal, civil, or administrative action has been taken or is being considered which could subject the provider to exclusion, suspension, or termination under this section;

(C) In the case of a provider entity, verification has been made of the divestiture or termination of the owner,

controlling party, officer, director, agent or managing employee whose conviction led to the entity's exclusion, *or* that the provider entity should be reinstated because the entity, due to circumstances beyond its control, cannot obtain a divestiture of the 5 percent or more ownership or controlling interest by the convicted party.

(v) *Notice of action on request for reinstatement*—(A) *Notice of approval of request.* If the Director, OCHAMPUS, or a designee, approves the request for reinstatement, he or she will:

(*1*) Give written notice to the sanctioned party specifying the date when the authorized provider status under CHAMPUS may resume; and

(*2*) Give notice to those agencies and groups that were originally notified, in accordance with §199.9(k), of the imposition of the sanction. General notice may also be given to beneficiaries and other parties as deemed appropriate by the Director, OCHAMPUS, or a designee.

(B) *Notice of denial of request.* If the Director, OCHAMPUS, or a designee, does not approve the request for reinstatement, written notice will be given to the provider. If established procedures for processing initial requests for authorized provider status are used to review the request for reinstatement, the established procedures may be used to provide the notice that the provider does not meet requirements of this part for such status. If the provider continues to be excluded, suspended, or terminated under the provisions of this section, the procedures set forth in this paragraph (h) may be followed in denying the provider's request for reinstatement.

(5) *Reversed or vacated convictions or civil judgments involving CHAMPUS fraud.* (i) If a CHAMPUS provider is excluded or suspended *solely* on the basis of a criminal conviction or civil judgment involving a CHAMPUS fraud and the conviction or judgment is reversed or vacated on appeal, CHAMPUS will void the exclusion of a provider. Such action will not preclude the initiation of additional independent administrative action under this section or any other administrative remedy based on the same facts or events which were the subject of the criminal conviction or civil judgment.

(ii) If an exclusion is voided under paragraph (h)(5)(i) of this section, CHAMPUS will make payment, either to the provider or the beneficiary (if the claim was not a participating claim) for otherwise authorized services under CHAMPUS that are furnished or performed during the period of exclusion.

(iii) CHAMPUS will also void the exclusion of any entity that was excluded under §199.9(f)(1)(i) based *solely* on an individual's conviction that has been reversed or vacated on appeal.

(iv) When CHAMPUS voids the exclusion of a provider or an entity, notice will be given to the agencies and others that were originally notified, in accordance with §199.9(k).

(i) *Evidence required for determinations to invoke administrative remedies*—(1) *General.* Any relevant evidence may be used by the Director, OCHAMPUS, or a designee, if it is the type of evidence on which reasonable persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of such evidence over objection in civil or criminal courts.

(2) *Types of evidence.* The types of evidence which the Director, OCHAMPUS, or a designee, may rely on in reaching a determination to invoke administrative remedies under this section include but are not limited to the following:

(i) Results of audits conducted by or on behalf of the Government. Such audits can include the results of 100 percent review of claims and related records or a statistically valid sample audit of the claims or records. A statistical sampling shall constitute *prima facie* evidence of the number and amount of claims and the instances of fraud, abuse, or conflict of interest.

(ii) Reports, including sanction reports, from various sources including a peer review organization (PRO) for the area served by the provider; state or local licensing or certification authorities; peer or medical review consultants of the Government, including consultants for Government contractors; state or local professional societies; or

other sources deemed appropriate by the Director, OCHAMPUS, or a designee.

(iii) Orders or documents issued by Federal, state, foreign, or other courts of competent jurisdiction which issue findings and/or criminal convictions or civil judgments involving the provider, and administrative rulings, findings, or determinations by any agency of the Federal Government, a state, or local licensing or certification authority regarding the provider's status with that agency or authority.

(j) *Suspending Administrative Action.* (1) All or any administrative action may be suspended by the Director, OCHAMPUS, or a designee, pending action in the case by the Department of Defense—Inspector General, Defense Criminal Investigative Service, or the Department of Justice (including the responsible United States Attorney). However, action by the Department of Defense—Inspector General or the Department of Justice, including investigation, criminal prosecution, or civil litigation, does not preclude administrative action by OCHAMPUS.

(2) The normal OCHAMPUS procedure is to suspend action on the administrative process pending an investigation by the Department of Defense—Inspector General or final disposition by the Department of Justice.

(3) Though OCHAMPUS administrative action is taken independently of any action by the Department of Defense-Inspector General or by the Department of Justice, once a case is forwarded to the Department of Defense-Inspector General or the Department of Justice for legal action (criminal or civil), administrative action may be held in abeyance.

(4) In some instances there may be dual jurisdiction between agencies; as in, for example, the joint regulations issued by the Department of Justice and the Government Accounting Office regarding debt collection.

(k) *Notice to Other Agencies.* (1) When CHAMPUS excludes, suspends, or terminates a provider, the Director, OCHAMPUS, or a designee, will notify other appropriate agencies (for example, the Department of Health and Human Services and the state licensing agency that issued the provider's license to practice) that the individual has been excluded, suspended, or terminated as an authorized provider under CHAMPUS. An exclusion, suspension, or termination action is considered a public record. Such notice can include the notices and determinations sent to the suspended provider and other public documents such as testimony given at a hearing or exhibits or depositions given in a lawsuit or hearing. Notice may also be given to Uniformed Services Military Treatment Facilities, Health Benefit Advisors, beneficiaries and sponsors, the news media, and institutional providers if inpatient care was involved.

(2) If CHAMPUS has temporarily suspended claims processing, notice of such action normally will be given to the affected provider and Uniformed Services Medical Treatment Facilities, Health Benefits Advisors, beneficiaries, and sponsors. Notice may also be given to any information or news media and any other individual, professional provider, or institutional provider, as deemed appropriate. However, since a ''temporary suspension of claims processing'' is by definition not a final or formal agency action, the basis for the action generally will not be disclosed. It is noted that the basis for the action can be a result of questions arising from routine audits to investigation of possible criminal violations.

(l) *Compromise, Settlement, and Resolution Authority.* (1) In lieu of invoking any remedy provided by this Section, the Director, OCHAMPUS, or a designee, may elect to enter into an agreement with the provider intended to correct the situation within an established time period and subject to any remedies deemed appropriate by the Director, OCHAMPUS, or a designee.

(2) When it is in the best interest of CHAMPUS, the Director, OCHAMPUS, has the discretionary authority to waive an action or enter into compromise or settlement of administrative actions taken under this §199.9.

(m) *Government-wide effect of exclusion or suspension from CHAMPUS.* As provided by section 2455 of the Federal Acquisition Streamlining Act of 1994, Pub. L. 103–355, October 13 1994, and Executive Order 12549, ''Debarment and Suspension from Federal Financial and

Nonfinancial Assistance Programs,'' February 18, 1986, any health care provider excluded or suspended from CHAMPUS under this section shall, as a general rule, also be debarred, suspended, or otherwise excluded from all other programs and activities involving Federal financial assistance. Among the other programs for which this debarment, suspension, or exclusion shall operate are the Medicare and Medicaid programs. This debarment, suspension, or termination requirement is subject to limited exceptions in the regulations governing the respective Federal programs affected. (Note: Other regulations related to this government-wide exclusion or suspension authority are 32 CFR Part 25 and 45 CFR Part 76.)

[54 FR 25246, June 14, 1989, as amended at 63 FR 48445, Sept. 10, 1998]

§ 199.10 Appeal and hearing procedures.

(a) *General.* This Section sets forth the policies and procedures for appealing decisions made by OCHAMPUS, OCHAMPUSEUR, and CHAMPUS contractors adversely affecting the rights and liabilities of CHAMPUS beneficiaries, CHAMPUS participating providers, and providers denied the status of authorized provider under CHAMPUS. An appeal under CHAMPUS is an administrative review of program determinations made under the provisions of law and regulation. An appeal cannot challenge the propriety, equity, or legality of any provision of law or regulation.

(1) *Initial determination.* (i) *Notice of initial determination and right to appeal.* (A) OCHAMPUS, OCHAMPUSEUR, and CHAMPUS contractors shall mail notices of initial determinations to the affected provider or CHAMPUS beneficiary (or representative) at the last known address. For beneficiaries who are under 18 years of age or who are incompetent, a notice issued to the parent, guardian, or other representative, under established CHAMPUS procedures, constitutes notice to the beneficiary.

(B) CHAMPUS contractors and OCHAMPUSEUR shall notify a provider of an initial determination on a claim only if the provider participated in the claim. (See § 199.7 of this part.)

(C) CHAMPUS peer review organizations shall notify providers and fiscal intermediaries of a denial determination on a claim.

(D) Notice of an initial determination on a claim processed by a CHAMPUS contractor or OCHAMPUSEUR normally will be made on a CHAMPUS Explanation of Benefits (CEOB) form.

(E) Each notice of an initial determination on a request for benefit authorization, a request by a provider for approval as an authorized CHAMPUS provider, or a decision to disqualify or exclude a provider as an authorized provider under CHAMPUS shall state the reason for the determination and the underlying facts supporting the determination.

(F) In any case when the initial determination is adverse to the beneficiary or participating provider, or to the provider seeking approval as an authorized CHAMPUS provider, the notice shall include a statement of the beneficiary's or provider's right to appeal the determination. The procedure for filing the appeal also shall be explained.

(ii) *Effect of initial determination.* (A) The initial determination is final unless appealed in accordance with this chapter, or unless the initial determination is reopened by the TRICARE Management Activity, the CHAMPUS contractor, or the CHAMPUS peer review organization.

(B) An initial determination involving a CHAMPUS beneficiary entitled to Medicare Part A, who is enrolled in Medicare Part B, may be appealed by the beneficiary or their provider under this section of this Part only when the claimed services or supplies are payable by CHAMPUS and are not payable under Medicare. Both Medicare and CHAMPUS offer an appeal process when a claim for healthcare services or supplies is denied and most healthcare services and supplies are a benefit payable under both Medicare and CHAMPUS. In order to avoid confusion

on the part of beneficiaries and providers and to expedite the appeal process, services and supplies denied payment by Medicare will not be considered for coverage by CHAMPUS if the Medicare denial of payment is appealable under Medicare. Because such claims are not considered for payment by CHAMPUS, there can be no CHAMPUS appeal. If, however, a Medicare claim or appeal results in some payment by Medicare, the services and supplies paid by Medicare will be considered for payment by CHAMPUS. In that situation, any decision to deny CHAMPUS payment will be appealable under this section. The following examples of CHAMPUS appealable issues involving Medicare-eligible CHAMPUS beneficiaries are illustrative; they are not all-inclusive.

(*1*) If Medicare processes a claim for a healthcare service or supply that is a Medicare benefit and the claim is denied by Medicare for a patient-specific reason, the claim is appealable through the Medicare appeal process. The Medicare decision will be final if the claim is denied by Medicare. The claimed services or supplies will not be considered for CHAMPUS payment and there is no CHAMPUS appeal of the CHAMPUS decision denying the claim.

(*2*) If Medicare processes a claim for a healthcare service or supply that is a Medicare benefit and the claim is paid, either on initial submission or as a result of a Medicare appeal decision, the claim will be submitted to CHAMPUS for processing as a second payer to Medicare. If CHAMPUS denies payment of the claim, the Medicare-eligible beneficiary or their provider have the same appeal rights as other CHAMPUS beneficiaries and their providers under this section.

(*3*) If Medicare processes a claim and the claim is denied by Medicare because it is not a healthcare service or supply that is a benefit under Medicare, the claim is submitted to CHAMPUS. CHAMPUS will process the claim under this Part 199 as primary payer (or as secondary payer if another double coverage plan exists). If any part of the claim is denied, the Medicare-eligible beneficiary and their provider will have the same appeal rights as other CHAMPUS beneficiaries and their providers under this section.

(2) *Participation in an appeal.* Participation in an appeal is limited to any party to the initial determination, including CHAMPUS, and authorized representatives of the parties. Any party to the initial determination, except CHAMPUS, may appeal an adverse determination. The appealing party is the party who actually files the appeal.

(i) *Parties to the initial determination.* For purposes of the CHAMPUS appeals and hearing procedures, the following are not parties to an initial determination and are not entitled to administrative review under this section.

(A) A provider disqualified or excluded as an authorized provider under CHAMPUS based on a determination of abuse or fraudulent practices or procedures under another Federal or federally funded program is not a party to the CHAMPUS action and may not appeal under this section.

(B) A beneficiary who has an interest in receiving care or has received care from a particular provider cannot be an appealing party regarding the exclusion, suspension, or termination of the provider under §199.9 of this part.

(C) A sponsor or parent of a beneficiary under 18 years of age or guardian or an incompetent beneficiary is not a party to the initial determination and may not serve as the appealing party, although such persons may represent the appealing party in an appeal.

(D) A third party, such as an insurance company, is not a party to the initial determination and is not entitled to appeal even though it may have an indirect interest in the initial determination.

(E) A nonparticipating provider is not a party to the initial determination and may not appeal.

(ii) *Representative.* Any party to the initial determination may appoint a representative to act on behalf of the party in connection with an appeal. Generally, the parent of a minor beneficiary and the legally appointed guardian of an incompetent beneficiary shall be presumed to have been appointed representative without specific designation by the beneficiary. The

custodial parent or legal guardian (appointed by a cognizant court) of a minor beneficiary may initiate an appeal based on the above presumption. However, should a minor beneficiary turn 18 years of age during the course of an appeal, then any further requests to appeal on behalf of the beneficiary must be from the beneficiary or pursuant to the written authorization of the beneficiary appointing a representative. For example, if the beneficiary is 17 years of age and the sponsor (who is a custodial parent) requests a formal review, absent written objection by the minor beneficiary, the sponsor is presumed to be acting on behalf of the minor beneficiary. Following the issuance of the formal review, the sponsor requests a hearing; however if, at the time of the request for a hearing, the beneficiary is 18 years of age or older, the request must either be by the beneficiary or the beneficiary must appoint a representative. The sponsor, in this example, could not pursue the request for hearing without being appointed by the beneficiary as the beneficiary's representative.

(A) The representative shall have the same authority as the party to the appeal and notice given to the representative shall constitute notice required to be given to the party under this part.

(B) To avoid possible conflicts of interest, an officer or employee of the United States, such as an employee or member of a Uniformed Service, including an employee or staff member of a Uniformed Service legal office, or a CHAMPUS advisor, subject to the exceptions in 18 U.S.C. 205, is not eligible to serve as a representative. An exception usually is made for an employee or member of a Uniformed Service who represents an immediate family member. In addition, the Director, OCHAMPUS, or designee, may appoint an officer or employee of the United States as the CHAMPUS representative at a hearing.

(3) *Burden of proof.* The burden of proof is on the appealing party to establish affirmatively by substantial evidence the appealing party's entitlement under law and this part to the authorization of CHAMPUS benefits, approval of authorized CHAMPUS provider status, or removal of sanctions imposed under §199.9 of this part. If a presumption exists under the provisions of this part or information constitutes *prima facie* evidence under the provisions of this part, the appealing party must produce evidence reasonably sufficient to rebut the presumption or *prima facie* evidence as part of the appealing party's burden of proof. CHAMPUS shall not pay any part of the cost or fee, including attorney fees, associated with producing or submitting evidence in support of an appeal.

(4) *Evidence in appeal and hearing cases.* Any relevant evidence may be used in the administrative appeal and hearing process if it is the type of evidence on which reasonable persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of such evidence over objection in civil or criminal courts.

(5) *Late filing.* If a request for reconsideration, formal review, or hearings is filed after the time permitted in this section, written notice shall be issued denying the request. Late filing may be permitted only if the appealing party reasonably can demonstrate to the satisfaction of the Director, OCHAMPUS, or a designee, that the timely filing of the request was not feasible due to extraordinary circumstances over which the appealing party had no practical control. Each request for an exception to the filing requirement will be considered on its own merits. The decision of the Director, OCHAMPUS, or a designee, on the request for an exception to the filing requirement shall be final.

(6) *Appealable issue.* An appealable issue is required in order for an adverse determination to be appealed under the provisions of this section. Examples of issues that are not appealable under this section include:

(i) A dispute regarding a requirement of the law or regulation.

(ii) The amount of the CHAMPUS-determined allowable cost or charge, since the methodology for determining allowable costs or charges is established by this part.

(iii) The establishment of diagnosis-related groups (DRGs), or the methodology for the classification of inpatient

discharges within the DRGs, or the weighting factors that reflect the relative hospital resources used with respect to discharges within each DRG, since each of these is established by this part.

(iv) Certain other issues on the basis that the authority for the initial determination is not vested in CHAMPUS. Such issues include but are not limited to the following examples:

(A) Determination of a person's eligibility as a CHAMPUS beneficiary is the responsibility of the appropriate Uniformed Service. Although OCHAMPUS, OCHAMPUSEUR, and CHAMPUS contractors must make determinations concerning a beneficiary's eligibility in order to ensure proper disbursement of appropriated funds on each CHAMPUS claim processed, ultimate responsibility for resolving a beneficiary's eligibility rests with the Uniformed Services. Accordingly, disputed question of fact concerning a beneficiary's eligibility will not be considered an appealable issue under the provisions of this section, but shall be resolved in accordance with §199.3 of this part.

(B) Similarly, decisions relating to the issuance of a Nonavailability Statement (DD Form 1251) in each case are made by the Uniformed Services. Disputes over the need for a Nonavailability Statement or a refusal to issue a Nonavailability Statement are not appealable under this section. The one exception is when a dispute arises over whether the facts of the case demonstrate a medical emergency for which a Nonavailability Statement is not required. Denial of payment in this one situation is an appealable issue.

(C) Any sanction, including the period of the sanction, imposed under §199.9 of this part which is based solely on a provider's exclusion or suspension by another agency of the Federal Government, a state, or a local licensing authority is not appealable under this section. The provider must exhaust administrative appeal rights offered by the other agency that made the initial determination to exclude or suspend the provider. Similarly, any sanction imposed under §199.9 which is based solely on a criminal conviction or civil judgment against the provider is not appealable under this section. If the sanction imposed under §199.9 is not based solely on the provider's criminal conviction or civil judgment or on the provider's exclusion or suspension by another agency of the Federal Government, a state, or a local licensing authority, that portion of the CHAMPUS administrative determination which is in addition to the criminal conviction/civil judgment or exclusion/suspension by the other agency may be appealed under this section.

(v) A decision by the Director, OCHAMPUS, or a designee, as a suspending official when the decision is final under the provisions of §199.9(h)(1)(iv)(A).

(7) *Amount in dispute.* An amount in dispute is required for an adverse determination to be appealed under the provisions of this section, except as set forth below.

(i) The amount in dispute is calculated as the amount of money CHAMPUS would pay if the services and supplies involved in dispute were determined to be authorized CHAMPUS benefits. Examples of amounts of money that are excluded by the Regulation from CHAMPUS payments for authorized benefits include, but are not limited to:

(A) Amounts in excess of the CHAMPUS-determined allowable charge or cost.

(B) The beneficiary's CHAMPUS deductible and cost-share amounts.

(C) Amounts that the CHAMPUS beneficiary, or parent, guardian, or other responsible person has no legal obligation to pay.

(D) Amounts excluded under the provisions of §199.8 of this part.

(ii) The amount of dispute for appeals involving a denial of a request for authorization in advance of obtaining care shall be the estimated allowable charge or cost for the services requested.

(iii) There is no requirement for an amount in dispute when the appealable issue involves a denial of a provider's request for approval as an authorized CHAMPUS provider or the determination to exclude, suspend, or terminate a provider's authorized CHAMPUS provider status.

(iv) Individual claims may be combined to meet the required amount in dispute if all of the following exist:

(A) The claims involve the same beneficiary.

(B) The claims involve the same issue.

(C) At least one of the claims so combined has had a reconsideration decision issued by OCHAMPUSEUR, a CHAMPUS contractor, or a CHAMPUS peer review organization.

NOTE: A request for administrative review under this appeal process which involves a dispute regarding a requirement of law or regulation (paragraph (a)(6)(i) of this section) or does not involve a sufficient amount in dispute (paragraph (a)(7) of this section) may not be rejected at the reconsideration level of appeal. However, an appeal shall involve an appealable issue and sufficient amount in dispute under these paragraphs to be granted a formal review or hearing.

(8) *Levels of appeal.* The sequence and procedures of a CHAMPUS appeal vary, depending on whether the initial determination was made by OCHAMPUS, OCHAMPUSEUR, a CHAMPUS contractor, or a CHAMPUS peer review organization.

(i) *Appeal levels for initial determination made by OCHAMPUSEUR, CHAMPUS contractor, or CHAMPUS peer review organization.* (A) Reconsideration by OCHAMPUSEUR, CHAMPUS contractor, or CHAMPUS peer review organization.

(B) Formal review by OCHAMPUS (except for CHAMPUS peer review organization reconsiderations).

(C) Hearing.

(ii) *Appeal levels for initial determination made by OCHAMPUS.* (A) Reconsideration by OCHAMPUSEUR or CHAMPUS contractor.

(B) Formal review by OCHAMPUS *except* (*1*) initial determinations involving the suspension of claims processing where the Director, OCHAMPUS, or a designee, determines that additional proceedings are necessary as to disputed material facts and the suspending official's decision is not final under the provisions of §199.9(h)(1)(iv)(A) or (*2*) initial determinations involving the sanctioning (exclusion, suspension, or termination) of CHAMPUS providers. Initial determinations involving these matters shall be appealed directly to the hearing level.

(C) Hearing.

(9) *Appeal decision.* An appeal decision at any level may address all pertinent issues which arise under the appeal or are otherwise presented by the information in the case record (for example, the entire episode of care in the appeal), and shall not be limited to addressing the specific issue appealed by a party. In the case of sanctions imposed under §199.9, the final decision may affirm, increase or reduce the sanction period imposed by CHAMPUS, or otherwise modify or reverse the imposition of the sanction.

(b) *Reconsideration.* Any party to the initial determination made by the CHAMPUS contractor, or a CHAMPUS peer review organization may request reconsideration.

(1) *Requesting a reconsideration*—(i) *Written request required.* The request must be in writing, shall state the specific matter in dispute, and shall include a copy of the notice of initial determination (such as the CEOB form) made by OCHAMPUSEUR, the CHAMPUS contractor, or the CHAMPUS peer review organization.

(ii) *Where to file.* The request shall be submitted to the office that made the initial determination (i.e., OCHAMPUSEUR, the CHAMPUS contractor, or the CHAMPUS peer review organization) or any other CHAMPUS contractor designated in the notice of initial determination.

(iii) *Allowed time to file.* The request must be mailed within 90 days after the date of the notice of initial determination.

(iv) *Official filing date.* A request for a reconsideration shall be deemed filed on the date it is mailed and postmarked. If the request does not have a postmark, it shall be deemed filed on the date received by OCHAMPUSEUR, the CHAMPUS contractor or the CHAMPUS peer review organization.

(2) *The reconsideration process.* The purpose of the reconsideration is to determine whether the initial determination was made in accordance with law, regulation, policies, and guidelines in effect at the time the care was provided or requested, or at the time of

the initial determination and/or reconsideration decision involving a provider request for approval as an authorized provider under CHAMPUS. The reconsideration is performed by a member of the OCHAMPUSEUR, CHAMPUS contractor, or CHAMPUS peer review organization staff who was not involved in making the initial determination and is a thorough and independent review of the case. The reconsideration is based on the information submitted that led to the initial determination, plus any additional information that the appealing party may submit or OCHAMPUSEUR, the CHAMPUS contractor, or CHAMPUS peer review organization may obtain.

(3) *Timeliness of reconsideration determination.* OCHAMPUSEUR, the CHAMPUS contractor, or CHAMPUS peer review organization normally shall issue its reconsideration determination no later than 60 days from the date of receipt of the request for reconsideration by OCHAMPUSEUR, the CHAMPUS contractor, or the CHAMPUS peer review organization.

(4) *Notice of reconsideration determination.* OCHAMPUSEUR, the CHAMPUS contractor, or the CHAMPUS peer review organization shall issue a written notice of the reconsideration determination to the appealing party at his or her last known address. The notice of the reconsideration must contain the following elements:

(i) A statement of the issues or issue under appeal.

(ii) The provisions of law, regulation, policies, and guidelines that apply to the issue or issues under appeal.

(iii) A discussion of the original and additional information that is relevant to the issue or issues under appeal.

(iv) Whether the reconsideration upholds the initial determination or reverses it, in whole or in part, and the rationale for the action.

(v) A statement of the right to appeal further in any case when the reconsideration determination is less than fully favorable to the appealing party and the amount in dispute is $50 or more.

(5) *Effect of reconsideration determination.* The reconsideration determination is final if either of the following exist:

(i) The amount in dispute is less than $50.

(ii) Appeal rights have been offered, but a request for formal review is not received by OCHAMPUS within 60 days of the date of the notice of the reconsideration determination.

(c) *Formal review.* Except as explained in this paragraph, any party to an initial determination made by OCHAMPUS, or a reconsideration determination made by the CHAMPUS contractor, may request a formal review by OCHAMPUS if the party is dissatisfied with the initial or reconsideration determination unless the initial or reconsideration determination is final under paragraph (b)(5) of this section; involves the sanctioning of a provider by the exclusion, suspension or termination of authorized provider status; involves a written decision issued pursuant to §199.9(h)(1)(iv)(A) regarding the temporary suspension of claims processing; or involves a reconsideration determination by a CHAMPUS peer review organization. A hearing, but not a formal review level of appeal, may be available to a party to an initial determination involving the sanctioning of a provider or to a party to a written decision involving a temporary suspension of claims processing. A beneficiary (or an authorized representative of a beneficiary), but not a provider (except as provided in §199.15), may request a hearing, but not a formal review, of a reconsideration determination made by a CHAMPUS peer review organization.

(1) *Requesting a formal review.* (i) *Written request required.* The request must be in writing, shall state the specific matter in dispute, shall include copies of the written determination (notice of reconsideration determination or OCHAMPUS initial determination) being appealed, and shall include any additional information or documents not submitted previously.

(ii) *Where to file.* The request shall be submitted to the Chief, Office of Appeals and Hearings, TRICARE Management Activity, 16401 East Centretech Parkway, Auroa, Colorado 80011–9066.

(iii) *Allowed time to file.* The request shall be mailed within 60 days after the

date of the notice of the reconsideration determination or OCHAMPUS initial determination being appealed.

(iv) *Official filing date.* A request for a formal review shall be deemed filed on the date it is mailed and postmarked. If the request does not have a postmark, it shall be deemed filed on the date received by OCHAMPUS.

(2) *The formal review process.* The purpose of the formal review is to determine whether the initial determination or reconsideration determination was made in accordance with law, regulation, policies, and guidelines in effect at the time the care was provided or requested or at the time of the initial determination, reconsideration, or formal review decision involving a provider request for approval as an authorized CHAMPUS provider. The formal review is performed by the Chief, Office of Appeals and Hearings, OCHAMPUS, or a designee, and is a thorough review of the case. The formal review determination shall be based on the information, upon which the initial determination and/or reconsideration determination was based, and any additional information the appealing party may submit or OCHAMPUS may obtain.

(3) *Timeliness of formal review determination.* The Chief, Office of Appeals and Hearings, OCHAMPUS, or a designee normally shall issue the formal review determination no later than 90 days from the date of receipt of the request for formal review by the OCHAMPUS.

(4) *Notice of formal review determination.* The Chief, Office of Appeals and Hearings, OCHAMPUS, or a designee shall issue a written notice of the formal review determination to the appealing party at his or her last known address. The notice of the formal review determination must contain the following elements:

(i) A statement of the issue or issues under appeal.

(ii) The provisions of law, regulation, policies, and guidelines that apply to the issue or issues under appeal.

(iii) A discussion of the original and additional information that is relevant to the issue or issues under appeal.

(iv) Whether the formal review upholds the prior determination or determinations or reverses the prior determination or determinations in whole or in part and the rationale for the action.

(v) A statement of the right to request a hearing in any case when the formal review determination is less than fully favorable, the issue is appealable, and the amount in dispute is $300 or more.

(5) *Effect of formal review determination.* The formal review determination is final if one or more of the following exist:

(i) The issue is not appealable. (See paragraph (a)(6) of this section.)

(ii) The amount in dispute is less than $300. (See paragraph (a)(7) of this section.)

(iii) Appeal rights have been offered but a request for hearing is not received by OCHAMPUS within 60 days of the date of the notice of the formal review determination.

(d) *Hearing.* Any party to the initial determination may request a hearing if the party is dissatisfied with the formal review determination and the formal review determination is not final under the provisions of paragraph (c)(5), of this section, *or* the initial determination involves the sanctioning of a provider under §199.9 of this part and involves an appealable issue.

(1) *Requesting a hearing*—(i) *Written request required.* The request shall be in writing, state the specific matter in dispute, include a copy of the appropriate initial determination or formal review determination being appealed, and include any additional information or documents not submitted previously.

(ii) *Where to file.* The request shall be submitted to the Chief, Appeals and Hearings, OCHAMPUS, Aurora, Colorado 80045–6900.

(iii) *Allowed time to file.* The request shall be mailed within 60 days after the date of the notice of the initial determination or formal review determination being appealed.

(iv) *Official filing date.* A request for hearing shall be deemed filed on the date it is mailed and postmarked. If a request for hearing does not have a postmark, it shall be deemed filed on the day received by OCHAMPUS.

(2) *Hearing process.* A hearing is an administrative proceeding in which facts relevant to the appealable issue(s) in the case are presented and evaluated in relation to applicable law, regulation, policies, and guidelines in effect at the time the care in dispute was provided or requested; at the time of the initial determination, formal review determination, or hearing decision involving a provider request for approval under CHAMPUS as an authorized provider; or at the time of the act or event which is the basis for the imposition of sanctions under this part. A hearing, except for an appeal involving a provider sanction, generally shall be conducted as a nonadversary, administrative proceeding. However, an authorized party to any hearing, including CHAMPUS, may submit additional evidence or testimony relevant to the appealable issue(s) and may appoint a representative, including legal counsel, to participate in the hearing process.

(3) *Timeliness of hearing.* (i) Except as otherwise provided in this section, within 60 days following receipt of a request for hearing, the Director, OCHAMPUS, or a designee, normally will appoint a hearing officer to hear the appeal. Copies of all records in the possession of OCHAMPUS that are pertinent to the matter to be heard or that formed the basis of the formal review determination shall be provided to the hearing officer and, upon request, to the appealing party.

(ii) The hearing officer, except as otherwise provided in this Section, normally shall have 60 days from the date of written notice of assignment to review the file, schedule and hold the hearing, and issue a recommended decision to the Director, OCHAMPUS, or designee.

(iii) The Director, OCHAMPUS, or designee, may delay the case assignment to the hearing officer if additional information is needed that cannot be obtained and included in the record within the time period specified above. The appealing party will be notified in writing of the delay resulting from the request for additional information. The Director, OCHAMPUS, or a designee, in such circumstances, will assign the case to a hearing officer within 30 days of receipt of all such additional information, or within 60 days of receipt of the request for hearing, whichever shall occur last.

(iv) The hearing officer may delay submitting the recommended decision if, at the close of the hearing, any party to the hearing requests that the record remain open for submission of additional information. In such circumstances, the hearing officer will have 30 days following receipt of all such additional information including comments from the other parties to the hearing concerning the additional information to submit the recommended decision to the Director, OCHAMPUS, or a designee.

(4) *Representation at a hearing.* Any party to the hearing may appoint a representative to act on behalf of the party at the hearing, unless such person currently is disqualified or suspended from acting in another Federal administrative proceeding, or unless otherwise prohibited by law, this part, or any other DoD regulation (see paragraph (a)(2)(ii) of this section). A hearing officer may refuse to allow any person to represent a party at the hearing when such person engages in unethical, disruptive, or contemptuous conduct, or intentionally fails to comply with proper instructions or requests of the hearing officer, or the provisions of this part. The representative shall have the same authority as the appealing party and notice given to the representative shall constitute notice required to be given to the appealing party.

(5) *Consolidation of proceedings.* The Director, OCHAMPUS, or a designee, may consolidate any number of proceedings for hearing when the facts and circumstances are similar and no substantial right of an appealing party will be prejudiced.

(6) *Authority of the hearing officer.* The hearing officer in exercising the authority to conduct a hearing under this part will be bound by 10 U.S.C. chapter 55 and this part. The hearing officer in addressing substantive, appealable issues shall be bound by policy manuals, instructions, procedures, and other guidelines issued by the ASD(HA), or a designee, or by the Director, OCHAMPUS, or a designee, in effect for

the period in which the matter in dispute arose. A hearing officer may not establish or amend policy, procedures, instructions, or guidelines. However, the hearing officer may recommend reconsideration of the policy, procedures, instructions or guidelines by the ASD(HA), or a designee, when the final decision is issued in the case.

(7) *Disqualification of hearing officer.* A hearing officer voluntarily shall disqualify himself or herself and withdraw from any proceeding in which the hearing officer cannot give fair or impartial hearing, or in which there is a conflict of interest. A party to the hearing may request the disqualification of a hearing officer by filing a statement detailing the reasons the party believes that a fair and impartial hearing cannot be given or that a conflict of interest exists. Such request immediately shall be sent by the appealing party or the hearing officer to the Director, OCHAMPUS, or a designee, who shall investigate the allegations and advise the complaining party of the decision in writing. A copy of such decision also shall be mailed to all other parties to the hearing. If the Director, OCHAMPUS, or a designee, reassigns the case to another hearing officer, no investigation shall be required.

(8) *Notice and scheduling of hearing.* The hearing officer shall issue by certified mail, when practicable, a written notice to the parties to the hearing of the time and place for the hearing. Such notice shall be mailed at least 15 days before the scheduled date of the hearing. The notice shall contain sufficient information about the hearing procedure, including the party's right to representation, to allow for effective preparation. The notice also shall advise the appealing party of the right to request a copy of the record before the hearing. Additionally, the notice shall advise the appealing party of his or her responsibility to furnish the hearing officer, no later than 7 days before the scheduled date of the hearing, a list of all witnesses who will testify and a copy of all additional information to be presented at the hearing. The time and place of the hearing shall be determined by the hearing officer, who shall select a reasonable time and location mutually convenient to the appealing party and OCHAMPUS.

(9) *Dismissal of request for hearing.* (i) *By application of appealing party.* A request for hearing may be dismissed by the Director, OCHAMPUS, or a designee, at any time before the mailing of the final decision, upon the application of the appealing party. A request for dismissal must be in writing and filed with the Chief, Appeals and Hearings, OCHAMPUS, or the hearing officer. When dismissal is requested, the formal review determination in the case shall be deemed final, unless the dismissal is vacated in accordance with paragraph (d)(9)(v) of this section.

(ii) *By stipulation of the parties to the hearing.* A request for a hearing may be dismissed by the Director, OCHAMPUS, or a designee, at any time before to the mailing of notice of the final decision under a stipulation agreement between the appealing party and OCHAMPUS. When dismissal is entered under a stipulation, the formal review decision shall be deemed final, unless the dismissal is vacated in accordance with paragraph (d)(9)(v) of this section.

(iii) *By abandonment.* The Director, OCHAMPUS, or a designee, may dismiss a request for hearing upon abandonment by the appealing party.

(A) An appealing party shall be deemed to have abandoned a request for hearing, other than when personal appearance is waived in accordance with §199.10(d)(11)(xii), if neither the appealing party nor an appointed representative appears at the time and place fixed for the hearing and if, within 10 days after the mailing of a notice by certified mail to the appealing party by the hearing officer to show cause, such party does not show good and sufficient cause for such failure to appear and failure to notify the hearing officer before the time fixed for hearing that an appearance could not be made.

(B) An appealing party shall be deemed to have abandoned a request for hearing if, before assignment of the case to the hearing officer, OCHAMPUS is unable to locate either the appealing party or an appointed representative.

(C) An appealing party shall be deemed to have abandoned a request

for hearing if the appealing party fails to prosecute the appeal. Failure to prosecute the appeal includes, but is not limited to, an appealing party's failure to provide information reasonably requested by OCHAMPUS or the hearing officer for consideration in the appeal.

(D) If the Director, OCHAMPUS, or a designee, dismisses the request for hearing because of abandonment, the formal review determination in the case shall be deemed to be final, unless the dismissal is vacated in accordance with paragraph (d)(9)(v) of this section.

(iv) *For cause.* The Director, OCHAMPUS, or a designee, may dismiss for cause a request for hearing either entirely or as to any stated issue. If the Director, OCHAMPUS, or a designee, dismisses a hearing request for cause, the formal review determination in the case shall be deemed to be final, unless the dismissal is vacated in accordance with paragraph (d)(9)(v) of this section. A dismissal for cause may be issued under any of the following circumstances:

(A) When the appealing party requesting the hearing is not a proper party under paragraph (a)(2)(i) of this section, or does not otherwise have a right to participate in a hearing.

(B) When the appealing party who filed the hearing request dies, and there is no information before the Director, OCHAMPUS, or a designee, showing that a party to the initial determination who is not an appealing party may be prejudiced by the formal review determination.

(C) When the issue is not appealable (see §199.10(a)(6)).

(D) When the amount in dispute is less than $300 (see §199.10(a)(7)).

(E) When all appealable issues have been resolved in favor of the appealing party.

(v) *Vacation of dismissal.* Dismissal of a request for hearing may be vacated by the Director, OCHAMPUS, or a designee, upon written request of the appealing party, if the request is received within 6 months of the date of the notice of dismissal mailed to the last known address of the party requesting the hearing.

(10) *Preparation for hearing.* (i) *Prehearing statement of contentions.* The hearing officer may on reasonable notice require a party to the hearing to submit a written statement of contentions and reasons. The written statement shall be provided to all parties to the hearing before the hearing takes place.

(ii) *Discovery.* Upon the written request of a party to the initial determination (including OCHAMPUS) and for good cause shown, the hearing officer will allow that party to inspect and copy all documents, unless privileged, relevant to issues in the proceeding that are in the possession or control of the other party participating in the appeal. The written request shall state clearly what information and documents are required for inspection and the relevance of the documents to the issues in the proceeding. Depositions, interrogatories, requests for admissions, and other forms of prehearing discovery are generally not authorized and the Department of Defense does not have subpoena authority for purposes of administrative hearings under this Section. If the hearing officer finds that good cause exists for taking a deposition or interrogatory, the expense shall be assessed to the requesting party, with copies furnished to the hearing officer and the other party or parties to the hearing.

(iii) *Witnesses and evidence.* All parties to a hearing are responsible for producing, at each party's expense, meaning without reimbursement of payment by CHAMPUS, witnesses and other evidence in their own behalf, and for furnishing copies of any such documentary evidence to the hearing officer and other party or parties to the hearing. The Department of Defense is not authorized to subpoena witnesses or records. The hearing officer may issue invitations and requests to individuals to appear and testify without cost to the Government, so that the full facts in the case may be presented.

(11) *Conduct of hearing.* (i) *Right to open hearing.* Because of the personal nature of the matters to be considered, hearings normally shall be closed to the public. However, the appealing party may request an open hearing. If this occurs, the hearing shall be open

except when protection of other legitimate Government purposes dictates closing certain portions of the hearing.

(ii) *Right to examine parties to the hearing and their witnesses.* Each party to the hearing shall have the right to produce and examine witnesses, to introduce exhibits, to question opposing witnesses on any matter relevant to the issue even though the matter was not covered in the direct examination, to impeach any witness regardless of which party to the hearing first called the witness to testify, and to rebut any evidence presented. Except for those witnesses employed by OCHAMPUS at the time of the hearing, or records in the possession of OCHAMPUS, a party to a hearing shall be responsible, that is to say no payment or reimbursement shall be made by CHAMPUS for the cost or fee associated with producing witnesses or other evidence in the party's own behalf, or for furnishing copies of documentary evidence to the hearing officer and other party or parties to the hearing.

(iii) *Taking of evidence.* The hearing officer shall control the taking of evidence in a manner best suited ascertain the facts and safeguard the rights of the parties to the hearing. Before taking evidence, the hearing officer shall identify and state the issues in dispute on the record and the order in which evidence will be received.

(iv) *Questioning and admission of evidence.* A hearing officer may question any witness and shall admit any relevant evidence. Evidence that is irrelevant or unduly repetitious shall be excluded.

(v) *Relevant evidence.* Any relevant evidence shall be admitted, unless unduly repetitious, if it is the type of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of such evidence over objection in civil or criminal actions.

(vi) *CHAMPUS determination first.* The basis of the CHAMPUS determinations shall be presented to the hearing officer first. The appealing party shall then be given the opportunity to establish affirmatively why this determination is held to be in error.

(vii) *Testimony.* Testimony shall be taken only on oath, affirmation, or penalty of perjury.

(viii) *Oral argument and briefs.* At the request of any party to the hearing made before the close of the hearing, the hearing officer shall grant oral argument. If written argument is requested, it shall be granted, and the parties to the hearing shall be advised as to the time and manner within which such argument is to be filed. The hearing officer may require any party to the hearing to submit written memoranda pertaining to any or all issues raised in the hearing.

(ix) *Continuance of hearing.* A hearing officer may continue a hearing to another time or place on his or her own motion or, upon showing of good cause, at the request of any party. Written notice of the time and place of the continued hearing, except as otherwise provided here, shall be in accordance with this part. When a continuance is ordered during a hearing, oral notice of the time and place of the continued hearing may be given to each party to the hearing who is present at the hearing.

(x) *Continuance for additional evidence.* If the hearing officer determines, after a hearing has begun, that additional evidence is necessary for the proper determination of the case, the following procedures may be invoked:

(A) *Continue hearing.* The hearing may be continued to a later date in accordance with §199.10(d)(11)(ix), above.

(B) *Closed hearing.* The hearing may be closed, but the record held open in order to permit the introduction of additional evidence. Any evidence submitted after the close of the hearing shall be made available to all parties to the hearing, and all parties to the hearing shall have the opportunity for comment. The hearing officer may reopen the hearing if any portion of the additional evidence makes further hearing desirable. Notice thereof shall be given in accordance with paragraph (d)(8) of this section.

(xi) *Transcript of hearing.* A verbatim taped record of the hearing shall be made and shall become a permanent part of the record. Upon request, the

appealing party shall be furnished a duplicate copy of the tape. A typed transcript of the testimony will be made only when determined to be necessary by OCHAMPUS. If a typed transcript is made, the appealing party shall be furnished a copy without charge. Corrections shall be allowed in the typed transcript by the hearing officer solely for the purpose of conforming the transcript to the actual testimony.

(xii) *Waiver of right to appear and present evidence.* If all parties waive their right to appear before the hearing officer for presenting evidence and contentions personally or by representation, it will not be necessary for the hearing officer to give notice of, or to conduct a formal hearing. A waiver of the right to appear must be in writing and filed with the hearing officer or the Chief, Appeals and Hearings, OCHAMPUS. Such waiver may be withdrawn by the party by written notice received by the hearing officer or Chief, Appeals and Hearings, no later than 7 days before the scheduled hearing or the mailing of notice of the final decision, whichever occurs first. For purposes of this Section, failure of a party to appear personally or by representation after filing written notice of waiver, will not be cause for finding of abandonment and the hearing officer shall make the recommended decision on the basis of all evidence of record.

(12) *Recommended decision.* At the conclusion of the hearing and after the record has been closed, the matter shall be taken under consideration by the hearing officer. Within the time frames previously set forth in this Section, the hearing officer shall submit to the Director, OCHAMPUS, or a designee, a written recommended decision containing a statement of findings and a statement of reasons based on the evidence adduced at the hearing and otherwise included in the hearing record.

(i) *Statement of findings.* A statement of findings is a clear and concise statement of fact evidenced in the record or conclusions that readily can be deduced from the evidence of record. Each finding must be supported by substantial evidence that is defined as such evidence as a reasonable mind can accept as adequate to support a conclusion.

(ii) *Statement of reasons.* A reason is a clear and concise statement of law, regulation, policies, or guidelines relating to the statement of findings that provides the basis for the recommended decision.

(e) *Final decision*—(1) *Director, OCHAMPUS.* The recommended decision shall be reviewed by the Director, OCHAMPUS, or a designee, who shall adopt or reject the recommended decision or refer the recommended decision for review by the Assistant Secretary of Defense (Health Affairs). The Director, OCHAMPUS, or designee, normally will take action with regard to the recommended decision within 90 days of receipt of the recommended decision or receipt of the revised recommended decision following a remand order to the Hearing Officer.

(i) *Final action.* If the Director, OCHAMPUS, or a designee, concurs in the recommended decision, no further agency action is required and the recommended decision, as adopted by the Director, OCHAMPUS, is the final agency decision in the appeal. In the case of rejection, the Director, OCHAMPUS, or a designee, shall state the reason for disagreement with the recommended decision and the underlying facts supporting such disagreement. In these circumstances, the Director, OCHAMPUS, or a designee, may have a final decision prepared based on the record, or may remand the matter to the Hearing Officer for appropriate action. In the latter instance, the Hearing Officer shall take appropriate action and submit a new recommended decision within 60 days of receipt of the remand order. The decision by the Director, OCHAMPUS, or a designee, concerning a case arising under the procedures of this section, shall be the final agency decision and the final decision shall be sent by certified mail to the appealing party or parties. A final agency decision under paragraph (e)(1) of this section will not be relied on, used, or cited as precedent by the Department of Defense in the administration of CHAMPUS.

(ii) *Referral for review by ASD(HA).* The Director, OCHAMPUS, or a designee, may refer a hearing case to the

Assistant Secretary of Defense (Health Affairs) when the hearing involves the resolution of CHAMPUS policy and issuance of a final decision which may be relied on, used, or cited as precedent in the administration of CHAMPUS. In such a circumstance, the Director, OCHAMPUS, or a designee, shall forward the recommended decision, together with the recommendation of the Director, OCHAMPUS, or a designee, regarding disposition of the hearing case.

(2) *ASD(HA).* The ASD(HA), or a designee, after reviewing a case arising under the procedures of this section may issue a final decision based on the record in the hearing case or remand the case to the Director, OCHAMPUS, or a designee, for appropriate action. A decision issued by the ASD(HA), or a designee, shall be the final agency decision in the appeal and a copy of the final decision shall be sent by certified mail to the appealing party or parties. A final decision of the ASD(HA), or a designee, issued under this paragraph (e)(2) may be relied on, used, or cited as precedent in the administration of CHAMPUS.

[51 FR 24008, July 1, 1986, as amended at 52 FR 33007, Sept. 1, 1987; 54 FR 25255, June 14, 1989; 55 FR 43341, Nov. 16, 1990; 56 FR 59880, Nov. 26, 1991; 66 FR 40607, Aug. 3, 2001; 68 FR 11973, Mar. 13, 2003; 68 FR 23033, Apr. 30, 2003; 68 FR 32362, May 30, 2003; 69 FR 6920, Feb. 12, 2004]

§ 199.11 Overpayments recovery.

(a) *General.* Actions to recover overpayments arise when the government has a right to recover money or property from an individual, partnership, association, corporation, governmental body or other legal entity, foreign or domestic, except an instrumentality of the United States because of an erroneous payment of benefits under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). A claim against several joint debtors arising from a single incident or transaction is considered to be one claim. It is the purpose of this Section to prescribe procedures for investigation, determination, assertion, collection, compromise, waiver and termination of claims in favor of the United States for erroneous benefits payments arising out of administration of CHAMPUS.

(b) *Authority*—(1) *Federal statutory authority.* The Federal Claims Collection Act provides the basic authority under which claims may be asserted pursuant to this section. It is implemented by joint regulations issued by the Department of Justice and the General Accounting Office, 4 CFR parts 101–105. Thereunder, the heads of federal agencies or their designees are required to attempt collection of all claims of the United States for money or property arising out of the activities of their respective agencies. These officials may, with respect to claims that do not exceed $20,000, exclusive of interest, and in conformity with the standards promulgated in the joint regulations, compromise, suspend, or terminate collection action on such claims. Section 743 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106) authorizes the waiver (see paragraph (g)(3) of this section) of collection of overpayments otherwise due from a person after the termination of the person's CHAMPUS eligibility, because the person became eligible for Medicare Part A by reason of disability or end-stage renal disease.

(2) *Other authority.* Occasionally, federal claims may arise which are grounded, at least in part, in authority other than the federal statute referenced above. These include, but are not limited to, claims arising under:

(i) State worker's compensation laws.

(ii) State hospital lien laws.

(iii) State no-fault automobile statutes.

(iv) Contract rights under terms of insurance policies.

(c) *Policy.* The governmental policy of avoiding unnecessary litigation in the collection of claims by the United States for money or property necessitates aggressive agency collection action. The Director, OCHAMPUS, or a designee, will insure that CHAMPUS claims asserting personnel are adequately supported to take timely and effective action. Claims arising out of any incident which has or probably will generate a claim in favor of the government will not be compromised nor will collection action be terminated by any person not authorized to take final

action on the government's claim. By the Act of July 18, 1966 (28 U.S.C. 2415–2418), Congress established a statute of limitation applicable to the government in areas where previously neither limitations nor laches were available as a defense. Claims falling within the provisions of this statute will be processed expeditiously to the Department of Justice or the General Accounting Office, as appropriate, without attempting administrative collection action if such action cannot be accomplished in sufficient time to preclude the running of the statute of limitations.

(d) *Appealability.* This section describes the procedures to be followed in the recovery and collection of federal claims in favor of the United States arising from the operation of the CHAMPUS. Actions taken under this section are not initial determinations for the purpose of the appeal procedures of §199.10 of this part. However, the proper exercise of the right to appeal benefit or provider status determinations under the procedures set forth in §199.10 may affect the processing of federal claims arising under this section. Those appeal procedures afford a CHAMPUS beneficiary or participating provider an opportunity for administrative appellate review in cases in which benefits have been denied and in which there is a significant factual dispute. For example, a fiscal intermediary may erroneously make payment for services which are excluded as CHAMPUS benefits because they are determined to be not medically necessary. In that event recoupment action will be initiated by the fiscal intermediary at the same time the fiscal intermediary will offer an administrative appeal as provided in §199.10 of this part on the medical necessity issue raised by the adverse benefit determination. The recoupment action and the administrative appeal are separate actions. However, in an appropriate case, the pendency of the appeal may provide a basis for the suspension of collection in the recoupment. Obviously, if the appeal is resolved entirely in favor of the appealing party, that would provide a basis for the termination of collection action in the recoupment case.

(e) *Delegation.* Subject to the limitations imposed by law or contained in this section, the authority to assert, settle, compromise or to suspend or terminate collection action on claims arising under the Federal Claims Collection Act has been delegated to the Director, OCHAMPUS, or a designee.

(f) *Recoupment of erroneous payments*—(1) *Erroneous payments.* Erroneous payments are expenditures of government funds which are not authorized by law or this part. Examples which are sometimes encountered in the administration of the CHAMPUS include mathematical errors, payment for care provided to an ineligible person, payment for care which is not an authorized benefit, payment for duplicate claims, inaccurate application of the deductible or co-payment, or payment for services which were not medically necessary. Claims in favor of the government arising as the result of the filing of false CHAMPUS claims or other fraud fall under the direct cognizance of the Department of Justice. Consequently, the procedures in this section apply to such claims only when specifically authorized or directed by the Department of Justice. (See 32 CFR 101.3.)

(2) *Scope.* (i) *General.* Paragraph (f) of this section and the paragraphs following contain requirements and procedures for the assertion, collection or compromise of, and the suspension or termination of collection action on claims for erroneous payments against a sponsor, beneficiary, provider, physician or other supplier of services under the CHAMPUS. These provisions are adopted pursuant to the Federal Claims Collection Act (31 U.S.C. 3701 *et seq.*, as amended by the Debt Collection Act of 1982, Pub. L. 97–365), which requires each agency of the U.S. Government (pursuant to regulations jointly promulgated by the Attorney General and the Comptroller General) to attempt collection of federal claims in favor of the United States arising out of the activities of the agency, and 5 U.S.C. 5514, which provides for installment deduction for indebtedness to the United States, implemented by regulations issued by the Office of Personnel Management, 5 CFR part 550, and the Department of Defense, 32 CFR part 90.

Paragraph (f) of this section also includes government-wide collections by salary offset under 5 U.S.C. 5514.

(ii) *Debtor defined.* As used herein, ''debtor'' means a sponsor, beneficiary, provider, physician, other supplier of services or supplies, or any other person who has for any reason been erroneously paid under the CHAMPUS. It includes an individual, partnership, corporation, professional corporation or association, estate, trust or any other legal entity.

(iii) *Delinquency defined.* As used herein, a debt is considered ''delinquent'' if it has not been paid by the date specified in the initial demand for payment (that is, the initial written notification) or applicable contractual agreement, unless other satisfactory payment arrangements have been made by that date. A debt is also considered delinquent if at any time after entering into a repayment agreement, the debtor fails to satisfy any obligations under that agreement.

(3) *Other health insurance claims.* Claims arising from erroneous CHAMPUS payments in situations where the beneficiary has entitlement to insurance, medical service, health and medical plan, or other government program, except in the case of a plan administered under Title XIX of the Social Security Act (42 U.S.C. 1396 *et seq.*), through employment, by law, through membership in an organization, or as a student, or through the purchase of a private insurance or health plan, shall be recouped under one of the following procedures:

(i) Where the other health insurance plan has not already made benefit payments to the beneficiary or provider, a claim for direct reimbursement will be asserted against the plan, pursuant to the fiscal intermediary's coordination of benefit procedures.

(ii) If the other health insurance plan has made its benefit payment prior to receiving the CHAMPUS request for reimbursement, the recoupment procedures set forth in paragraph (f) of this section will be followed.

(4) *Claims denials due to clarification or change.* In those instances where claim review results in the denial of benefits previously provided but now denied due to a change, clarification or interpretation of the public law or this part, no recoupment action need be taken to recover funds expended prior to the effective date of such change, clarification, or interpretation.

(5) *Good faith payment.* (i) The Department of Defense, through the Defense Enrollment Eligibility Reporting System (DEERS), is responsible for establishing and maintaining a file listing persons eligible to receive benefits under CHAMPUS. However, it is the responsibility of the Uniformed Services to provide eligible CHAMPUS beneficiaries with accurate and appropriate means of identification. When sources of civilian medical care exercise reasonable care and precaution in identifying persons claiming to be eligible CHAMPUS beneficiaries and furnish otherwise covered services and supplies to such persons in good faith, CHAMPUS benefits may be paid subject to prior approval by the Director, OCHAMPUS, or a designee, notwithstanding the fact that the person receiving the services and supplies is subsequently determined to be ineligible for benefits. Good faith payments will not be authorized for services and supplies provided by a civilian source of medical care as the result of its own careless identification procedures.

(ii) When it is determined that a person was not a CHAMPUS beneficiary, the CHAMPUS fiscal intermediary and the civilian source of medical care are expected to make all reasonable efforts to obtain payment or recoup the amount of the good faith payment from the person who erroneously claimed to be a CHAMPUS beneficiary. Recoupments of good faith payments initiated by the CHAMPUS fiscal intermediary will be processed pursuant to the provisions of paragraph (f) of this section.

(6) *Recoupment procedures.* (i) *Initial action.* When an erroneous payment is discovered, the CHAMPUS fiscal intermediary normally will be required to take the initial action to effect recoupment. Such action will be in accordance with the provisions of this part and the fiscal intermediary's CHAMPUS contract and will include demands for refund or an offset against any other CHAMPUS payment becoming due the debtor. When the efforts of

the CHAMPUS fiscal intermediary to effect recoupment are not successful within a reasonable time, recoupment cases will be referred to the General Counsel, OCHAMPUS, for further action in accordance with the provisions of paragraph (f) of this section. All requests to debtors for refund or notices of intent to offset shall be in writing.

(ii) *Demand for payment.* The CHAMPUS fiscal intermediary and OCHAMPUS normally shall make a total of at least three progressively stronger written demands upon the debtor in terms which inform the debtor of the consequences of his or her failure to cooperate. The initial written demand shall inform the debtor of the basis for and the amount of the indebtedness. The initial written demand shall also inform the debtor of the following: The debtor's right to inspect and copy all records pertaining to the debt; his or her right to request an administrative review by the fiscal intermediary; that interest on the debt at the current rate as determined by the Director, OCHAMPUS, or a designee, will begin to accrue on the date of the initial demand notification; that such interest shall be waived on the debt, or any portion thereof, which is paid within 30 days of the date of the initial demand notification; that payment of the indebtedness is due within 30 days of the date of the initial demand notification; and that administrative costs and penalties will be charged pursuant to 4 CFR 102.13. The debtor also shall be informed that collection by offset against current or subsequent claims may be taken. All debtors will be offered an opportunity to enter into a written agreement to repay the indebtedness. The fiscal intermediary demand letters must be dated the same day as they are mailed. Two written demands, at 30-day intervals, normally will be made by the CHAMPUS fiscal intermediary unless a response to the first demand indicates that further demand would be futile or unless prompt suit or attachment is required in anticipation of the departure of the debtor, of his removal or transfer of assets, or the running of the statute of limitations. There should be no undue time lag in responding to any communication received from the debtor. Responses should be made within 30 days whenever feasible. If these initial efforts at collection are not productive or if immediate legal action on the claim appears necessary, the claim either will be referred promptly by the CHAMPUS fiscal intermediary to the General Counsel, OCHAMPUS, or the CHAMPUS fiscal intermediary will prepare a final notice informing the debtor that the debt is to be offset in whole or in part. When a case is referred to OCHAMPUS, the Office of General Counsel will normally prepare a third written demand unless from the record such demand appears futile or otherwise inappropriate.

(iii) *Collection by administrative offset.* Collections by offset will be undertaken administratively on claims which are liquidated or certain in amount in every instance in which this is feasible. No collection by offset may be undertaken unless a demand for payment containing all of the procedural safeguards described in paragraph (f)(6)(ii) of this section, has been sent to the debtor. The determinations of indebtedness made for recoupment of erroneous CHAMPUS payments rarely involve issues of credibility of veracity. Erroneous CHAMPUS payments most frequently arise from claims submitted by individuals ineligible for CHAMPUS benefits; from claims submitted for services or supplies not covered by CHAMPUS; from claims in which there have been other insurance payments which reduce the CHAMPUS liability and from claims from participating providers in which payment is initially erroneously made to the beneficiary. While these recoupment claims normally involve the resolution of factual questions, these resolution nearly always require only reference to the documentary evidence compiled in the investigation and processing of the claim. The appeals system described in §199.10 of this part affords a CHAMPUS beneficiary or participating provider an opportunity for an administrative appellate review, including, under certain circumstances, the right to oral hearing before a hearing officer. Further, there is no statutory provision for the waiver of indebtedness arising from erroneous CHAMPUS payments, other than the provisions of the Federal

Claims Collection Act which allow for the compromise of claims or the termination of collection action under certain circumstances specified in paragraph (g) of this section. Consequently, the pre-offset oral hearing requirements of the Federal Claims Collection Standards (4 CFR 102.3) do not apply to the recoupment of erroneous CHAMPUS payments. CHAMPUS fiscal intermediaries may take administrative action to offset erroneous payments against other current CHAMPUS payments owing a debtor. Payments on the claims of a debtor pending at or filed subsequent to the time collection action is initiated should be suspended pending the outcome of the collection action so that these funds will be available for offset. All or any part of a debt may be offset depending upon the amount available for offset. Only the case in which no possibility of offset arises within 60 days of the initiation of collection action and on which other collection efforts have been unsuccessful or in which the debtor seeks relief from the indebtedness will be referred to the General Counsel, OCHAMPUS, by the CHAMPUS fiscal intermediary. Offset, under the provisions of 31 U.S.C. 3716, is not to be used with respect to debts owed by any state or local government. Any requests for offset that are received from other agencies shall be forwarded to the General Counsel, OCHAMPUS, for processing, as will orders for garnishment issued by courts of competent jurisdiction.

(iv) *Collection of installments.* CHAMPUS recoupment claims should be collected in one lump sum whenever possible. However, if the debtor is financially unable to pay the debt in one lump sum, payment may be accepted in regular installments by the CHAMPUS fiscal intermediary or the General Counsel, OCHAMPUS. Installment payments normally will be required on at least a monthly basis and their size will bear a reasonable relation to the size of the debt and the debtor's ability to pay. A CHAMPUS fiscal intermediary should not enter into installment agreements which extend beyond 24 months. OCHAMPUS installment agreements normally should liquidate the government's claim within 3 years. Installment payments of less than $50 per month normally will be accepted only if justifiable on grounds of financial hardship or some other reasonable cause. Any installment agreement with a debtor in which the total amount of the deferred installments will exceed $750 should normally include an executed promissory note.

(v) *Interest, penalties, and administrative costs.* Interest shall be charged on CHAMPUS recoupment debts and debts collected in installments in accordance with 4 CFR 102.13 and instructions issued by the Director, OCHAMPUS, or a designee. Interest shall accrue from the date on which the initial demand is mailed to the debtor. The rate of interest assessed shall be the rate of the current value of funds to the United States Treasury (that is, the Treasury tax and loan account rate). The rate of interest, as initially assessed shall remain fixed for the duration of the indebtedness, except that where the debtor has defaulted on a repayment agreement and seeks to enter into a new agreement, a new interest rate may be set which reflects the current value of funds to the Treasury at the time the new agreement is executed. The collection of interest on the debt or any portion of the debt, which is paid within 30 days after the date on which interest began to accrue, shall be waived. The agency may extend this 30-day period, on a case-by-case basis, if it reasonably determines that such action is appropriate. Also, the collection of interest, penalties, and administrative costs may be waived in whole or in part as a part of the compromise of a debt as provided in paragraph (g) of this section. In addition, the Director, OCHAMPUS, or a designee, may waive in whole or in part, the collection of interest, penalties, or administrative costs assessed herein, if he or she determines that collection of these charges would be against equity and good conscience or not in the best interests of the United States. Some situations in which such a waiver may be appropriate include:

(A) Waiver of interest consistent with 4 CFR 104.2(c)(2) in connection with a suspension of collection action pending a CHAMPUS appeal under

§ 199.10 of this part where there is a substantial issue of fact in dispute.

(B) Waiver of interest where the original debt arose through no fault or lack of good faith on the part of the debtor and the collection of interest would impose a financial hardship or burden on the debtor. Some examples in which such a waiver may be appropriate include: a debt arising when a CHAMPUS beneficiary, who is unaware of the loss of eligibility for CHAMPUS because he or she has become eligible for Medicare, continues to file and be paid for CHAMPUS claims, resulting in erroneous CHAMPUS payments; a debt arising when a CHAMPUS beneficiary in good faith files and is paid a CHAMPUS claim for medical services or supplies which are later determined not to be benefits of CHAMPUS; and a debt arising when a CHAMPUS beneficiary is overpaid as the result of a calculation error on the part of a fiscal intermediary or OCHAMPUS.

(C) Waiver of interest where there has been an agreement to repay a debt in installments, there is no indication of fault or lack of good faith on the part of the debtor, and the amount of interest is so large in relation to the size of the installments that the debtor can reasonably afford to pay, that it is likely the debt will never be repaid in full.

When a debt is paid in installments, the installment payments first will be applied to the payment of outstanding penalty and administrative cost charges, second to accrued interest and then to principal. Administrative costs incurred as the result of a debt becoming delinquent (as defined in paragraph (f)(2)(iii) of this section) shall be assessed against a debtor. These administrative costs represent the additional costs incurred in processing and handling the debt because it became delinquent. The calculation of administrative costs should be based upon cost analysis establishing an average of actual additional costs incurred in processing and handling claims against other debtors in similar stages of delinquency. A penalty charge, not exceeding six percent a year shall be assessed on any portion of a debt that is delinquent for more than 90 days. This charge, which need not be calculated until the 91st day of delinquency, shall accrue from the date that the debt became delinquent.

(vi) *Referral to other federal agencies for administrative offset.* As appropriate and in accordance with 4 CFR part 1023, agencies will be requested to initiate administrative offset to collect CHAMPUS debts. When a debtor is employed by the U.S. Government, or is a member or retired member of the Uniformed Service, and collection by offset against other CHAMPUS payments due the debtor cannot be accomplished, and there have been no positive responses to a demand for payment within 60 days, the Director, OCHAMPUS, or a designee, may contact the agency holding funds payable to the debtor for payment by allotment or otherwise by salary offset from current disposable pay in accordance with 37 U.S.C. 1007 or 5 U.S.C. 5514 as implemented by 32 CFR part 90 and 5 CFR part 550. Where applicable, the request for recovery of erroneous CHAMPUS payments shall be submitted to the debtor's paying agency in accordance with 5 CFR 550.1106. Before contacting the paying agency, the Director, OCHAMPUS, or a designee, will provide the debtor written notification of the agency's intent to collect the debt by means of salary offset, authorized by 5 U.S.C. 5514. The notification will include, as a minimum:

(A) The agency's determination that a debt is owed, including the origin, nature, and the amount of the debt;

(B) The date by which payment is to be made, which will normally be 30 days from the date the demand letter is mailed;

(C) The amount, frequency, proposed beginning date and duration of the intended deductions, which will be determined in accordance with the provisions of 5 CFR 550.1104 or 32 CFR part 90, as appropriate. Ordinarily, the size of installment deductions must bear a reasonable relationship to the size of the debt and the employee's ability to pay (4 CFR 102.11). However, the amount deducted for any period must not exceed 15 percent of the disposable pay from which the deduction is made unless the debtor has agreed in writing to the deduction of a greater amount. Debts must be collected in one lump-sum whenever possible. However, if the

employee is financially unable to pay in one lump-sum, or the amount of the debt exceeds 15 percent of current disposable pay for an officially established pay interval, collection must be made in installments. Such installment deductions must be made to effect collection within the period of anticipated active duty or employment. If the debtor retires or resigns or if his or her employment or period of active duty ends before collection of the debt is completed, offset from subsequent payments of any kind due the employee from the paying agency as of the date of separation shall be made to the extent necessary to liquidate the debt pursuant to 31 U.S.C. 3716 as implemented by 5 CFR part 550 and 32 CFR part 90. If possible, the installment payments should be sufficient in size and frequency to liquidate the government's claim in not more than 3 years. Installment payments of less than $50 per month should be accepted only with reasonable justification. An employee's involuntary payment of all or any portion of a debt being collected under 5 U.S.C. 5514 will not be construed as a waiver of any rights the debtor may have under that statute or any other provisions of contract or law, unless there are statutory or contractual provisions to the contrary.

(D) An explanation of interest, penalties, and administrative costs, including a statement that such assessments must be made unless excused in accordance with the Federal Claims Collection Standards;

(E) Advice that the debtor may inspect and copy government records relating to the debt or, if debtor or his or her representative cannot personally inspect the records, to request and receive a copy of such records. Requests for copies of the records relating to the debt shall be made no later than 10 days from the receipt by the debtor of the notice of indebtedness.

(F) An opportunity for a review by the agency of its determination regarding the existence or the amount of the debt, or when a repayment schedule is established other than by written agreement, concerning the terms of the repayment schedule. The debtor shall be advised that a challenge to either the existence of the debt, the amount of the debt, or the repayment schedule, must be made within 30 days of the receipt by the debtor of the notice of indebtedness or within 45 days after receipt of the records relating to the debt, if such records are requested by the debtor. A request for waiver or reconsideration should be accompanied by supporting documents indicating why the debtor believes he is not so indebted, or by a financial affidavit supporting his request for an alternative repayment schedule;

(G) Notice that the timely filing of a petition for review will stay the commencement of collection proceedings;

(H) Notice that a final decision on the review (if one is requested) will be issued at the earliest practical date, but not later than 60 days after the filing of the petition requesting the review unless the employee requests, and the agency grants, a delay in the proceedings;

(I) The opportunity, if it has not been previously provided, to enter into a written agreement to establish a schedule for repayment of the debt in lieu of offset. The agreement will be signed by both the debtor and the agency's representative and will be kept in the agency's files;

(J) Notice that any knowingly false or frivolous statements, representations, or evidence may subject the debtor to:

(*1*) Disciplinary procedures appropriate under chapter 75 of Title 5 U.S. Code, 5 CFR part 752, or any other applicable statutes or regulations;

(*2*) Penalties under the False Claims Act, 31 U.S.C. 3729–3731, or any other applicable authority, or

(*3*) Criminal penalties under 18 U.S.C. 286, 287, 1001 and 1002, or any other applicable authority;

(K) Where applicable, notice of the debtor's right to appeal, under §199.10 of this part;

(L) That amounts paid on or deducted for the debt which are later waived or found not owed to the United States will promptly be refunded to the debtor. Refunds do not bear interest unless required or permitted by law or contract;

(M) The specific address to which all correspondence regarding the debt

shall be directed. Unless otherwise prohibited by law, moneys which are due and payable to a debtor from the Civil Service Retirement and Disability Fund may be administratively offset in reasonable amounts in order to collect in one full payment or a minimal number of payments debts owed to the United States by the debtor. The General Counsel, OCHAMPUS, may forward requests for offset of debts arising from the operation of CHAMPUS to the appropriate officials of the Office of Personnel Management. These requests shall comply with the provisions of 4 CFR 102.4 and 5 CFR part 550.

(vii) *Referral to debt collection agencies.* Pursuant to the provisions of the Federal Claims Collection Standards (4 CFR 102.6), the Director, OCHAMPUS, or a designee, is authorized to enter into contracts for collection services, including contracts with private collection agencies for the purpose of supplementing and strengthening the collection efforts of the Department of Defense in recouping erroneous CHAMPUS payments. Such contracts will supplement but not replace the basic collection program described herein. The authority to resolve disputes, compromise claims, terminate collection action and initiate legal action may not be delegated in such contracts but will be retained by the Director, OCHAMPUS, or a designee. Individuals or firms that enter into contracts for collection services pursuant to this paragraph are subject to the Privacy Act of 1974, as amended, 5 U.S.C. 552a, federal and state laws and regulations pertaining to debt collection practices, including the Fair Debt Collection Practices Act, 15 U.S.C. 1692. Debt collection contractors shall be required to account strictly for all amounts collected and must agree to provide any data contained in their files relating to 4 CFR 105.2(a) (1), (2) and (3). Contracts for commercial collection services must comply with 32 CFR part 90.

(viii) *Referrals to consumer reporting agencies.* The Director, OCHAMPUS, or a designee, is authorized to provide for the reporting of delinquent debts to consumer reporting agencies. Delinquent debts are those which are not paid or for which satisfactory payment arrangements are not made by the due date specified in the initial notification of indebtedness, or those for which the debtor has entered into a written payment agreement and installment payments are past due 30 days or longer. These referrals may be made only after publication of a ''routine use'' for the disclosures involved as required by the Privacy Act of 1974, as amended, 5 U.S.C. 552a. Procedures developed for such referrals must also insure that an accounting of the disclosures is kept which is available to the debtor; that the consumer reporting agencies are provided with corrections and annotations of disagreements by the debtor; and that reasonable efforts are made to assure that the information to be reported is accurate, complete, timely and relevant. When requested by a consumer reporting agency, verification of information disclosed will promptly be provided. Once a claim has been reviewed and determined to be valid, a complete explanation of the claim will be given the debtor. When the claim is overdue, the individual will be notified in writing that payment is overdue; that within 60 days, disclosure of the claim shall be made to a consumer reporting agency unless satisfactory payment arrangements are made or unless the debtor requests an administrative review and demonstrates some basis on which the debt is legitimately disputed; and of the specific information to be disclosed to the consumer reporting agency. The information to be disclosed to the consumer reporting agency will be limited to information necessary to establish the identity of the debtor, including name, address and taxpayer identification number; the amount, status and history of the claim; and the agency or program under which the claim arose. Reasonable action will be taken to locate an individual for whom a current address is not available.

(ix) *Use and disclosure of mailing addresses.* In attempting to locate a debtor in the collection of a debt under this section, the Director, OCHAMPUS, or a designee, may send a written request to the Secretary of the Treasury, or a

designee, for current address information from records of the Internal Revenue Service. These requests will comply with the provisions of 26 U.S.C. 6103(p)(4) and applicable regulations of the Internal Revenue Service. Disclosure of a mailing address so obtained may be made pursuant to 4 CFR 102.18(b) and 31 U.S.C. 3711.

(g) *Compromise, waiver, suspension or termination of collection actions arising under the Federal Claims Collection Act*—(1) *Basic considerations.* Federal claims against the debtor and in favor of the United States arising out of the administration of the CHAMPUS may be compromised or collection action taken thereon may be suspended or terminated in compliance with the Federal Claims Collection Act, 31 U.S.C. 3711(a)(2) as implemented by the Federal Claims Collection Standards, 4 CFR parts 101 through 105.

(2) *Authority.* CHAMPUS fiscal intermediaries are not authorized to compromise or to suspend or terminate collection action on federal CHAMPUS claims. Only the Director, OCHAMPUS, or a designee, and Uniformed Service claims officers acting under the provisions of their own regulations, are so authorized.

(3) *Waiver of collection of erroneous payments due from certain persons unaware of loss of CHAMPUS eligibility.* (i) The Director, OCHAMPUS may waive collection of payments otherwise due from certain persons as a result of health benefits received under this part after the termination of the person's eligibility for such benefits. Waiver may be granted if collection of such payments would be against equity and good conscience and not in the best interest of the United States. These criteria are met by a finding that there is no indication of fraud, misrepresentation, fault, or lack of good faith on the part of the person who received the erroneous payment or any other person having an interest in obtaining such waiver.

(ii) *Persons eligible for waiver.* The following persons are eligible for waiver:

(A) A person who:

(1) Is entitled to Medicare Part A by reason of disability or end stage renal disease;

(2) In the absence of such entitlement, would have been eligible for CHAMPUS under 10 U.S.C. 1086; and

(3) At the time of the receipt of such benefits, was under age 65.

(B) Any participating provider of care who received direct payment for care provided to a person described in paragraph (g)(ii)(A) of this section pursuant to an assignment of benefits from such person.

(iii) The authority to waive collection of payments under this section shall apply with regard to health benefits provided during the period beginning January 1, 1967, and ending on the later of: the termination date of any special enrollment period for Medicare Part B provided specifically for such persons; or July 1, 1996.

(4) *Basis for compromise.* A claim may be compromised hereunder if the government cannot collect the full amount if:

(i) The debtor or the estate of a debtor does not have the present or prospective ability to pay the full amount within a reasonable time;

(ii) The debtor refuses to pay the claim in full and the government is unable to enforce collection of the full amount within a reasonable time by enforced collection proceedings;

(iii) There is real doubt concerning the government's ability to prove its case in court for the full amount claimed either because of the legal issues involved or a *bona fide* dispute as to the facts; or

(iv) The cost of collecting the claim does not justify enforced collection of the full amount.

(5) *Basis for suspension.* Collection action may be suspended for either of the following reasons if future collection action may be sufficiently productive to justify periodic review and action on the claim giving consideration to its size and the amount which may be realized thereon:

(i) The debtor cannot be located; or

(ii) The debtor is unable to make payments on the government's claim or effect a compromise at the time, but the debtor's future prospects justify retention of the claim for periodic review and action and:

(A) The applicable statute of limitations has been tolled or started running anew; or

(B) Future collection action can be effected by offset, notwithstanding the statute of limitations with due regard to the 10-year limitation prescribed by 31 U.S.C. 3716(c)(1); or

(C) The debtor agrees to pay interest on the amount of the debt on which collection action will be temporarily suspended, and such temporary suspension is likely to enhance the debtor's ability to fully pay the principal amount of the debt with interest at a later date.

(iii) Consideration may be given by the Director, OCHAMPUS, or a designee, to suspend collection action pending action on a request for a review of the government's claim against the debtor or pending an administrative review under §199.10 of this part of any CHAMPUS claim or claims directly involved in the government's claim against the debtor. Suspension under this paragraph will be based upon appropriate consideration, on a case-by-case basis as to whether:

(A) There is a reasonable possibility that the debt (in whole or in part) will be found not owing from the debtor;

(B) The Government's interest would be protected if suspension were granted by reasonable assurance that the debt would be recovered if the debtor does not prevail; and

(C) Collection of the debt will cause undue hardship.

(6) *Basis for termination.* Collection action may be terminated for one or more of the following reasons:

(i) The United States cannot collect or enforce collection of any significant sum from the debtor having due regard to the judicial remedies available to the government, the debtor's future financial prospects and the exemptions available to the debtor under state and federal law;

(ii) The debtor cannot be located, and either:

(A) There is no security remaining to be liquidated, or

(B) The applicable statute of limitations has run and the prospects of collecting by offset, notwithstanding the bar of the statute of limitations, are too remote to justify retention of the claim;

(iii) The cost of further collection action is likely to exceed any recovery;

(iv) It is determined that the claim is legally without merit; or

(v) Evidence necessary to prove the claim cannot be produced or the necessary witnesses are unavailable and efforts to induce voluntary payment are unavailing.

(7) *Factors considered.* In determining whether a claim will be compromised, or collection action terminated or suspended, the responsible CHAMPUS collection authority will consider the following factors:

(i) Age and health of the debtor, present and potential income, inheritance prospects, possible concealment or improper transfer of assets and the availability of assets or income which may be realized upon by enforced collection proceedings;

(ii) Applicability of exemptions available to a debtor under state or federal law;

(iii) Uncertainty as to the price which collateral or other property may bring at forced sale; or

(iv) The probability of proving the claim in court, the probability of full or partial recovery, the availability of necessary evidence and related pragmatic considerations.

(8) *Amount of compromise.* The amount acceptable in compromise will be reasonable in relation to the amount that can be recovered by enforced collection proceedings. Consideration shall be given to the following:

(i) The exemptions available to the debtor under state and federal law;

(ii) The time necessary to collect the debt;

(iii) The litigative probabilities involved; and

(iv) The administrative and litigative costs of collection where the cost of collecting the claim is a basis for compromise.

(9) *Payment of compromised claims.* (i) *Time and manner.* Compromised claims are to be paid in one lump sum if possible. However, if payment of a compromise is necessary, a legally enforceable compromise agreement must be obtained. Payment of the amount that CHAMPUS has agreed to accept as a

compromise in full settlement of a CHAMPUS claim must be made within the time and in the manner prescribed in the compromise agreement. Any such compromised claim is not settled until the full payment of the compromised amount has been made within the time and the manner prescribed. Compromise agreements must provide for the reinstatement of the prior indebtedness, less sums paid thereon, and acceleration of the balance due upon default in the payment of any installment.

(ii) *Failure to pay the compromised amount.* Failure of any debtor to make payment as provided in the compromise agreement will have the effect of reinstating the full amount of the original claim, less any amounts paid prior to the default.

(10) *Effect of compromise, waiver, suspension or termination of collection action.* Pursuant to the Internal Revenue Code, 26 U.S.C. 6041, compromises and terminations of undisputed debts not discharged in a Title 11 bankruptcy case and totaling $600 or more for the year will be reported to the Internal Revenue Service in the manner prescribed for inclusion in the debtor's gross income for that year. Any action taken under paragraph (g) of this section regarding the compromise of a federal claim, or waiver or suspension or termination of collection action on a federal claim is not an initial determination for purposes of the appeal procedures § 199.10.

(h) *Referrals for collection*—(1) *Prompt referral.* Federal claims of $600 or more on which collection action has been taken in accordance with the provisions of this section and which cannot be collected or compromised or on which collection action cannot be suspended or terminated, as provided herein, will be promptly referred by the Director, OCHAMPUS, or a designee, to the Department of Justice for litigation in accordance with 4 CFR part 105. Such referrals will be made as early as possible consistent with aggressive collection action by CHAMPUS fiscal intermediaries and OCHAMPUS and well within the period for bringing a timely suit against the debtor. Ordinarily referrals will be made within one year of the OCHAMPUS final determination of the fact and the amount of the debt.

(2) *Report of prior collection actions.* The Director, OCHAMPUS, or a designee, will prepare a Claims Collection Litigation Report (CCLR) for each case referred for collection under the provisions of this section. The CCLR shall also be used when a claim is referred to the Department of Justice in order to obtain approval of that Department with respect to compromise, suspension, or termination when such approval is required by 4 CFR 103.1(b) and 104.1(b). The CCLR will include, as a minimum, the following:

(i) A checklist or brief summary of the actions previously taken to collect or compromise the claim. If any of the required administrative collection actions have been omitted, the reason for its omission must be provided.

(ii) The current address or the debtor, or the same and address of the agent for a corporation upon whom service may be made. Reasonable and appropriate steps will be taken to locate missing parties in all cases. Referrals to the Department of Justice for the institution of foreclosure or other proceedings, in which the current address of any party is unknown, will be accompanied by a listing of the prior known addresses of such party and a statement of the steps taken to locate that party.

(iii) Reasonably current credit data indicating that there is a reasonable prospect of effecting enforced collection from the debtor, having due regard for the exemptions available to the debtor under state and federal law and the judicial remedies available to the government. Such credit data may take the form of a commercial credit report; an agency investigative report showing the debtor's assets, liabilities, income, and expenses; the individual debtor's own financial statement executed under penalty of perjury reflecting the debtor's assets, liabilities, income, and expenses; or an audited balance sheet of a corporate debtor. Such credit data may be omitted if a surety bond is available in an amount sufficient to satisfy the claim in full; the forced sale value of any security available for application to the government's claim is sufficient to satisfy the

claim in full; the debtor is in bankruptcy or receivership; the debtor's liability to the government is fully covered by insurance, in which case such information as can be developed concerning the identity and address of the insurer and the type and amount of insurance coverage will be furnished; or the nature of the debtor is such that credit data is not normally available or cannot reasonably be obtained, for example, a unit of state or local government.

(3) *Preservation of evidence.* The Director, OCHAMPUS, or a designee, will take such action as is necessary to ensure that all files, records and exhibits on claims referred hereunder are properly preserved.

(i) Claims Involving Indications of Fraud, Filing of False Claims or Misrepresentation.

Any case in which there is an indication of fraud, filing of false claims or misrepresentation will be promptly referred to the Director, OCHAMPUS, or a designee, for processing. The Director, OCHAMPUS, or a designee, will investigate and evaluate the case and either refer the case to the appropriate investigative law enforcement agency or return the claim for other appropriate administrative action, including collection action under this section. Payment on all CHAMPUS beneficiary or provider claims in which fraud, filing false claims or misrepresentation is suspected will be suspended until payment or denial of the claim is authorized by the Director, OCHAMPUS, or a designee. Collection action on all federal claims in which a suspicion of fraud, misrepresentation or filing false claims arises will be suspended pending referral to the appropriate law enforcement agencies by the Director, OCHAMPUS, or a designee. Only the Department of Justice has authority to compromise or terminate collection action on such claims.

[51 FR 24008, July 1, 1986, as amended at 62 FR 35097, June 30, 1997; 63 FR 27678, May 20, 1998]

§ 199.12 Third party recoveries.

(a) *General.* This section deals with the right of the United States to recover from third-parties the costs of medical care furnished to or paid on behalf of TRICARE beneficiaries. These third-parties may be individuals or entities that are liable for tort damages to the injured TRICARE beneficiary or a liability insurance carrier covering the individual or entity. These third-parties may also include other entities who are primarily responsible to pay for the medical care provided to the injured beneficiary by reason of an insurance policy, workers' compensation program or other source of primary payment.

Authority—(1) *Third-party payers.* This part implements the provisions of 10 U.S.C. 1095b which, in general, allow the Secretary of Defense to authorize certain TRICARE claims to be paid, even though a third-party payer may be primary payer, with authority to collect from the third-party payer the TRICARE costs incurred on behalf of the beneficiary. (See §199.2 for definition of ''third-party payer.'') Therefore, 10 U.S.C. 1095b establishes the statutory obligation of third-party payers to reimburse the United States the costs incurred on behalf of TRICARE beneficiaries who are also covered by the third-party payer's plan.

(2) *Federal Medical Care Recovery Act.* (i) *In general.* In many cases covered by this section, the United States has a right to collect under both 10 U.S.C. 1095b and the Federal Medical Care Recovery Act (FMCRA), Public Law 87–693 (42 U.S.C. 2651 *et. seq.*). In such cases, the authority is concurrent and the United States may pursue collection under both statutory authorities.

(ii) *Cases involving tort liability.* In cases in which the right of the United States to collect from an automobile liability insurance carrier is premised on establishing some tort liability on some third person, matters regarding the determination of such tort liability shall be governed by the same substantive standards as would be applied under the FMCRA including reliance on state law for determinations regarding tort liability. In addition, the provisions of 28 CFR part 43 (Department of Justice regulations pertaining to the FMCRA) shall apply to claims made under the concurrent authority of the FMCRA and 10 U.S.C. 1095b. All other matters and procedures concerning the right of the United States to collect

shall, if a claim is made under the concurrent authority of the FMCRA and this section, be governed by 10 U.S.C. 1095b and this part.

(c) *Appealability.* This section describes the procedures to be followed in the assertion and collection of third-party recovery claims in favor of the United States arising from the operation of TRICARE. Actions taken under this section are not initial determinations for the purpose of the appeal procedures of §199.10 of this part. However, the proper exercise of the right to appeal benefit or provider status determinations under the procedures set forth in §199.10 may affect the processing of federal claims arising under this section. Those appeal procedures afford a TRICARE beneficiary or participating provider an opportunity for administrative appellate review in cases in which benefits have been denied and in which there is a significant factual dispute. For example, a TRICARE contractor may deny payment for services that are determined to be excluded as TRICARE benefits because they are found to be not medically necessary. In that event the TRICARE contractor will offer an administrative appeal as provided in §199.10 of this part on the medical necessity issue raised by the adverse benefit determination. If the care in question results from an accidental injury and if the appeal results in a reversal of the initial determination to deny the benefit, a third-party recovery claim may arise as a result of the appeal decision to pay the benefit. However, in no case is the decision to initiate such a claim itself appealable under §199.10.

(d) *Statutory obligation of third-party payer to pay*—(1) *Basic Rule.* Pursuant to 10 U.S.C. 1095b, when the Secretary of Defense authorizes certain TRICARE claims to be paid, even though a third-party payer may be primary payer (as specified under §199.8(c)(2)), the right to collect from a third-party payer the TRICARE costs incurred on behalf of the beneficiary is the same as exists for the United States to collect from third-party payers the cost of care provided by a facility of the uniformed services under 10 U.S.C. 1095 and part 220 of this title. Therefore the obligation of a third-party payer to pay is to the same extent that the beneficiary would be eligible to receive reimbursement or indemnification from the third-party payer if the beneficiary were to incur the costs on the beneficiary's own behalf.

(2) *Application of cost shares.* If the third-party payer's plan includes a requirement for a deductible or copayment by the beneficiary of the plan, then the amount the United States may collect from the third-party payer is the cost of care incurred on behalf of the beneficiary less the appropriate deductible or copayment amount.

(3) *Claim from the United States exclusive.* The only way for a third-party payer to satisfy its obligation under 10 U.S.C. 1095b is to pay the United States or authorized representative of the United States. Payment by a third-party payer to the beneficiary does not satisfy 10 U.S.C. 1095b.

(4) *Assignment of benefits not necessary.* The obligation of the third-party to pay is not dependent upon the beneficiary executing an assignment of benefits to the United States.

(e) *Exclusions impermissible*—(1) *Statutory requirement.* With the same right to collect from third-party payers as exists under 10 U.S.C. 1095(b), no provision of any third-party payer's plan having the effect of excluding from coverage or limiting payment for certain care if that care is provided or paid by the United States shall operate to prevent collection by the United States.

(2) *Regulatory application.* No provision of any third-party payer's plan or program purporting to have the effect of excluding or limiting payment for certain care that would not be given such effect under the standards established in part 220 of this title to implement 10 U.S.C. 1095 shall operate to exclude or limit payment under 10 U.S.C. 1095b or this section.

(f) *Records available.* When requested, TRICARE contractors or other representatives of the United States shall make available to representatives of any third-party payer from which the United States seeks payment under 10 U.S.C. 1095b, for inspection and review, appropriate health care records (or copies of such records) of individuals for

whose care payment is sought. Appropriate records which will be made available are records which document that the TRICARE costs incurred on behalf of beneficiaries which are the subject of the claims for payment under 10 U.S.C. 1095b were incurred as claimed and the health care service were provided in a manner consistent with permissible terms and conditions of the third-party payer's plan. This is the sole purpose for which patient care records will be made available. Records not needed for this purpose will not be made available.

(g) *Remedies.* Pursuant to 10 U.S.C. 1095b, when the Director, TRICARE Management Activity, or a designee, authorizes certain TRICARE claims to be paid, even though a third-party payer may be primary payer, the right to collect from a third-party payer the TRICARE costs incurred on behalf of the beneficiary is the same as exists for the United States to collect from third-party payers the cost of care provided by a facility of the uniformed services under 10 U.S.C. 1095.

(1) This includes the authority under 10 U.S.C. 1095(e)(1) for the United States to institute and prosecute legal proceedings against a third-party payer to enforce a right of the United States under 10 U.S.C. 1095b and this section.

(2) This also includes the authority under 10 U.S.C. 1095(e)(2) for an authorized representative of the United States to compromise, settle or waive a claim of the United States under 10 U.S.C. 1095b and this section.

(3) The authorities provided by the Federal Claims Collection Act of 1966, as amended (31 U.S.C. 3701 *et. seq.*) and any implementing regulations (including §199.11) regarding collection of indebtedness due the United States shall also be available to effect collections pursuant to 10 U.S.C. 1095b and this section.

(h) *Obligations of beneficiaries.* To insure the expeditious and efficient processing of third-party payer claims, any person furnished care and treatment under TRICARE, his or her guardian, personal representative, counsel, estate, dependents or survivors shall be required:

(1) To provide information regarding coverage by a third-party payer plan and/or the circumstances surrounding an injury to the patient as a conditional precedent of the processing of a TRICARE claim involving possible third-party payer coverage.

(2) To furnish such additional information as may be requested concerning the circumstances giving rise to the injury or disease for which care and treatment are being given and concerning any action instituted or to be instituted by or against a third person; and,

(3) To cooperate in the prosecution of all claims and actions by the United States against such third person.

(i) *Responsibility for recovery.* The Director, TRICARE Management Activity, or a designee, is responsible for insuring that TRICARE claims arising under 10 U.S.C. 1095b and this section (including claims involving the FMCRA) are properly referred to and coordinated with designated claims authorities of the uniformed services who shall assert and recover TRICARE costs incurred on behalf of beneficiaries. Generally, claims arising under this section will be processed as follows:

(1) *Identification and referral.* In most cases where civilian providers provide medical care and payment for such care has been by a TRICARE contractor, initial identification of potential third-party payers will be by the TRICARE contractor. In such cases, the TRICARE contractor is responsible for conducting a preliminary investigation and referring the case to designated appropriate claims authorities of the Uniformed Services.

(2) *Processing TRICARE claims.* When the TRICARE contractor initially identifies a claim as involving a potential third-party payer, it shall request additional information concerning the circumstances of the injury or disease and/or the identify of any potential third-party payer from the beneficiary or other responsible party unless adequate information is submitted with the claim. The TRICARE claim will be suspended and no payment issued pending receipt of the requested information. If the requested information is not received, the claim will be denied. A TRICARE beneficiary may expedite the processing of his or her TRICARE

claim by submitting appropriate information with the first claim for treatment of an accidental injury. Third-party payer information normally is required only once concerning any single accidental injury on episode of care. Once the third-party payer information pertaining to a single incident or episode of care is received, subsequent claims associated with the same incident or episode of care may be processed to payment in the usual manner. If, however, the requested third-party payer information is not received, subsequent claims involving the same incident or episode of care will be suspended or denied as stated above.

(3) *Ascertaining total potential liability.* It is essential that the appropriate claims responsible for asserting the claim against the third-party payer receive from the TRICARE contractor a report of all amounts expended by the United States for care resulting from the incident upon which potential liability in the third party is based (including amounts paid by TRICARE for both inpatient and outpatient care). Prior to assertion and final settlement of a claim, it will be necessary for the responsible claims authority to secure from the TRICARE contractor updated information to insure that all amounts expended under TRICARE are included in the government's claim. It is equally important that information on future medical payments be obtained through the investigative process and included as a part of the government's claim. No TRICARE-related claim will be settled, compromised or waived without full consideration being given to the possible future medical payment aspects of the individual case.

(j) *Reporting requirements.* Pursuant to 10 U.S.C. 1079a, all refunds and other amounts collected in the administration of TRICARE shall be credited to the appropriation available for that program for the fiscal year in which the refund or amount is collected. Therefore, the Department of Defense requires an annual report stating the number and dollar amount of claims asserted against, and the number and dollar amount of recoveries from third-party payers (including FMCRA recoveries) arising from the operation of the TRICARE. To facilitate the preparation of this report and to maintain program integrity, the following reporting requirements are established:

(1) *TRICARE contractors.* Each TRICARE contractor shall submit on or before January 31 of each year an annual report to the Director, TRICARE Management Activity, or a designee, covering the 12 months of the previous calendar year. This report shall contain, as a minimum, the number and total dollar of cases of potential third-party payer/FMCRA liability referred to uniformed services claims authorities for further investigation and collection. These figures are to be itemized by the states and uniformed services to which the cases are referred.

(2) *Uniformed Services.* Each uniformed service will submit to the Director, TRICARE Management Activity, or designee, an annual report covering the 12 calendar months of the previous year, setting forth, as a minimum, the number and total dollar amount of cases involving TRICARE payments received from TRICARE contractors, the number and dollar amount of cases involving TRICARE payments received from other sources, and the number and dollar amount of claims actually asserted against, and the dollar amount of recoveries from, third-payment payers or under the FMCRA. The report, itemized by state and foreign claims jurisdictions, shall be provided no later than February 28 of each year.

(3) *Implementation of the reporting requirements.* The Director, TRICARE Management Activity, or a designee shall issue guidance for implementation of the reporting requirements prescribed by this section.

[68 FR 6619, Feb. 10, 2003]

§ 199.13 TRICARE Dental Program.

(a) *General provisions*—(1) *Purpose.* This section prescribes guidelines and policies for the delivery and administration of the TRICARE Dental Program (TDP) of the Uniformed Services of the Army, the Navy, the Air Force, the Marine Corps, the Coast Guard, the Commissioned Corps of the U.S. Public

Health Service (USPHS) and the National Oceanic and Atmospheric Administration (NOAA) Corps. The TDP is a premium based indemnity dental insurance coverage plan that is available to specified categories of individuals who are qualified for these benefits by virtue of their relationship to one of the seven (7) Uniformed Services and their voluntary decision to accept enrollment in the plan and cost share (when applicable) with the Government in the premium cost of the benefits. The TDP is authorized by 10 U.S.C. 1076a, TRICARE dental program, and this section was previously titled the ''Active Duty Dependents Dental Plan''. The TDP incorporates the former 10 U.S.C. 1076b, Selected Reserve dental insurance, and the section previously titled the ''TRICARE Selected Reserve Dental Program'', § 199.21.

(2) *Applicability*—(i) *Geographic scope.* (A) The TDP is applicable geographically within the fifty (50) States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the U.S. Virgin Islands. These areas are collectively referred to as the ''CONUS (or Continental United States) service area''.

(B) Extension of the TDP to areas outside the CONUS service area. In accordance with the authority cited in 10 U.S.C. 1076a(h), the Assistant Secretary of Defense (Health Affairs) (ASD(HA)) may extend the TDP to areas other than those areas specified in paragraph (a)(2)(i)(A) of this section for the eligible members and eligible dependents of members of the Uniformed Services. These areas are collectively referred to as the ''OCONUS (or outside the Continental United States) service area''. In extending the TDP outside the CONUS service area, the ASD(HA), or designee, is authorized to establish program elements, methods of administration and payment rates and procedures to providers that are different from those in effect for the CONUS service area to the extent the ASD(HA), or designee, determines necessary for the effective and efficient operation of the TDP. This includes provisions for preauthorization of care if the needed services are not available in a Uniformed Service overseas dental treatment facility and payment by the Department of certain cost-shares (or copayments) and other portions of a provider's billed charges for certain beneficiary categories. Other differences may occur based on limitations in the availability and capabilities of the Uniformed Service overseas dental treatment facility and a particular nation's civilian sector providers in certain areas. These differences include varying licensure and certification requirements of OCONUS providers, Uniformed Service provider selection criteria and local results of provider selection, referral, beneficiary pre-authorization and marketing procedures, and care for beneficiaries residing in distant areas. The Director, Office of Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS) shall issue guidance, as necessary, to implement the provisions of paragraph (a)(2)(i)(B). Beneficiaries will be eligible for the same TDP benefits in the OCONUS service area although services may not be available or accessible in all OCONUS countries.

(ii) *Agency.* The provisions of this section apply throughout the Department of Defense (DoD), the United States Coast Guard, the USPHS and NOAA.

(iii) *Exclusion of benefit services performed in military dental care facilities.* Except for emergency treatment, dental care provided outside the United States, services incidental to noncovered services, and services provided under paragraph (a)(2)(iv), dependents of active duty, Selected Reserve and Individual Ready Reserve members enrolled in the TDP may not obtain those services that are benefits of the TDP in military dental care facilities, as long as those covered benefits are available for cost-sharing under the TDP. Enrolled dependents of active duty, Selected Reserve and Individual Ready Reserve members may continue to obtain noncovered services from military dental care facilities subject to the provisions for space available care.

(iv) *Exception to the exclusion of services performed in military dental care facilities.*

(A) Dependents who are 12 years of age or younger and are covered by a

dental plan established under this section may be treated by postgraduate dental residents in a dental treatment facility of the uniformed services under a graduate dental education program accredited by the American Dental Association if

(*1*) Treatment of pediatric dental patients is necessary in order to satisfy an accreditation standard of the American Dental Association that is applicable to such program, or training in pediatric dental care is necessary for the residents to be professionally qualified to provide dental care for dependent children accompanying members of the uniformed services outside the United States; and

(*2*) The number of pediatric patients at such facility is insufficient to support satisfaction of the accreditation or professional requirements in pediatric dental care that apply to such programs or students.

(B) The total number of dependents treated in all facilities of the uniformed services under paragraph (a)(2)(iv) in a fiscal year may not exceed 2,000.

(3) *Authority and responsibility*—(i) *Legislative authority*—(A) *Joint regulations.* 10 U.S.C. 1076a authorized the Secretary of Defense, in consultation with the Secretary of Health and Human Services, and the Secretary of Transportation, to prescribe regulations for the administration of the TDP.

(B) *Administration.* 10 U.S.C. 1073 authorizes the Secretary of Defense to administer the TDP for the Army, Navy, Air Force, and Marine Corps under DoD jurisdiction, the Secretary of Transportation to administer the TDP for the Coast Guard, when the Coast Guard is not operating as a service in the Navy, and the Secretary of Health and Human Services to administer the TDP for the Commissioned Corps of the USPHS and the NOAA Corps.

(ii) *Organizational delegations and assignments*—(A) *Assistant Secretary of Defense (Health Affairs) (ASD(HA)).* The Secretary of Defense, by 32 CFR part 367, delegated authority to the ASD(HA) to provide policy guidance, management control, and coordination as required for all DoD health and medical resources and functional areas including health benefit programs. Implementing authority is contained in 32 CFR part 367. For additional implementing authority see §199.1. Any guidelines or policy necessary for implementation of this §199.13 shall be issued by the Director, OCHAMPUS.

(B) *Evidence of eligibility.* DoD, through the Defense Enrollment Eligibility Reporting System (DEERS), is responsible for establishing and maintaining a listing of persons eligible to receive benefits under the TDP.

(4) *Preemption of State and local laws.* (i) Pursuant to 10 U.S.C. 1103 and section 8025 (fourth proviso) of the Department of Defense Appropriations Act, 1994, DoD has determined that, in the administration of 10 U.S.C. chapter 55, preemption of State and local laws relating to health insurance, prepaid health plans, or other health care delivery or financing methods is necessary to achieve important Federal interests, including, but not limited to, the assurance of uniform national health programs for Uniformed Service beneficiaries and the operation of such programs at the lowest possible cost to DoD, that have a direct and substantial effect on the conduct of military affairs and national security policy of the United States. This determination is applicable to the dental services contracts that implement this section.

(ii) Based on the determination set forth in paragraph (a)(4)(i) of this section, any State or local law relating to health or dental insurance, prepaid health or dental plans, or other health or dental care delivery or financing methods is preempted and does not apply in connection with the TDP contract. Any such law, or regulation pursuant to such law, is without any force or effect, and State or local governments have no legal authority to enforce them in relation to the TDP contract. (However, DoD may, by contract, establish legal obligations on the part of the dental plan contractor to conform with requirements similar or identical to requirements of State or local laws or regulations.)

(iii) The preemption of State and local laws set forth in paragraph (a)(4)(ii) of this section includes State and local laws imposing premium taxes on health or dental insurance carriers

or underwriters or other plan managers, or similar taxes on such entities. Such laws are laws relating to health insurance, prepaid health plans, or other health care delivery or financing methods, within the meaning of the statutes identified in paragraph (a)(4)(i) of this section. Preemption, however, does not apply to taxes, fees, or other payments on net income or profit realized by such entities in the conduct of business relating to DoD health services contracts, if those taxes, fees, or other payments are applicable to a broad range of business activity. For purposes of assessing the effect of Federal preemption of State and local taxes and fees in connection with DoD health and dental services contracts, interpretations shall be consistent with those applicable to the Federal Employees Health Benefits Program under 5 U.S.C. 8909(f).

(5) *Plan funds*—(i) *Funding sources.* The funds used by the TDP are appropriated funds furnished by the Congress through the annual appropriation acts for DoD, the Department of Health and Human Services and the Department of Transportation and funds collected by the Uniformed Services or contractor through payroll deductions or through direct billing as premium shares from beneficiaries.

(ii) *Disposition of funds.* TDP funds are paid by the Government (or in the case of direct billing, by the beneficiary) as premiums to an insurer, service, or prepaid dental care organization under a contract negotiated by the Director, OCHAMPUS, or a designee, under the provisions of the Federal Acquisition Regulation (FAR) (48 CFR chapter 1).

(iii) *Plan.* The Director, OCHAMPUS, or designee provides an insurance policy, service plan, or prepaid contract of benefits in accordance with those prescribed by law and regulation; as interpreted and adjudicated in accord with the policy, service plan, or contract and a dental benefits brochure; and as prescribed by requirements of the dental plan contractor's contract with the Government.

(iv) *Contracting out.* The method of delivery of the TDP is through a competitively procured contract. The Director, OCHAMPUS, or a designee, is responsible for negotiating, under provisions of the FAR, a contract for dental benefits insurance or prepayment that includes responsibility for:

(A) Development, publication, and enforcement of benefit policy, exclusions, and limitations in compliance with the law, regulation, and the contract provisions;

(B) Adjudicating and processing claims; and conducting related supporting activities, such as enrollment, disenrollment, collection of premiums, eligibility verification, provider relations, and beneficiary communications.

(6) *Role of Health Benefits Advisor (HBA).* The HBA is appointed (generally by the commander of an Uniformed Services medical treatment facility) to serve as an advisor to patients and staff in matters involving the TDP. The HBA may assist beneficiaries in applying for benefits, in the preparation of claims, and in their relations with OCHAMPUS and the dental plan contractor. However, the HBA is not responsible for the TDP's policies and procedures and has no authority to make benefit determinations or obligate the TDP's funds. Advice given to beneficiaries by HBAs as to determination of benefits or level of payment is not binding on OCHAMPUS or the dental plan contractor.

(7) *Right to information.* As a condition precedent to the provision of benefits hereunder, the Director, OCHAMPUS, or designee, shall be entitled to receive information from an authorized provider or other person, institution, or organization (including a local, State, or United States Government agency) providing services or supplies to the beneficiary for which claims for benefits are submitted. While establishing enrollment and eligibility, benefits, and benefit utilization and performance reporting information standards, the Government has established and does maintain a system of records for dental information under the TDP. By contract, the Government audits the adequacy and accuracy of the dental plan contractor's system of

records and requires access to information and records to meet plan accountabilities, to assist in contractor surveillance and program integrity investigations and to audit OCONUS financial transactions where the Department has a financial stake. Such information and records may relate to attendance, testing, monitoring, examination, or diagnosis of dental disease or conditions; or treatment rendered; or services and supplies furnished to a beneficiary; and shall be necessary for the accurate and efficient administration and payment of benefits under this plan. To assist in claims adjudication, grievance and fraud investigations, and the appeals process, and before an interim or final determination can be made on a claim of benefits, a beneficiary or active duty, Selected Reserve or individual Ready Reserve member must provide particular additional information relevant to the requested determination, when necessary. Failure to provide the requested information may result in denial of the claim and inability to effectively investigate the grievance or fraud or process the appeal. The recipient of such information shall in every case hold such records confidential except when:

(i) Disclosure of such information is necessary to the determination by a provider or the dental plan contractor of beneficiary enrollment or eligibility for coverage of specific services;

(ii) Disclosure of such information is authorized specifically by the beneficiary;

(iii) Disclosure is necessary to permit authorized Government officials to investigate and prosecute criminal actions;

(iv) Disclosure constitutes a routine use of a routine use of a record which is compatible with the purpose for which it was collected. This includes a standard and acceptable business practice commonly used among dental insurers which is consistent with the principle of preserving confidentiality of personal information and detailed clinical data. For example, the release of utilization information for the purpose of determining eligibility for certain services, such as the number of dental prophylaxis procedures performed for a beneficiary, is authorized;

(v) Disclosure is pursuant to an order from a court of competent jurisdiction; or

(vi) Disclosure by the Director, OCHAMPUS, or designee, is for the purpose of determining the applicability of, and implementing the provisions of, other dental benefits coverage or entitlement.

(8) *Utilization review and quality assurance.* Claims submitted for benefits under the TDP are subject to review by the Director, OCHAMPUS, or designee, for quality of care and appropriate utilization. The Director, OCHAMPUS, or designee, is responsible for appropriate utilization review and quality assurance standards, norms, and criteria consistent with the level of benefits.

(b) *Definitions.* For most definitions applicable to the provisions of this section, refer to Sec. 199.2. The following definitions apply only to this section:

(1) *Assignment of benefits.* Acceptance by a nonparticipating provider of payment directly from the insurer while reserving the right to charge the beneficiary or active duty, Selected Reserve or Individual Ready Reserve member for any remaining amount of the fees for services which exceeds the prevailing fee allowance of the insurer.

(2) *Authorized provider.* A dentist, dental hygienist, or certified and licensed anesthetist specifically authorized to provide benefits under the TDP in paragraph (f) of this section.

(3) *Beneficiary.* A dependent of an active duty, Selected Reserve or Individual Ready Reserve member, or a member of the Selected Reserve or Individual Ready Reserve, who has been enrolled in the TDP, and has been determined to be eligible for benefits, as set forth in paragraph (c) of this section.

(4) *Beneficiary liability.* The legal obligation of a beneficiary, his or her estate, or responsible family member to pay for the costs of dental care or treatment received. Specifically, for the purposes of services and supplies covered by the TDP, beneficiary liability includes cost-sharing amounts or any amount above the prevailing fee determination by the insurer where the provider selected by the beneficiary is not a participating provider or a provider within an approved alternative

delivery system. In cases where a nonparticipating provider does not accept assignment of benefits, beneficiaries may have to pay the nonparticipating provider in full at the time of treatment and seek reimbursement directly from the insurer for all or a portion of the nonparticipating provider's fee. Beneficiary liability also includes any expenses for services and supplies not covered by the TDP, less any available discount provided as a part of the insurer's agreement with an approved alternative delivery system.

(5) *By report.* Dental procedures which are authorized as benefits only in unusual circumstances requiring justification of exceptional conditions related to otherwise authorized procedures. These services are further defined in paragraph (e) of this section.

(6) *Contingency operation.* Defined in 10 U.S.C. 101(a)(13) as a military operation designated as a contingency operation by the Secretary of Defense or a military operation that results in the exercise of authorities for ordering Reserve Component members to active duty without their consent and is therefore automatically a contingency operation.

(7) *Cost-share.* The amount of money for which the beneficiary (or active duty, Selected Reserve or Individual Ready Reserve member) is responsible in connection with otherwise covered dental services (other than disallowed amounts) as set forth in paragraph (e) of this section. A cost-share may also be referred to as a ''co-payment.''

(8) *Defense Enrollment Eligibility Reporting System (DEERS).* The automated system that is composed of two (2) phases:

(i) Enrolling all active duty, Reserve and retired service members, their dependents, and the dependents of deceased service members; and

(ii) Verifying their eligibility for health care benefits in the direct care facilities and through the TDP.

(9) *Dental hygienist.* Practitioner in rendering complete oral prophylaxis services, applying medication, performing dental radiography, and providing dental education services with a certificate, associate degree, or bachelor's degree in the field, and licensed by an appropriate authority.

(10) *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.

(11) *Diagnostic services.* Category of dental services including:

(i) Clinical oral examinations;

(ii) Radiographic examinations; and

(iii) Diagnostic laboratory tests and examinations provided in connection with other dental procedures authorized as benefits of the TDP and further defined in paragraph (e) of the section.

(12) *Endodontics.* The etiology, prevention, diagnosis, and treatment of diseases and injuries affecting the dental pulp, tooth root, and periapical tissue as further defined in paragraph (e) of this section.

(13) *Initial determination.* A formal written decision on a TDP claim, a request for TDP benefit pre-determination, a request by a provider for approval as an authorized provider, or a decision suspending, excluding or terminating a provider as an authorized provider under the TDP. Rejection of a claim or pre-determination, or of a request for benefit or provider authorization for failure to comply with administrative requirements, including failure to submit reasonably requested information, is not an initial determination. Responses to general or specific inquiries regarding TDP benefits are not initial determinations.

(14) *Nonparticipating provider.* A dentist or dental hygienist that furnished dental services to a TDP beneficiary, but who has not agreed to participate or to accept the insurer's fee allowances and applicable cost-share as the total charge for the services. A nonparticipating provider looks to the beneficiary or active duty, Selected Reserve or Individual Ready Reserve member for final responsibility for payment of his or her charge, but may accept payment (assignment of benefits) directly from the insurer or assist the beneficiary in filing the claim for reimbursement by the dental plan contractor. Where the nonparticipating provider does not accept payment directly from the insurer, the insurer pays the beneficiary or active duty, Selected Reserve or Individual Ready Reserve member, not the provider.

(15) *Oral and maxillofacial surgery.* Surgical procedures performed in the oral cavity as further defined in paragraph (e) of this section.

(16) *Orthodontics.* The supervision, guidance, and correction of the growing or mature dentofacial structures, including those conditions that require movement of teeth or correction of malrelationships and malformations of their related structures and adjustment of relationships between and among teeth and facial bones by the application of forces and/or the stimulation and redirection of functional forces within the craniofacial complex as further defined in paragraph (e) of this section.

(17) *Participating provider.* A dentist or dental hygienist who has agreed to accept the insurer's reasonable fee allowances or other fee arrangements as the total charge (even though less than the actual billed amount), including provision for payment to the provider by the beneficiary (or active duty, Selected Reserve or Individual Ready Reserve member) or any cost-share for covered services.

(18) *Party to the initial determination.* Includes the TDP, a beneficiary of the TDP and a participating provider of services whose interests have been adjudicated by the initial determination. In addition, provider who has been denied approval as an authorized TDP provider is a party to the initial determination, as is a provider who is suspended, excluded or terminated as an authorized provider, unless the provider is excluded or suspended by another agency of the Federal Government, a state, or a local licensing authority.

(19) *Periodontics.* The examination, diagnosis, and treatment of diseases affecting the supporting structures of the teeth as further defined in paragraph (e) of this section.

(20) *Preventive services.* Traditional prophylaxis including scaling deposits from teeth, polishing teeth, and topical application of fluoride to teeth as further defined in paragraph (e) of this section.

(21) *Prosthodontics.* The diagnosis, planning, making, insertion, adjustment, refinement, and repair of artificial devices intended for the replacement of missing teeth and associated tissues as further defined in paragraph (e) of this section.

(22) *Provider.* A dentist, dental hygienist, or certified and licensed anesthetist as specified in paragraph (f) of this section. This term, when used in relation to OCONUS service area providers, may include other recognized professions authorized to furnish care under laws of that particular country.

(23) *Restorative services.* Restoration of teeth including those procedures commonly described as amalgam restorations, resin restorations, pin retention, and stainless steel crowns for primary teeth as further defined in paragraph (e) of this section.

(24) *Sealants.* A material designed for application on specified teeth to seal the surface irregularities to prevent ingress of oral fluids, food, and debris in order to prevent tooth decay.

(c) *Eligibility and enrollment*—(1) *General.* 10 U.S.C. 1076a, 1072(2)(A), (D), or (I), 1072(6), 10143 and 10144 set forth those persons who are eligible for voluntary enrollment in the TDP. A determination that a person is eligible for voluntary enrollment does not automatically entitle that person to benefit payments. The person must be enrolled in accordance with the provisions set forth in this section and meet any additional eligibility requirements in this part in order for dental benefits to be extended.

(2) *Eligibility*—(i) *Persons eligible.* Eligibility for the TDP is continuous in situations where the sponsor or member changes status between any of these eligible categories and there is no break in service or transfer to a non-eligible status.

(A) A person who bears one of the following relationships to an active duty member (under a call or order that does not specify a period of thirty (30) days or less) or a member of the Selected Reserve (as specified in 10 U.S.C. 10143) or Individual Ready Reserve (as specified in 10 U.S.C. 10144):

(*1*) *Spouse.* A lawful husband or wife, regardless of whether or not dependent upon the active duty, Selected Reserve or Individual Ready Reserve member.

(*2*) *Child.* To be eligible, the child must be unmarried and meet one of the

requirements set forth in section 199.3(b)(2)(ii)(A)–(F) or 199.3(b)(2)(ii)(H).

(B) A member of the Selected Reserve of the Ready Reserve (as specified in 10 U.S.C. 10143).

(C) A member of the Individual Ready Reserve of the Ready Reserve (as specified in 10 U.S.C. 10144(b)) who is subject to being ordered to active duty involuntarily in accordance with 10 U.S.C. 12304.

(D) All other members of the Individual Ready Reserve of the Ready Reserve (as specified in 10 U.S.C. 10144(a)).

(ii) *Determination of eligibility status and evidence of eligibility*—(A) *Eligibility determination responsibility of the Uniformed Services.* Determination of a person's eligibility for the TDP is the responsibility of the member's Uniformed Service. For the purpose of program integrity, the appropriate Uniformed Service shall, upon request of the Director, OCHAMPUS, or designee, review the eligibility of a specified person when there is reason to question the eligibility status. In such cases, a report on the result of the review and any action taken will be submitted to the Director, OCHAMPUS, or designee.

(B) *Procedures for determination of eligibility.* Uniformed Service identification cards do not distinguish eligibility for the TDP. Procedures for the determination of eligibility are identified in §199.3(f)(2), except that Uniformed Service identification cards do not provide evidence of eligibility for the TDP. Although OCHAMPUS and the dental plan contractor must make determinations concerning a member or dependent's eligibility in order to ensure proper enrollment and proper disbursement of appropriated funds, ultimate responsibility for resolving a member or dependent's eligibility rests with the Uniformed Services.

(C) *Evidence of eligibility required.* Eligibility and enrollment in the TDP will be verified through the DEERS. Eligibility and enrollment information established and maintained in the DEERS file is the only acceptable evidence of TDP eligibility and enrollment. It is the responsibility of the active duty, Selected Reserve or Individual Ready Reserve member or TDP beneficiary, parent, or legal representative, when appropriate, to provide adequate evidence for entry into the DEERS file to establish eligibility for the TDP, and to ensure that all changes in status that may affect eligibility are reported immediately to the appropriate Uniformed Service for action. Ineligibility for benefits is presumed in the absence of prescribed eligibility evidence in the DEERS file.

(3) *Enrollment*—(i) *Previous plans*—(A) *Basic Active Duty Dependents Dental Benefit Plan.* The Basic Active Duty Dependents Dental Plan was effective from August 1, 1987, up to the date of implementation of the Expanded Active Duty Dependents Dental Benefit Plan. The Basic Active Duty Dependents Dental Benefit Plan terminated upon implementation of the expanded plan.

(B) *Expanded Active Duty Dependents Dental Benefit Plan.* The Expanded Active Duty Dependents Dental Benefit Plan (also known as the TRICARE Family Member Dental Plan) was effective from August 1, 1993, up to the date of implementation of the TDP. The Expanded Active Duty Dependents Dental Benefit Plan terminates upon implementation of the TDP.

(ii) *TRICARE Dental Program (TDP)*—(A) *Election of coverage.* (*1*) Except as provided in paragraph (c)(3)(ii)(A)(2) of this section, active duty, Selected Reserve and Individual Ready Reserve service members may voluntarily elect to enroll their eligible dependents and members of the Selected Reserve and Individual Ready Reserve may voluntarily elect to enroll themselves following implementation of the TDP. In order to obtain TDP coverage, written or telephonic election by the active duty, Selected Reserve or Individual Ready Reserve member must be made and will be accomplished by submission or telephonic completion of an application to the dental plan contractor. This election can also be accomplished via electronic means.

(*2*) Eligible dependents of active duty members enrolled in the Expanded Active Duty Dependents Dental Benefit Plan at the time of implementation of the TDP will automatically be enrolled in the TDP. Eligible members of the Selected Reserve enrolled in the TRICARE Selected Reserve Dental

Program at the time of implementation of the TDP will automatically be enrolled in the TDP. No election to enroll in the TDP will be required by the active duty or Selected Reserve member.

(B) *Premiums*—(*1*) Enrollment will be by either single or family premium as defined as follows:

(*i*) Single premium. One (1) covered eligible dependent or one (1) covered eligible Selected Reserve or Individual Ready Reserve member.

(*ii*) Family premium. Two (2) or more covered eligible dependents. Under the family premium, all eligible dependents of the active duty, Selected Reserve or Individual Ready Reserve member are enrolled.

(*2*) *Exceptions.* (*i*) An active duty, Selected Reserve or Individual Ready Reserve member may elect to enroll only those eligible dependents residing in one (1) location when the active duty, Selected Reserve or Individual Ready Reserve member has eligible dependents residing in two or more geographically separate locations (e.g., children living with a divorced spouse; a child attending college).

(*ii*) Instances where a dependent of an active duty member requires a hospital or special treatment environment (due to a medical, physical handicap, or mental condition) for dental care otherwise covered by the TDP, the dependent may be excluded from TDP enrollment and may continue to receive care from a military treatment facility.

(*iii*) A member of the Selected Reserve or Individual Ready Reserve may enroll separately from his or her eligible dependents. A member of the Selected Reserve or Individual Ready Reserve does not have to be enrolled in order for his or her eligible dependents to enroll under the TDP.

(C) *Enrollment period*—(*1*) *General.* Enrollment of eligible dependents or members is for a period of one (1) year followed by month-to-month enrollment as long as the active duty, Selected Reserve or Individual Ready Reserve member chooses to continue enrollment. Active duty members may enroll their eligible dependents and eligible members of the Selected Reserve or Individual Ready Reserve may enroll themselves or their eligible dependents in the TDP provided there is an intent to remain on active duty or as a member of the Selected Reserve or Individual Ready Reserve (or any combination thereof without a break in service or transfer to a non-eligible status) for a period of not less than one (1) year by the service member and their parent Uniformed Service. Beneficiaries enrolled in the TDP must remain enrolled for a minimum period of one (1) year unless one of the conditions for disenrollment specified in paragraph (c)(3)(ii)(E) of this section is met.

(*2*) *Special enrollment period for Reserve component members ordered to active duty in support of contingency operations.* The mandatory twelve (12) month enrollment period does not apply to Reserve component members ordered to active duty (other than for training) in support of a contingency operation as designated by the Secretary of Defense. Affected Reserve component members may enroll in the TDP only if their orders specify that they are ordered to active duty in support of a contingency operation, as defined by 10 U.S.C., for a period of thirty-one (31) days or more. An affected Reserve component member must elect to enroll in the TDP and complete the enrollment application within thirty (30) days following entry on active duty or within sixty (60) days following implementation of the TDP. Following enrollment, beneficiaries must remain enrolled, with the member paying premiums, until the end of the member's active duty period in support of the contingency operation or twelve (12) months, whichever occurs first unless one of the conditions for disenrollment specified in paragraph (c)(3)(ii)(E) of this section is met.

(*3*) *Continuation of enrollment from Expanded Active Duty Dependents Dental Benefit Plan.* Beneficiaries enrolled in the Expanded Active Duty Dependents Dental Benefit Plan at the time when TDP coverage begins must complete their two (2) year enrollment period established under this former plan except if one of the conditions for disenrollment specified in paragraph (c)(3)(ii)(E) of this section is met. Once this original two (2) year enrollment period is met, the active duty member may continue TDP enrollment on a

month-to-month basis. A new one (1) year enrollment period will only be incurred if the active duty member disenrolls and attempts to reenroll in the TDP at a later date.

(*4*) *Continuation of enrollment from TRICARE Selected Reserve Dental Program.* Beneficiaries enrolled in the TRICARE Selected Reserve Dental Program at the time when TDP coverage begins must complete their one (1) year enrollment period established under this former program except if one of the conditions for disenrollment specified in paragraph (c)(3)(ii)(E) of this section is met. Once this original one (1) year enrollment period is met, the Selected Reserve member may continue TDP enrollment on a month-to-month basis. A new one (1) year enrollment period will only be incurred if the Selected Reserve member disenrolls and attempts to reenroll in the TDP at a later date.

(D) *Beginning dates of eligibility.* The beginning date of eligibility for TDP benefits is the first day of the month following the month in which the election of enrollment is completed, signed, and the enrollment and premium is received by the dental plan contractor, subject to a predetermined and publicized dental plan contractor monthly cut-off date, except that the date of eligibility shall not be earlier than the first day of the month in which the TDP is implemented. This includes any changes between single and family member premium coverage and coverage of newly eligible or enrolled dependents or members.

(E) *Changes in and termination of enrollment—*(*1*) *Changes in status of active duty, Selected Reserve or Individual Ready Reserve member.* When the active duty, Selected Reserve or Individual Ready Reserve member is separated, discharged, retired, transferred to the Standby or Retired Reserve, his or her enrolled dependents and/or the enrolled Selected Reserve or Individual Ready Reserve member lose eligibility and enrollment as of 11:59 p.m. on the last day of the month in which the change in status takes place. When the Selected Reserve or Individual Ready Reserve member is ordered to active duty for a period of thirty-one (31) days or more without a break in service, the member loses their eligibility and is disenrolled, if they were previously enrolled; however, their enrolled dependents maintain their eligibility and previous enrollment subject to eligibility, enrollment and disenrollment provisions described in this section and in the TDP contract. When the previously enrolled active duty member is transferred back to the Selected Reserve or Individual Ready Reserve without a break in service, the member regains eligibility and is reenrolled; however, their enrolled dependents maintain their eligibility and previous enrollment subject to eligibility, enrollment and disenrollment provisions described in this section and in the TDP contract. Eligible dependents of an active duty, Selected Reserve or Individual Ready Reserve member serving a sentence of confinement in conjunction with a sentence of punitive discharge are still eligible for the TDP until such time as the active duty, Selected Reserve or Individual Ready Reserve member's discharge is executed.

(*2*) *Continuation of eligibility.* Eligible dependents of active duty members while on active duty for a period of more than 30 days and eligible dependents of members of the Ready Reserve (*i.e.*, Selected Reserve or Individual Ready Reserve, as specified in 10 U.S.C. 10143 and 10144(b) respectively), shall be eligible for continued enrollment in the TDP for up to three (3) years from the date of the member's death, if, on the date of the death of the member, the dependent is enrolled in the TDP, or is not enrolled by reason of discontinuance of a former enrollment under paragraphs (c)(3)(ii)(E)(*4*)(*ii*) and (c)(3)(ii)(E)(*4*)(*iii*) of this section, or is not enrolled because the dependent was under the minimum age for enrollment at the time of the member's death, or is not qualified for enrollment because the dependent is a spouse who is a member of the armed forces on active duty for a period of more than 30 days but subsequently separates or is discharged from active duty. This continued enrollment is not contingent on the Selected Reserve or Individual Ready Reserve member's own enrollment in the TDP. During the three-year period of continuous enrollment,

the government will pay both the Government and the beneficiary's portion of the premium share.

(*3*) *Changes in status of dependent*—(*i*) *Divorce.* A spouse separated from an active duty, Selected Reserve or Individual Ready Reserve member by a final divorce decree loses all eligibility based on his or her former marital relationship as of 11:59 p.m. of the last day of the month in which the divorce becomes final. The eligibility of the active duty, Selected Reserve or Individual Ready Reserve member's own children (including adopted and eligible illegitimate children) is unaffected by the divorce. An unadopted stepchild, however, loses eligibility with the termination of the marriage, also as of 11:59 p.m. of the last day of the month in which the divorce becomes final.

(*ii*) *Annulment.* A spouse whose marriage to an active duty, Selected Reserve or Individual Ready Reserve member is dissolved by annulment loses eligibility as of 11:59 p.m. of the last day of the month in which the court grants the annulment order. The fact that the annulment legally declares the entire marriage void from its inception does not affect the termination date of eligibility. When there are children, the eligibility of the active duty, Selected Reserve or Individual Ready Reserve member's own children (including adopted and eligible illegitimate children) is unaffected by the annulment. An unadopted stepchild, however, loses eligibility with the annulment of the marriage, also as of 11:59 p.m. of the last day of the month in which the court grants the annulment order.

(*iii*) *Adoption.* A child of an active duty, Selected Reserve or Individual Ready Reserve member who is adopted by a person, other than a person whose dependents are eligible for TDP benefits while the active duty, Selected Reserve or Individual Ready Reserve member is living, thereby severing the legal relationship between the child and the active duty, Selected Reserve or Individual Ready Reserve member, loses eligibility as of 11:59 p.m. of the last day of the month in which the adoption becomes final.

(*iv*) *Marriage of child.* A child of an active duty, Selected Reserve or Individual Ready Reserve member who marries a person whose dependents are not eligible for the TDP, loses eligibility as of 11:59 p.m. on the last day of the month in which the marriage takes place. However, should the marriage be terminated by death, divorce, or annulment before the child is twenty-one (21) years old, the child again become eligible for enrollment as a dependent as of 12:00 a.m. of the first day of the month following the month in which the occurrence takes place that terminates the marriage and continues up to age twenty-one (21) if the child does not remarry before that time. If the marriage terminates after the child's 21st birthday, there is no reinstatement of eligibility.

(*v*) *Disabling illness or injury of child age 21 or 22 who has eligibility based on his or her student status.* A child twenty-one (21) or twenty-two (22) years old who is pursuing a full-time course of higher education and who, either during the school year or between semesters, suffers a disabling illness or injury with resultant inability to resume attendance at the institution remains eligible for the TDP for six (6) months after the disability is removed or until the student passes his or her 23rd birthday, whichever occurs first. However, if recovery occurs before the 23rd birthday and there is resumption of a full-time course of higher education, the TDP can be continued until the 23rd birthday. The normal vacation periods during an established school year do not change the eligibility status of a dependent child twenty-one (21) or twenty-two (22) years old in full-time student status. Unless an incapacitating condition existed before, and at the time of, a dependent child's 21st birthday, a dependent child twenty-one (21) or twenty-two (22) years old in student status does not have eligibility related to mental or physical incapacity as described in §199.3(b)(2)(iv)(C)(*2*).

(*4*) *Other*—(*i*) *Disenrollment because of no eligible beneficiaries.* When an active duty, Selected Reserve or Individual Ready Reserve member ceases to have any eligible beneficiaries, enrollment is terminated for those enrolled dependents.

(*ii*) *Option to disenroll as a result of a change in active duty station.* When an

active duty member transfers with enrolled dependents to a duty station where space-available dental care for the enrolled dependents is readily available at the local Uniformed Service dental treatment facility, the active duty member may elect, within ninety (90) calendar days of the transfer, to disenroll their dependents from the TDP. If the active duty member is later transferred to a duty station where dental care for the dependents is not available in the local Uniformed Service dental treatment facility, the active duty member may reenroll their eligible dependents in the TDP provided the member, as of the date of reenrollment, otherwise meets the requirements for enrollment, including the intent to remain on active duty for a period of not less than one (1) year. This disenrollment provision does not apply to enrolled dependents of members of the Selected Reserve or Individual Ready Reserve or to enrolled members of the Selected Reserve or Individual Ready Reserve.

(*iii*) *Option to disenroll due to transfer to OCONUS service area.* When an enrolled dependent of an active duty, Selected Reserve or Individual Ready Reserve member or an enrolled Selected Reserve or Individual Ready Reserve member relocates to locations within the OCONUS service area, the active duty, Selected Reserve or Individual Ready Reserve member may elect, within ninety (90) calendar days of the relocation, to disenroll their dependents from the TDP, or in the case of enrolled members of the Selected Reserve or Individual Ready Reserve, to disenroll themselves from the TDP. The active duty, Selected Reserve or Individual Ready Reserve member may reenroll their eligible dependents, or in the case of members of the Selected Reserve or Individual Ready Reserve, may reenroll themselves in the TDP provided the member, as of the date of reenrollment, otherwise meets the requirements for enrollment, including the intent to remain on active duty or as a member of the Selected Reserve or Individual Ready Reserve (or any combination thereof without a break in service or transfer to a non-eligible status) for a period of not less than one (1) year.

(*iv*) *Option to disenroll after an initial one (1) year enrollment.* When a dependent's enrollment under an active duty, Selected Reserve or Individual Ready Reserve member or a Selected Reserve or Individual Ready Reserve member's own enrollment has been in effect for a continuous period of one (1) year, the active duty, Selected Reserve or Individual Ready Reserve member may disenroll their dependents, or in the case of enrolled members of the Selected Reserve or Individual Ready Reserve may disenroll themselves at any time following procedures as set up by the dental plan contractor. Subsequent to the disenrollment, the active duty, Selected Reserve or Individual Ready Reserve member may reenroll their eligible dependents, or in the case of members of the Selected Reserve or Individual Ready Reserve may reenroll themselves, for another minimum period of one (1) year. If, during any one (1) year enrollment period, the active duty, Selected Reserve or Individual Ready Reserve member disenrolls their dependents, or in the case of members of the Selected Reserve or Individual Ready Reserve disenrolls themselves, for reasons other than those listed in this paragraph (c)(3)(ii)(E) or fails to make premium payments, dependents enrolled under the active duty, Selected Reserve or Individual Ready Reserve member, or enrolled members of the Selected Reserve and Individual Ready Reserve, will be subject to a lock-out period of twelve (12) months. Following this period of time, active duty, Selected Reserve or Individual Ready Reserve members will be able to reenroll their eligible dependents, or members of the Selected Reserve or Individual Ready Reserve will be able to reenroll themselves, if they so choose. The twelve (12) month lock-out period applies to enrolled dependents of a Reserve component member who disenrolls for reasons other than those listed in this paragraph (c)(3)(ii)(E) or fails to make premium payments after the member has enrolled pursuant to paragraph (c)(3)(ii)(C) of this section.

(d) *Premium sharing*—(1) *General.* Active duty, Selected Reserve or Individual Ready Reserve members enrolling their eligible dependents, or members of the Selected Reserve or Individual Ready Reserve enrolling themselves, in the TDP shall be required to pay all or a portion of the premium cost depending on their status.

(i) *Members required to pay a portion of the premium cost.* This premium category includes active duty members (under a call or order to active duty that does not specify a period of thirty (30) days or less) on behalf of their enrolled dependents. It also includes members of the Selected Reserve (as specified in 10 U.S.C. 10143) and the Individual Ready Reserve (as specified in 10 U.S.C. 10144(b)) enrolled on their own behalf.

(ii) *Members required to pay the full premium cost.* This premium category includes members of the Selected Reserve (as specified in 10 U.S.C. 10143), and the Individual Ready Reserve (as specified in 10 U.S.C. 10144), on behalf of their enrolled dependents. It also includes members of the Individual Ready Reserve (as specified in 10 U.S.C. 10144(a)) enrolled on their own behalf.

(2) *Proportion of premium share.* The proportion of premium share to be paid by the active duty, Selected Reserve and Individual Reserve member pursuant to paragraph (d)(1)(i) of this section is established by the ASD(HA), or designee, at not more than forty (40) percent of the total premium. The proportion of premium share to be paid by the Selected Reserve and Individual Reserve member pursuant to paragraph (d)(1)(ii) of this section is established by the ASD(HA), or designee, at one hundred (100) percent of the total premium.

(3) *Provision for increases in active duty, Selected Reserve and Individual Ready Reserve member's premium share.* (i) Although previously capped at $20 per month, the law has been amended to authorize the cap on active duty, Selected Reserve and Individual Ready Reserve member's premiums pursuant to paragraph (d)(1)(i) of this section to rise, effective as of January 1 of each year, by the percent equal to the lesser of:

(A) The percent by which the rates of basic pay of members of the Uniformed Services are increased on such date; or

(B) The sum of one-half percent and the percent computed under 5 U.S.C. 5303(a) for the increase in rates of basic pay for statutory pay systems for pay periods beginning on or after such date.

(ii) Under the legislation authorizing an increase in the monthly premium cap, the methodology for determining the active duty, Selected Reserve and Individual Ready Reserve member's TDP premium pursuant to paragraph (d)(1)(i) of this section will be applied as if the methodology had been in continuous use since December 31, 1993.

(4) *Reduction of premium share for enlisted members.* For enlisted members in pay grades E–1 through E–4, the ASD(HA) or designee, may reduce the monthly premium these active duty, Selected Reserve and Individual Ready Reserve members pay pursuant to paragraph (d)(1)(i) of this section.

(5) *Reduction of cost-shares for enlisted members.* For enlisted members in pay grades E–1 through E–4, the ASD(HA) or designee, may reduce the cost-shares that active duty, Selected Reserve and Individual Ready Reserve members pay on behalf of their enrolled dependents and that members of the Selected Reserve and Individual Ready Reserve pay on their own behalf for selected benefits as specified in paragraph (e)(3)(i) of this section.

(6) *Premium payment method.* The active duty, Selected Reserve and Individual Ready Reserve member's premium share may be deducted from the active duty, Selected Reserve or Individual Ready Reserve member's basic pay or compensation paid under 37 U.S.C. 206, if sufficient pay is available. For members who are otherwise eligible for TDP benefits and who do not receive such pay and dependents who are otherwise eligible for TDP benefits and whose sponsors do not receive such pay, or if insufficient pay is available, the premium payment may be collected pursuant to procedures established by the Director, OCHAMPUS, or designee.

(7) *Annual notification of premium rates.* TDP premium rates will be determined as part of the competitive contracting process. Information on the

premium rates will be widely distributed by the dental plan contractor and the Government.

(e) *Plan benefits*—(1) *General.*—(i) *Scope of benefits.* The TDP provides coverage for diagnostic and preventive services, sealants, restorative services, endodontics, periodontics, prosthodontics, orthodontics and oral and maxillofacial surgery.

(ii) *Authority to act for the plan.* The authority to make benefit determinations and authorize plan payments under the TDP rests primarily with the insurance, service plan, or prepayment dental plan contractor, subject to compliance with Federal law and regulation and Government contract provisions. The Director, OCHAMPUS, or designee, provides required benefit policy decisions resulting from changes in Federal law and regulation and appeal decisions. No other persons or agents (such as dentists or Uniformed Services HBAs) have such authority.

(iii) *Dental benefits brochure.*—(A) *Content.* The Director, OCHAMPUS, or designee, shall establish a comprehensive dental benefits brochure explaining the benefits of the plan in common lay terminology. The brochure shall include the limitations and exclusions and other benefit determination rules for administering the benefits in accordance with the law and this part. The brochure shall include the rules for adjudication and payment of claims, appealable issues, and appeal procedures in sufficient detail to serve as a common basis for interpretation and understanding of the rules by providers, beneficiaries, claims examiners, correspondence specialists, employees and representatives of other Government bodies, HBAs, and other interested parties. Any conflict, which may occur between the dental benefits brochure and law or regulation, shall be resolved in favor of law and regulation.

(B) *Distribution.* The dental benefits brochure will be available through the dental plan contractor and will be distributed with the assistance of the Uniformed Services HBAs and major personnel centers at Uniformed Service installations and headquarters to all members enrolling themselves or their eligible dependents.

(iv) *Alternative course of treatment policy.* The Director, OCHAMPUS, or designee, may establish, in accordance with generally accepted dental benefit practices, an alternative course of treatment policy which provides reimbursement in instances where the dentist and beneficiary select a more expensive service, procedure, or course of treatment than is customarily provided. The alternative course of treatment policy must meet following conditions:

(A) The service, procedure, or course of treatment must be consistent with sound professional standards of dental practice for the dental condition concerned.

(B) The service, procedure, or course of treatment must be a generally accepted alternative for a service or procedure covered by the TDP for the dental condition.

(C) Payment for the alternative service or procedure may not exceed the lower of the prevailing limits for the alternative procedure, the prevailing limits or dental plan contractor's scheduled allowance for the otherwise authorized benefit procedure for which the alternative is substituted, or the actual charge for the alternative procedure.

(2) *Benefits.* The following benefits are defined (subject to the TDP's exclusions, limitations, and benefit determination rules approved by OCHAMPUS) using the American Dental Association's Council on Dental Care Program's Code on Dental Procedures and Nomenclature. The Director, OCHAMPUS, or designee, may modify these services, to the extent determined appropriate based on developments in common dental care practices and standard dental insurance programs.

(i) *Diagnostic and preventive services.* Benefits may be extended for those dental services described as oral examination, diagnostic, and preventive services defined as traditional prophylaxis (i.e., scaling deposits from teeth, polishing teeth, and topical application of fluoride to teeth) when performed directly by dentists and dental hygienists as authorized under paragraph (f) of this section. These include the following categories of service:

(A) Diagnostic services. (*1*) Clinical oral examinations.

(*2*) Radiographs and diagnostic imaging.

(*3*) Tests and laboratory examinations.

(B) Preventive services. (*1*) Dental prophylaxis.

(*2*) Topical fluoride treatment (office procedure).

(*3*) Other preventive services.

(*4*) Space maintenance (passive appliances).

(ii) *General services and services ''by report''*. The following categories of services are authorized when performed directly by dentists or dental hygienists, as authorized under paragraph (f) of this section, only in unusual circumstances requiring justification of exceptional conditions directly related to otherwise authorized procedures. Use of the procedures may not result in the fragmentation of services normally included in a single procedure. The dental plan contractor may recognize a ''by report'' condition by providing additional allowance to the primary covered procedure instead of recognizing or permitting a distinct billing for the ''by report'' service. These include the following categories of general services:

(A) Unclassified treatment.

(B) Anesthesia.

(C) Professional consultation.

(D) Professional visits.

(E) Drugs.

(F) Miscellaneous services.

(iii) *Restorative services*. Benefits may be extended for restorative services when performed directly by dentists or dental hygienists, or under orders and supervision by dentists, as authorized under paragraph (f) of this section. These include the following categories of restorative services:

(A) Amalgam restorations.

(B) Resin restorations.

(C) Inlay and onlay restorations.

(D) Crowns.

(E) Other restorative services.

(iv) *Endodontic services*. Benefits may be extended for those dental services involved in treatment of diseases and injuries affecting the dental pulp, tooth root, and periapical tissue when performed directly by dentists as authorized under paragraph (f) of this section. These include the following categories of endodontic services:

(A) Pulp capping.

(B) Pulpotomy and pulpectomy.

(C) Endodontic therapy.

(D) Apexification and recalcification procedures.

(E) Apicoectomy and periradicular services.

(F) Other endodontic procedures.

(v) *Periodontic services*. Benefits may be extended for those dental services involved in prevention and treatment of diseases affecting the supporting structures of the teeth to include periodontal prophylaxis, gingivectomy or gingivoplasty, gingival curettage, etc., when performed directly by dentists as authorized under paragraph (f) of this section. These include the following categories of periodontic services:

(A) Surgical services.

(B) Periodontal services.

(C) Other periodontal services.

(vi) *Prosthodontic services*. Benefits may be extended for those dental services involved in fabrication, insertion adjustment, relinement, and repair of artificial teeth and associated tissues to include removable complete and partial dentures, fixed crowns and bridges when performed directly by dentists as authorized under paragraph (f)(4) of this section. These include the following categories of prosthodontic services:

(A) Prosthodontics (removable).

(*1*) Complete and partial dentures.

(*2*) Adjustments to dentures.

(*3*) Repairs to complete and partial dentures.

(*4*) Denture rebase procedures.

(*5*) Denture reline procedures.

(*6*) Other removable prosthetic services.

(B) Prosthodontics (fixed).

(*1*) Fixed partial denture pontics.

(*2*) Fixed partial denture retainers.

(*3*) Other partial denture services.

(vii) *Orthodontic services*. Benefits may be extended for the supervision, guidance, and correction of growing or mature dentofacial structures, including those conditions that require movement of teeth or correction of malrelationships and malformations through the use of orthodontic procedures and devices when performed directly by dentists as authorized under

paragraph (f) of this section to include in-process orthodontics. These include the following categories of orthodontic services:

(A) Limited orthodontic treatment.

(B) Minor treatment to control harmful habits.

(C) Interceptive orthodontic treatment.

(D) Comprehensive orthodontic treatment.

(E) Other orthodontic services.

(viii) *Oral and maxillofacial surgery services.* Benefits may be extended for basic surgical procedure of the extraction, reimplantation, stabilization and repositioning of teeth, alveoloplasties, incision and drainage of abscesses, suturing of wounds, biopsies, etc., when performed directly by dentists as authorized under paragraph (f) of this section. These include the following categories of oral and maxillofacial surgery services:

(A) Extractions.

(B) Surgical extractions.

(C) Other surgical procedures.

(D) Alveoloplasty—surgical preparation of ridge for denture.

(E) Surgical incision.

(F) Repair of traumatic wounds.

(G) Complicated suturing.

(H) Other repair procedures.

(ix) Exclusion of adjunctive dental care. Adjunctive dental care benefits are excluded under the TDP. For further information on adjunctive dental care benefits under TRICARE/CHAMPUS, see §199.4(e)(10).

(x) *Benefit limitations and exclusions.* The Director, OCHAMPUS, or designee, may establish such exclusions and limitations as are consistent with those established by dental insurance and prepayment plans to control utilization and quality of care for the services and items covered by the TDP.

(xi) *Limitation on reduction of benefits.* If a reduction in benefits is planned, the Secretary of Defense, or designee, may not reduce TDP benefits without notifying the appropriate Congressional committees. If a reduction is approved, the Secretary of Defense, or designee, must wait one (1) year from the date of notice before a benefit reduction can be implemented.

(3) *Cost-shares, liability and maximum coverage*—(i) *Cost-shares.* The following table lists maximum active duty, Selected Reserve and Individual Ready Reserve member and dependent cost-shares for covered services for participating and nonparticipating providers of care (see paragraph (f)(6) of this section for additional active duty, Selected Reserve and Individual Ready Reserve costs). These are percentages of the dental plan contractor's determined allowable amount that the active duty, Selected Reserve and Individual Ready Reserve member or beneficiary must pay to these providers. For care received in the OCONUS service area, the ASD(HA), or designee, may pay certain cost-shares and other portions of a provider's billed charge for enrolled dependents of active duty members (under a call or order that does not specify a period of thirty (30) days or less), and for members of the Selected Reserve (as specified in 10 U.S.C. 10143) and Individual Ready Reserve (as specified in 10 U.S.C. 10144(b)) enrolled on their own behalf.

[In percent]

Covered services	Cost-share for pay grades E-1, E-2, E-3 and E-4	Cost-share for all other pay grades
Diagnostic	0	0
Preventive, except Sealants	0	0
Emergency Services	0	0
Sealants	20	20
Professional Consultations	20	20
Professional Visits	20	20
Post Surgical Services	20	20
Basic Restorative (example: amalgams, resins, stainless steel crowns)	20	20
Endodontic	30	40
Periodontic	30	40
Oral and Maxilllofacial Surgery	30	40
General Anesthesia	40	40
Intravenous Sedation	50	50
Other Restorative (example: crowns, onlays, casts)	50	50
Prosthodontics	50	50
Medications	50	50
Orthodontic	50	50
Miscellaneous	50	50

(ii) *Dental plan contractor liability.* When more than twenty-five (25) percent or more than two hundred (200) enrollees in a specific five (5) digit zip code area are unable to obtain a periodic or initial (non-emergency) dentistry appointment with a network provider within twenty-one (21) calendar days and within thirty-five (35)

miles of the enrollee's place of residence, then the TRICARE Management Activity (TMA) will designate that area as ''non-compliant with the access standard.'' Once so designated, the dental program contractor will reimburse the beneficiary, or active duty, Selected Reserve or Individual Ready Reserve member, or the nonparticipating provider selected by enrollees in that area (or a subset of the area or nearby zip codes in other five (5) digit zip code areas as determined by TMA) at the level of the provider's usual fees less the applicable enrollee cost-share, if any. TMA shall determine when such area becomes compliant with the access standards. This access standard and associated liability does not apply to care received in the OCONUS service area.

(iii) *Maximum coverage amounts.* Beneficiaries are subject to an annual maximum coverage amount for non-orthodontic dental benefits and a lifetime maximum coverage amount for orthodontics as established by the ASD (HA) or designee.

(f) *Authorized providers*—(1) *General.* Beneficiaries may seek covered services from any provider who is fully licensed and approved to provide dental care or covered anesthesia benefits in the state where the provider is located. This includes licensed dental hygienists, practicing within the scope of their licensure, subject to any restrictions a state licensure or legislative body imposes regarding their status as independent providers of care.

(2) *Authorized provider status does not guarantee payment of benefits.* The fact that a provider is ''authorized'' is not to be construed to mean that the TDP will automatically pay a claim for services or supplies provided by such a provider. The Director, OCHAMPUS, or designee, also must determine if the patient is an eligible beneficiary, whether the services or supplies billed are authorized and medically necessary, and whether any of the authorized exclusions of otherwise qualified providers presented in this section apply.

(3) *Utilization review and quality assurance.* Services and supplies furnished by providers of care shall be subject to utilization review and quality assurance standards, norms, and criteria established under the TDP. Utilization review and quality assurance assessments shall be performed under the TDP consistent with the nature and level of benefits of the plan, and shall include analysis of the data and findings by the dental plan contractor from other dental accounts.

(4) *Provider required.* In order to be considered benefits, all services and supplies shall be rendered by, prescribed by, or furnished at the direction of, or on the order of a TDP authorized provider practicing within the scope of his or her license.

(5) *Participating provider.* An authorized provider may elect to participate for all TDP beneficiaries and accept the fee or charge determinations as established and made known to the provider by the dental plan contractor. The fee or charge determinations are binding upon the provider in accordance with the dental plan contractor's procedures for participation. The authorized provider may not participate on a claim-by-claim basis. The participating provider must agree to accept, within one (1) day of a request for appointment, beneficiaries in need of emergency palliative treatment. Payment to the participating provider is based on the lower of the actual charge or the dental plan contractor's determination of the allowable charge; however, payments to participating providers shall be in accordance with the methodology specified in paragraph (g)(2)(ii) of this section. Payment is made directly to the participating provider, and the participating provider may only charge the beneficiary the percent cost-share of the dental plan contractor's allowable charge for those benefit categories as specified in paragraph (e) of this section, in addition to the full charges for any services not authorized as benefits.

(6) *Nonparticipating provider.* An authorized provider may elect to not participate for all TDP beneficiaries and request the beneficiary or active duty, Selected Reserve or Individual Ready Reserve member to pay any amount of the provider's billed charge in excess of the dental plan contractor's determination of allowable charges (to include the appropriate cost-share). Neither

the Government nor the dental plan contractor shall have any responsibility for any amounts over the allowable charges as determined by the dental plan contractor, except where the dental plan contractor is unable to identify a participating provider of care within thirty-five (35) miles of the beneficiary's place of residence with appointment availability within twenty-one (21) calendar days. In such instances of the nonavailability of a participating provider and in accordance with the provisions of the dental contract, the nonparticipating provider located within thirty-five (35) miles of the beneficiary's place of residence shall be paid his or her usual fees (either by the beneficiary or the dental plan contractor if the beneficiary elected assignment of benefits), less the percent cost-share as specified in paragraph (e)(3)(i) of this section.

(i) *Assignment of benefits.* A nonparticipating provider may accept assignment of benefits for claims (for beneficiaries certifying their willingness to make such assignment of benefits) by filing the claims completed with the assistance of the beneficiary or active duty, Selected Reserve or Individual Ready Reserve member for direct payment by the dental plan contractor to the provider.

(ii) *No assignment of benefits.* A nonparticipating provider for all beneficiaries may request that the beneficiary or active duty, Selected Reserve or Individual Ready Reserve member file the claim directly with the dental plan contractor, making arrangements with the beneficiary or active duty, Selected Reserve or Individual Ready Reserve member for direct payment by the beneficiary or active duty, Selected Reserve or Individual Ready Reserve member.

(7) *Alternative delivery system*—(i) *General.* Alternative delivery systems may be established by the Director, OCHAMPUS, or designee, as authorized providers. Only dentists, dental hygienists and licensed anesthetists shall be authorized to provide or direct the provision of authorized services and supplies in an approved alternative delivery system.

(ii) *Defined.* An alternative delivery system may be any approved arrangement for a preferred provider organization, capitation plan, dental health maintenance or clinic organization, or other contracted arrangement which is approved by OCHAMPUS in accordance with requirements and guidelines.

(iii) *Elective or exclusive arrangement.* Alternative delivery systems may be established by contract or other arrangement on either an elective or exclusive basis for beneficiary selection of participating and authorized providers in accordance with contractual requirements and guidelines.

(iv) *Provider election of participation.* Otherwise authorized providers must be provided with the opportunity of applying for participation in an alternative delivery system and of achieving participation status based on reasonable criteria for timeliness of application, quality of care, cost containment, geographic location, patient availability, and acceptance of reimbursement allowance.

(v) *Limitation on authorized providers.* Where exclusive alternative delivery systems are established, only providers participating in the alternative delivery system are authorized providers of care. In such instances, the TDP shall continue to pay beneficiary claims for services rendered by otherwise authorized providers in accordance with established rules for reimbursement of nonparticipating providers where the beneficiary has established a patient relationship with the nonparticipating provider prior to the TDP's proposal to subcontract with the alternative delivery system.

(vi) *Charge agreements.* Where the alternative delivery system employs a discounted fee-for-service reimbursement methodology or schedule of charges or rates which includes all or most dental services and procedures recognized by the American Dental Association's Council on Dental Care Program's Code on Dental Procedures and Nomenclature, the discounts or schedule of charges or rates for all dental services and procedures shall be extended by its participating providers to beneficiaries of the TDP as an incentive for beneficiary participation in the alternative delivery system.

(g) *Benefit payment*—(1) *General.* TDP benefits payments are made either directly to the provider or to the beneficiary or active duty, Selected Reserve or Individual Ready Reserve member, depending on the manner in which the claim is submitted or the terms of the subcontract of an alternative delivery system with the dental plan contractor.

(2) *Benefit payment.* Beneficiaries are not required to utilize participating providers. For beneficiaries who do use these participating providers, however, these providers shall not balance bill any amount in excess of the maximum payment allowed by the dental plan contractor for covered services. Beneficiaries using nonparticipating providers may be balance-billed amounts in excess of the dental plan contractor's determination of allowable charges. The following general requirements for the TDP benefit payment methodology shall be met, subject to modifications and exceptions approved by the Director, OCHAMPUS, or designee:

(i) Nonparticipating providers (or the Beneficiaries or active duty, Selected Reserve or Individual Ready Reserve members for unassigned claims) shall be reimbursed at the equivalent of not less than the 50th percentile of prevailing charges made for similar services in the same locality (region) or state, or the provider's actual charge, whichever is lower, subject to the exception listed in paragraph (e)(3)(ii) of this section, less any cost-share amount due for authorized services.

(ii) Participating providers shall be reimbursed in accordance with the contractor's network agreements, less any cost-share amount due for authorized services.

(3) *Fraud, abuse, and conflict of interest.* The provisions of §199.9 shall apply except for §199.9(e). All references to ''CHAMPUS contractors'', ''CHAMPUS beneficiaries'' and ''CHAMPUS providers'' in §199.9 shall be construed to mean the ''dental plan contractor'', ''TDP beneficiaries'' and ''TPD providers'' respectively for the purposes of this section. Examples of fraud include situations in which ineligible persons not enrolled in the TDP obtain care and file claims for benefits under the name and identification of a beneficiary; or when providers submit claims for services and supplies not rendered to Beneficiaries; or when a participating provider bills the beneficiary for amounts over the dental plan contractor's determination of allowable charges; or when a provider fails to collect the specified patient cost-share amount.

(h) *Appeal and hearing procedures.* The provisions of §199.10 shall apply except where noted in this section. All references to ''CHAMPUS contractors'', ''CHAMPUS beneficiaries'', ''CHAMPUS participating providers'' and ''CHAMPUS Explanation of Benefits'' in §199.10 shall be construed to mean the ''dental plan contractor'', ''TDP beneficiaries'', ''TDP participating providers'' and ''Dental Explanation of Benefits or DEOB'' respectively for the purposes of this section. References to ''OCHAMPUSEUR'' in §199.10 are not applicable to the TDP or this section.

(1) *General.* See §199.10(a).

(i) *Initial determination*—(A) *Notice of initial determination and right to appeal.* See §199.10(a)(1)(i).

(B) *Effect of initial determination.* See §199.10(a)(1)(ii).

(ii) *Participation in an appeal.* Participation in an appeal is limited to any party to the initial determination, including OCHAMPUS, the dental plan contractor, and authorized representatives of the parties. Any party to the initial determination, except OCHAMPUS and the dental plan contractor, may appeal an adverse determination. The appealing party is the party who actually files the appeal.

(A) *Parties to the initial determination.* See §§199.10(a)(2)(i) and 199.10(a)(2)(i)(A), (B), (C) and (E). In addition, a third party other than the dental plan contractor, such as an insurance company, is not a party to the initial determination and is not entitled to appeal, even though it may have an indirect interest in the initial determination.

(B) *Representative.* See §199.10(a)(2)(ii).

(iii) *Burden of proof.* See §199.10(a)(3).

(iv) *Evidence in appeal and hearing cases.* See §199.10(a)(4).

(v) *Late filing.* If a request for reconsideration, formal review, or hearing is

filed after the time permitted in this section, written notice shall be issued denying the request. Late filing may be permitted only if the appealing party reasonably can demonstrate to the satisfaction of the dental plan contractor, or the Director, OCHAMPUS, or designee, that timely filing of the request was not feasible due to extraordinary circumstances over which the appealing party had no practical control. Each request for an exception to the filing requirement will be considered on its own merits. The decision of the Director, OCHAMPUS, or a designee, on the request for an exception to the filing requirement shall be final.

(vi) *Appealable issue.* See §§199.10(a)(6), 199.10(a)(6)(i), 199.10(a)(6)(iv), including §§199.10(a)(6)(iv) (A) and (C), and 199.10(a)(6)(v) for an explanation and examples of non-appealable issues. Other examples of issues that are not appealable under this section include:

(A) The amount of the dental plan contractor-determined allowable charge since the methodology constitutes a limitation on benefits under the provisions of this section.

(B) Certain other issues on the basis that the authority for the initial determination is not vested in OCHAMPUS. Such issues include but are not limited to the following examples:

(*1*) A determination of a person's enrollment in the TDP is the responsibility of the dental plan contractor and ultimate responsibility for resolving a beneficiary's enrollment rests with the dental plan contractor. Accordingly, a disputed question of fact concerning a beneficiary's enrollment will not be considered an appealable issue under the provisions of this section, but shall be resolved in accordance with paragraph (c) of this section and the dental plan contractor's enrollment policies and procedures.

(*2*) Decisions relating to the issuance of a nonavailability statement (NAS) in each case are made by the Uniformed Services. Disputes over the need for an NAS or a refusal to issue an NAS are not appealable under this section. The one exception is when a dispute arises over whether the facts of the case demonstrate a dental emergency for which an NAS is not required. Denial of payment in this one situation is an appealable issue.

(*3*) Any decision or action on the part of the dental plan contractor to include a provider in their network or to designate a provider as participating is not appealable under this section. Similarly, any decision or action on the part of the dental plan contractor to exclude a provider from their network or to deny participating provider status is not appealable under this section.

(vii) *Amount in dispute*—(A) *General.* An amount in dispute is required for an adverse determination to be appealed under the provisions of this section, except as set forth or further explained in §199.10(a)(7)(ii), (iii) and (iv).

(B) *Calculated amount.* The amount in dispute is calculated as the amount of money the dental plan contractor would pay if the services involved in the dispute were determined to be authorized benefits of the TDP. Examples of amounts of money that are excluded by this section from payments for authorized benefits include, but are not limited to:

(*1*) Amounts in excess of the dental plan contractor's—determined allowable charge.

(*2*) The beneficiary's cost-share amounts.

(*3*) Amounts that the beneficiary, or parent, guardian, or other responsible person has no legal obligation to pay.

(*4*) Amounts excluded under the provisions of §199.8 of this part.

(viii) *Levels of appeal.* See §199.10(a)(8)(i). Initial determinations involving the sanctioning (exclusion, suspension, or termination) of TDP providers shall be appealed directly to the hearing level.

(ix) *Appeal decision.* See §199.10(a)(9).

(2) *Reconsideration.* See §199.10(b).

(3) *Formal review.* See §199.10(c).

(4) *Hearing*—(i) *General.* See §§1.99.10(d) and 199.10(d)(1) through (d)(5) and (d0(7) through (d)(12) for information on the hearing process.

(ii) *Authority of the hearing officer.* The hearing officer, in exercising the authority to conduct a hearing under this part, will be bound by 10 U.S.C., chapter 55, and this part. The hearing officer in addressing substantive, appealable issues shall be bound by the

dental benefits brochure applicable for the date(s) of service, policies, procedures, instructions and other guidelines issued by the ASD(HA), or a designee, or by the Director, OCHAMPUS, or a designee, in effect for the period in which the matter in dispute arose. A hearing officer may not establish or amend the dental benefits brochure, policy, procedures, instructions, or guidelines. However, the hearing officer may recommend reconsideration of the policy, procedures, instructions or guidelines by the ASD (HA), or a designee, when the final decisions is issued in the case.

(5) *Final decision.* See §§ 199.10(e)(1) and 199.10(e)(1)(i) for information on final decisions in the appeal and hearing process, with the exception that no recommended decision shall be referred for review by ASD(HA).

(i) *Implementing Instructions.* The Director, TRICARE Management Activity or designee may issue TRICARE Dental Program policies, standards, and criteria as may be necessary to implement the intent of this section.

[66 FR 12860, Mar. 1, 2001; 66 FR 16400, Mar. 26, 2001, as amended at 68 FR 65174, Nov. 19, 2003; 69 FR 55359, Sept. 14, 2004; 70 FR 55252, Sept. 21, 2005; 71 FR 1696, Jan. 11, 2006; 71 FR 66872, Nov. 17, 2006]

§ 199.14 Provider reimbursement methods.

(a) *Hospitals.* The CHAMPUS-determined allowable cost for reimbursement of a hospital shall be determined on the basis of one of the following methodologies.

(1) *CHAMPUS Diagnosis Related Group (DRG)-based payment system.* Under the CHAMPUS DRG-based payment system, payment for the operating costs of inpatient hospital services furnished by hospitals subject to the system is made on the basis of prospectively-determined rates and applied on a per discharge basis using DRGs. Payments under this system will include a differentiation for urban (using large urban and other urban areas) and rural hospitals and an adjustment for area wage differences and indirect medical education costs. Additional payments will be made for capital costs, direct medical education costs, and outlier cases.

(i) *General*—(A) *DRGs used.* The CHAMPUS DRG-based payment system will use the same DRGs used in the most recently available grouper for the Medicare Prospective Payment System, except as necessary to recognize distinct characteristics of CHAMPUS beneficiaries and as described in instructions issued by the Director, OCHAMPUS.

(B) *Assignment of discharges to DRGs.* (*1*) The classification of a particular discharge shall be based on the patient's age, sex, principal diagnosis (that is, the diagnosis established, after study, to be chiefly responsible for causing the patient's admission to the hospital), secondary diagnoses, procedures performed and discharge status. In addition, for neonatal cases (other than normal newborns) the classification shall also account for birthweight, surgery and the presence of multiple, major and other neonatal problems, and shall incorporate annual updates to these classification features.

(*2*) Each discharge shall be assigned to only one DRG regardless of the number of conditions treated or services furnished during the patient's stay.

(C) *Basis of payment—*(*1*) *Hospital billing.* Under the CHAMPUS DRG-based payment system, hospitals are required to submit claims (including itemized charges) in accordance with § 199.7(b). The CHAMPUS fiscal intermediary will assign the appropriate DRG to the claim based on the information contained in the claim. Any request from a hospital for reclassification of a claim to a higher weighted DRG must be submitted, within 60 days from the date of the initial payment, in a manner prescribed by the Director, OCHAMPUS.

(*2*) *Payment on a per discharge basis.* Under the CHAMPUS DRG-based payment system, hospitals are paid a predetermined amount per discharge for inpatient hospital services furnished to CHAMPUS beneficiaries.

(*3*) *Claims priced as of date of admission.* Except for interim claims submitted for qualifying outlier cases, all claims reimbursed under the CHAMPUS DRG-based payment system

are to be priced as of the date of admission, regardless of when the claim is submitted.

(*4*) *Payment in full.* The DRG-based amount paid for inpatient hospital services is the total CHAMPUS payment for the inpatient operating costs (as described in paragraph (a)(1)(i)(C)(*5*) of this section) incurred in furnishing services covered by the CHAMPUS. The full prospective payment amount is payable for each stay during which there is at least one covered day of care, except as provided in paragraph (a)(1)(iii)(E)(*1*)(*i*)(*A*) of this section.

(*5*) *Inpatient operating costs.* The CHAMPUS DRG-based payment system provides a payment amount for inpatient operating costs, including:

(*i*) Operating costs for routine services, such as the costs of room, board, and routine nursing services;

(*ii*) Operating costs for ancillary services, such as hospital radiology and laboratory services (other than physicians' services) furnished to hospital inpatients;

(*iii*) Special care unit operating costs; and

(*iv*) Malpractice insurance costs related to services furnished to inpatients.

(*6*) *Discharges and transfers*—(*i*) *Discharges.* A hospital inpatient is discharged when:

(*A*) The patient is formally released from the hospital (release of the patient to another hospital as described in paragraph (a)(1)(i)(C)(*6*)(*ii*) of this section, or a leave of absence from the hospital, will not be recognized as a discharge for the purpose of determining payment under the CHAMPUS DRG-based payment system);

(*B*) The patient dies in the hospital; or

(*C*) The patient is transferred from the care of a hospital included under the CHAMPUS DRG-based payment system to a hospital or unit that is excluded from the prospective payment system.

(*ii*) *Transfers.* Except as provided under paragraph (a)(1)(i)(C)(*6*)(*i*) of this section, a discharge of a hospital inpatient is not counted for purposes of the CHAMPUS DRG-based payment system when the patient is transferred:

(*A*) From one inpatient area or unit of the hospital to another area or unit of the same hospital;

(*B*) From the care of a hospital included under the CHAMPUS DRG-based payment system to the care of another hospital paid under this system;

(*C*) From the care of a hospital included under the CHAMPUS DRG-based payment system to the care of another hospital that is excluded from the CHAMPUS DRG-based payment system because of participation in a statewide cost control program which is exempt from the CHAMPUS DRG-based payment system under paragraph (a)(1)(ii)(A) of this section; or

(*D*) From the care of a hospital included under the CHAMPUS DRG-based payment system to the care of a uniformed services treatment facility.

(*iii*) *Payment in full to the discharging hospital.* The hospital discharging an inpatient shall be paid in full under the CHAMPUS DRG-based payment system.

(*iv*) *Payment to a hospital transferring an inpatient to another hospital.* If a hospital subject to the CHAMPUS DRG-based payment system transfers an inpatient to another such hospital, the transferring hospital shall be paid a per diem rate (except that in neonatal cases, other than normal newborns, the hospital will be paid at 125 percent of that per diem rate), as determined under instructions issued by TSO, for each day of the patient's stay in that hospital, not to exceed the DRG-based payment that would have been paid if the patient had been discharged to another setting. For admissions occurring on or after October 1, 1995, the transferring hospital shall be paid twice the per diem rate for the first day of any transfer stay, and the per diem amount for each subsequent day, up to the limit described in this paragraph.

(*v*) *Additional payments to transferring hospitals.* A transferring hospital may qualify for an additional payment for extraordinary cases that meet the criteria for long-stay or cost outliers.

(D) *DRG system updates.* The CHAMPUS DRG-based payment system is modeled on the Medicare Prospective

Payment System (PPS) and uses annually updated items and numbers from the Medicare PPS as provided for in this part and in instructions issued by the Director, OCHAMPUS. The effective date of these items and numbers shall correspond to that under the Medicare PPS except where distinctions are made in this part.

(ii) *Applicability of the DRG system*—(A) *Areas affected.* The CHAMPUS DRG-based payment system shall apply to hospitals' services in the fifty states, the District of Columbia, and Puerto Rico, except that any state which has implemented a separate DRG-based payment system or similar payment system in order to control costs and is exempt from the Medicare Prospective Payment System may be exempt from the CHAMPUS DRG-based payment system if it requests exemption in writing, and provided payment under such system does not exceed payment which would otherwise be made under the CHAMPUS DRG-based payment system.

(B) *Services subject to the DRG-based payment system.* All normally covered inpatient hospital services furnished to CHAMPUS beneficiaries by hospitals are subject to the CHAMPUS DRG-based payment system.

(C) *Services exempt from the DRG-based payment system.* The following hospital services, even when provided in a hospital subject to the CHAMPUS DRG-based payment system, are exempt from the CHAMPUS DRG-based payment system. The services in paragraphs (a)(1)(ii)(C)(*1*) through (a)(1)(ii)(C)(*4*) and (a)(1)(ii)(C)(*7*) through (a)(1)(ii)(C)(*9*) of this section shall be reimbursed under the procedures in paragraph (a)(3) of this section, and the services in paragraphs (a)(1)(ii)(C)(*5*) and (a)(1)(ii)(C)(*6*) of this section shall be reimbursed under the procedures in paragraph (g) of this section.

(*1*) Services provided by hospitals exempt from the DRG-based payment system.

(*2*) All services related to solid organ acquisition for CHAMPUS covered transplants by CHAMPUS-authorized transplantation centers.

(*3*) All services related to heart and liver transplantation for admissions prior to October 1, 1998, which would otherwise be paid under DRG 103 and 480, respectively.

(*4*) All services related to CHAMPUS covered solid organ transplantations for which there is no DRG assignment.

(*5*) All professional services provided by hospital-based physicians.

(*6*) All services provided by nurse anesthetists.

(*7*) All services related to discharges involving pediatric bone marrow transplants (patient under 18 at admission).

(*8*) All services related to discharges involving children who have been determined to be HIV seropositive (patient under 18 at admission).

(*9*) All services related to discharges involving pediatric cystic fibrosis (patient under 18 at admission).

(*10*) For admissions occurring on or after October 1, 1990, and before October 1, 1994, and for discharges occurring on or after October 1, 1997, the costs of blood clotting factor for hemophilia inpatients. An additional payment shall be made to a hospital for each unit of blood clotting factor furnished to a CHAMPUS inpatient who is hemophiliac in accordance with the amounts established under the Medicare Prospective Payment System (42 CFR 412.115).

(D) *Hospitals subject to the CHAMPUS DRG-based payment system.* All hospitals within the fifty states, the District of Columbia, and Puerto Rico which are certified to provide services to CHAMPUS beneficiaries are subject to the DRG-based payment system except for the following hospitals or hospital units which are exempt.

(*1*) *Psychiatric hospitals.* A psychiatric hospital which is exempt from the Medicare Prospective Payment System is also exempt from the CHAMPUS DRG-based payment system. In order for a psychiatric hospital which does not participate in Medicare to be exempt from the CHAMPUS DRG-based payment system, it must meet the same criteria (as determined by the Director, OCHAMPUS, or a designee) as required for exemption from the Medicare Prospective Payment System as contained in 42 CFR 412.23.

(*2*) *Rehabilitation hospitals.* A rehabilitation hospital which is exempt from the Medicare Prospective Payment

System is also exempt from the CHAMPUS DRG-based payment system. In order for a rehabilitation hospital which does not participate in Medicare to be exempt from the CHAMPUS DRG-based payment system, it must meet the same criteria (as determined by the Director, OCHAMPUS, or a designee) as required for exemption from the Medicare Prospective Payment System as contained in 42 CFR 412.23.

(*3*) *Psychiatric and rehabilitation units (distinct parts).* A psychiatric or rehabilitation unit which is exempt from the Medicare prospective payment system is also exempt from the CHAMPUS DRG-based payment system. In order for a distinct unit which does not participate in Medicare to be exempt from the CHAMPUS DRG-based payment system, it must meet the same criteria (as determined by the Director, OCHAMPUS, or a designee) as required for exemption from the Medicare Prospective Payment System as contained in 42 CFR 412.23.

(*4*) *Long-term hospitals.* A long-term hospital which is exempt from the Medicare prospective payment system is also exempt from the CHAMPUS DRG-based payment system. In order for a long-term hospital which does not participate in Medicare to be exempt from the CHAMPUS DRG-based payment system, it must meet the same criteria (as determined by the Director, TSO, or a designee) as required for exemption from the Medicare Prospective Payment System as contained in § 412.23 of Title 42 CFR.

(*5*) *Hospitals within hospitals.* A hospital within a hospital which is exempt from the Medicare prospective payment system is also exempt from the CHAMPUS DRG-based payment system. In order for a hospital within a hospital which does not participate in Medicare to be exempt from the CHAMPUS DRG-based payment system, it must meet the same criteria (as determined by the Director, TSO, or a designee) as required for exemption from the Medicare Prospective Payment System as contained in 42 CFR 412.22 and the criteria for one or more of the excluded hospital classifications described in § 412.23 of Title 42 CFR.

(*6*) *Sole community hospitals.* Any hospital which has qualified for special treatment under the Medicare prospective payment system as a sole community hospital and has not given up that classification is exempt from the CHAMPUS DRG-based payment system. (See subpart G of 42 CFR part 412.)

(*7*) *Christian Science sanitoriums.* All Christian Science sanitoriums (as defined in paragraph (b)(4)(viii) of § 199.6) are exempt from the CHAMPUS DRG-based payment system.

(*8*) *Cancer hospitals.* Any hospital which qualifies as a cancer hospital under the Medicare standards and has elected to be exempt from the Medicare prospective payment system is exempt from the CHAMPUS DRG-based payment system. (See 42 CFR 412.94.)

(*9*) *Hospitals outside the 50 states, the District of Columbia, and Puerto Rico.* A hospital is excluded from the CHAMPUS DRG-based payment system if it is not located in one of the fifty States, the District of Colubmia, or Puerto Rico.

(E) *Hospitals which do not participate in Medicare.* It is not required that a hospital be a Medicare-participating provider in order to be an authorized CHAMPUS provider. However, any hospital which is subject to the CHAMPUS DRG-based payment system and which otherwise meets CHAMPUS requirements but which is not a Medicare-participating provider (having completed a form HCFA–1514, Hospital Request for Certification in the Medicare/Medicaid Program and a form HCFA–1561, Health Insurance Benefit Agreement) must complete a participation agreement with OCHAMPUS. By completing the participation agreement, the hospital agrees to participate on all CHAMPUS inpatient claims and to accept the CHAMPUS-determined allowable amount as payment in full for these claims. Any hospital which does not participate in Medicare and does not complete a participation agreement with OCHAMPUS will not be authorized to provide services to CHAMPUS beneficiaries.

(F) *Substance Use Disorder Rehabilitation facilities.* With admissions on or

after July 1, 1995, substance use disorder rehabilitation facilities, authorized under §199.6(b)(4)(xiv), are subject to the DRG-based payment system.

(iii) *Determination of payment amounts.* The actual payment for an individual claim under the CHAMPUS DRG-based payment system is calculated by multiplying the appropriate adjusted standardized amount (adjusted to account for area wage differences using the wage indexes used in the Medicare program) by a weighting factor specific to each DRG.

(A) *Calculation of DRG weights—(1) Grouping of charges.* All discharge records in the database shall be grouped by DRG.

(*2*) *Remove DRGs 469 and 470.* Records from DRGs 469 and 470 shall be removed from the database.

(*3*) *Indirect medical education standardization.* To standardize the charges for the cost effects of indirect medical education factors, each teaching hospital's charges will be divided by 1.0 plus the following ratio on a hospital-specific basis:

$$1.43 \times \left[\left(1.0 + \frac{\text{number of interns + residents}}{\text{number of beds}} \right) .5795 - 1.0 \right]$$

(*4*) *Wage level standardization.* To standardize the charge records for area wage differences, each charge record will be divided into labor-related and nonlabor-related portions, and the labor-related portion shall be divided by the most recently available Medicare wage index for the area. The labor-related and nonlabor-related portions will then be added together.

(*5*) *Elimination of statistical outliers.* All unusually high or low charges shall be removed from the database.

(*6*) *Calculation of DRG average charge.* After the standardization for indirect medical education, and area wage differences, an average charge for each DRG shall be computed by summing charges in a DRG and dividing that sum by the number of records in the DRG.

(*7*) *Calculation of national average charge per discharge.* A national average charge per discharge shall be calculated by summing all charges and dividing that sum by the total number of records from all DRG categories.

(*8*) *DRG relative weights.* DRG relative weights shall be calculated for each DRG category by dividing each DRG average charge by the national average charge.

(B) *Empty and low-volume DRGs.* For any DRG with less than ten (10) occurrences in the CHAMPUS database, the Director, TSO, or designee, has the authority to consider alternative methods for estimating CHAMPUS weights in these low-volume DRG categories.

(C) *Updating DRG weights.* The CHAMPUS DRG weights shall be updated or adjusted as follows:

(*1*) DRG weights shall be recalculated annually using CHAMPUS charge data and the methodology described in paragraph (a)(1)(iii)(A) of this section.

(*2*) When a new DRG is created, CHAMPUS will, if practical, calculate a weight for it using an appropriate charge sample (if available) and the methodology described in paragraph (a)(1)(iii)(A) of this section.

(*3*) In the case of any other change under Medicare to an existing DRG weight (such as in connection with technology changes), CHAMPUS shall adjust its weight for that DRG in a manner comparable to the change made by Medicare.

(D) *Calculation of the adjusted standardized amounts.* The following procedures shall be followed in calculating the CHAMPUS adjusted standardized amounts. (*1*) Differentiate large urban and other area charges. All charges in the database shall be sorted into large urban and other area groups (using the same definitions for these categories used in the Medicare program. The following procedures will be applied to each group.

(*2*) *Indirect medical education standardization.* To standardize the charges for

the cost effects of indirect medical education factors, each teaching hospital's charges will be divided by 1.0 plus the following ratio on a hospital-specific basis:

$$1.43 \times \left[\left(1.0 + \frac{\text{number of interns + residents}}{\text{number of beds}} \right) .5795 - 1.0 \right]$$

(*3*) *Wage level standardization.* To standardize the charge records for area wage differences, each charge record will be divided into labor-related and nonlabor-related portions, and the labor-related portion shall be divided by the most recently available Medicare wage index for the area. The labor-related and nonlabor-related portions will then be added together.

(*4*) *Apply the cost to charge ratio.* Each charge is to be reduced to a representative cost by using the Medicare cost to charge ratio. This amount shall be increased by 1 percentage point in order to reimburse hospitals for bad debt expenses attributable to CHAMPUS beneficiaries.

(*5*) Preliminary base year standardized amount. A preliminary base year standardized amount shall be calculated by summing all costs in the database applicable to the large urban or other area group and dividing by the total number of discharges in the respective group.

(*6*) *Update for inflation.* The preliminary base year standardized amounts shall be updated using an annual update factor equal to 1.07 to produce fiscal year 1988 preliminary standardized amounts. Therefore, any development of a new standardized amount will use an inflation factor equal to the hospital market basket index used by the Health Care Financing Administration in their Prospective Payment System.

(*7*) The preliminary standardized amounts, updated for inflation, shall be divided by a system standardization factor so that total DRG outlays, given the database distribution across hospitals and diagnosis, are equal to the total charges reduced to costs.

(*8*) *Labor and nonlabor portions of the adjusted standardized amounts.* The adjusted standardized amounts shall be divided into labor and nonlabor portions in accordance with the Medicare division of labor and nonlabor portions.

(E) *Adjustments to the DRG-based payments amounts.* The following adjustments to the DRG-based amounts (the weight multiplied by the adjusted standardized amount) will be made.

(*1*) *Outliers.* The DRG-based payment to a hospital shall be adjusted for atypical cases. These outliers are those cases that have either an unusually short length-of-stay or extremely long length-of-stay or that involve extraordinarily high costs when compared to most discharges classified in the same DRG. Cases which qualify as both a length-of-stay outlier and a cost outlier shall be paid at the rate which results in the greater payment.

(*i*) *Length-of-stay outliers.* Length-of-stay outliers shall be identified and paid by the fiscal intermediary when the claims are processed.

(*A*) *Short-stay outliers.* Any discharge with a length-of-stay (LOS) less than 1.94 standard deviations from the DRG's arithmetic LOS shall be classified as a short-stay outlier. Short-stay outliers shall be reimbursed at 200 percent of the per diem rate for the DRG for each covered day of the hospital stay, not to exceed the DRG amount. The per diem rate shall equal the DRG amount divided by the arithmetic mean length-of-stay for the DRG.

(*B*) *Long-stay outliers.* Any discharge (except for neonatal services and services in children's hospitals) which has a length-of-stay (LOS) exceeding a threshold established in accordance with the criteria used for the Medicare Prospective Payment System as contained in 42 CFR 412.82 shall be classified as a long-stay outlier. Any discharge for neonatal services or for services in a children's hospital which has a LOS exceeding the lesser of 1.94 standard deviations or 17 days from the

DRG's arithmetic mean LOS also shall be classified as a long-stay outlier. Long-stay outliers shall be reimbursed the DRG-based amount plus a percentage (as established for the Medicare Prospective Payment System) of the per diem rate for the DRG for each covered day of care beyond the long-stay outlier threshold. The per diem rate shall equal the DRG amount divided by the arithmetic mean LOS for the DRG. For admissions on or after October 1, 1997, the long stay outlier has been eliminated for all cases except children's hospitals and neonates. For admissions on or after October 1, 1998, the long stay outlier has been eliminated for children's hospitals and neonates.

(*ii*) *Cost outliers.* Additional payment for cost outliers shall be made only upon request by the hospital.

(*A*) Cost outliers except those in children's hospitals or for neonatal services. Any discharge which has standardized costs that exceed a threshold established in accordance with the criteria used for the Medicare Prospective Payment System as contained in 42 CFR 412.84 shall qualify as a cost outlier. The standardized costs shall be calculated by multiplying the total charges by the factor described in paragraph (a)(1)(iii)(D)(*4*) of this section and adjusting this amount for indirect medical education costs. Cost outliers shall be reimbursed the DRG-based amount plus a percentage (as established for the Medicare Prospective Payment System) of all costs exceeding the threshold. Effective with admissions occurring on or after October 1, 1997, the standardized costs are no longer adjusted for indirect medical education costs.

(*B*) Cost outliers in children's hospitals for neonatal services. Any discharge for services in a children's hospital or for neonatal services which has standardized costs that exceed a threshold of the greater of two times the DRG-based amount or $13,500 shall qualify as a cost outlier. The standardized costs shall be calculated by multiplying the total charges by the factor described in paragraph (a)(1) (iii) (D) (*4*) of this section (adjusted to include average capital and direct medical education costs) and adjusting this amount for indirect medical education costs. Cost outliers for services in children's hospitals and for neonatal services shall be reimbursed the DRG-based amount plus a percentage (as established for the Medicare Prospective Payment System) of all costs exceeding the threshold. Effective with admissions occurring on or after October 1, 1998, standardized costs are no longer adjusted for indirect medical education costs. In addition, CHAMPUS will calculate the outlier payments that would have occurred at each of the 59 Children's hospitals under the FY99 outlier policy for all cases that would have been outliers under the FY94 policies using the most accurate data available in September 1998. A ratio will be calculated which equals the level of outlier payments that would have been made under the FY94 outlier policies and the outlier payments that would be made if the FY99 outlier policies had applied to each of these potential outlier cases for these hospitals. The ratio will be calculated across all outlier claims for the 59 hospitals and will not be hospital specific. The ratio will be used to increase cost outlier payments in FY 1999 and FY 2000, unless the hospital has a negotiated agreement with a managed care support contractor which would affect this payment. For hospitals with managed care support agreements which affect these payments, CHAMPUS will apply these payments if the increased payments would be consistent with the agreements. In FY 2000 the ratio of outlier payments (long stay and cost) that would have occurred under the FY 94 policy and actual cost outlier payments made under the FY 99 policy will be recalculated. If the ratio has changed significantly, the ratio will be revised for use in FY 2001 and thereafter. In FY 2002, the actual cost outlier cases in FY 2000 and 2001 will be reexamined. The ratio of outlier payments that would have occurred under the FY94 policy and the actual cost outlier payments made under the FY 2000 and FY 2001 policies. If the ratio has changed significantly, the ratio will be revised for use in FY 2003.

(*C*) *Cost outliers for burn cases.* All cost outliers for DRGs related to burn cases shall be reimbursed the DRG-

based amount plus a percentage (as established for the Medicare Prospective Payment System) of all costs exceeding the threshold. The standardized costs and thresholds for these cases shall be calculated in accordance with §199.14(a)(1)(iii)(E)(*1*)(*ii*)(*A*) and §199.14(a)(1)(iii)(E)(*1*)(*ii*)(*B*).

(*2*) *Wage adjustment.* CHAMPUS will adjust the labor portion of the standardized amounts according to the hospital's area wage index.

(*3*) *Indirect medical education adjustment.* The wage adjusted DRG payment will also be multiplied by 1.0 plus the hospital's indirect medical education ratio.

(*4*) *Children's hospital differential.* With respect to claims from children's hospitals, the appropriate adjusted standardized amount shall also be adjusted by a children's hospital differential.

(*i*) *Qualifying children's hospitals.* Hospitals qualifying for the children's hospital differential are hospitals that are exempt from the Medicare Prospective Payment System, or, in the case of hospitals that do not participate in Medicare, that meet the same criteria (as determined by the Director, OCHAMPUS, or a designee) as required for exemption from the Medicare Prospective Payment System as contained in 42 CFR 412.23.

(*ii*) *Calculation of differential.* The differential shall be equal to the difference between a specially calculated children's hospital adjusted standardized amount and the adjusted standardized amount for fiscal year 1988. The specially calculated children's hospital adjusted standardized amount shall be calculated in the same manner as set forth in §199.14(a)(1)(iii)(D), except that:

(*A*) The base period shall be fiscal year 1988 and shall represent total estimated charges for discharges that occurred during fiscal year 1988.

(*B*) No cost to charge ratio shall be applied.

(*C*) Capital costs and direct medical education costs will be included in the calculation.

(*D*) The factor used to update the database for inflation to produce the fiscal year 1988 base period amount shall be the applicable Medicare inpatient hospital market basket rate.

(*iii*) *Transition rule.* Until March 1, 1992, separate differentials shall be used for each higher volume children's hospital (individually) and for all other children's hospitals (in the aggregate). For this purpose, a higher volume hospital is a hospital that had 50 or more CHAMPUS discharges in fiscal year 1988.

(*iv*) *Hold harmless provision.* At such time as the weights initially assigned to neonatal DRGs are recalibrated based on sufficient volume of CHAMPUS claims records, children's hospital differentials shall be recalculated and appropriate retrospective and prospective adjustments shall be made. To the extent practicable, the recalculation shall also include reestimated values of other factors (including but not limited to direct education and capital costs and indirect education factors) for which more accurate data became available.

(*v*) *No update for inflation.* The children's hospital differential, calculated (and later recalculated under the hold harmless provision) for the base period of fiscal year 1988, shall not be updated for subsequent fiscal years.

(*vi*) *Administrative corrections.* In connection with determinations pursuant to paragraph (a)(1)(iii) (E)(*4*)(*iii*) of this section, any children's hospital that believes OCHAMPUS erroneously failed to classify the hospital as a high volume hospital or incorrectly calculated (in the case of a high volume hospital) the hospital's differential may obtain administrative corrections by submitting appropriate documentation to the Director, OCHAMPUS (or a designee).

(F) *Updating the adjusted standardized amounts.* Beginning in FY 1989, the adjusted standardized amounts will be updated by the Medicare annual update factor, unless the adjusted standardized amounts are recalculated.

(G) *Annual cost pass-throughs—*(*1*) *Capital costs.* When requested in writing by a hospital, CHAMPUS shall reimburse the hospital its share of actual capital costs as reported annually to the CHAMPUS fiscal intermediary. Payment for capital costs shall be made annually based on the ratio of CHAMPUS inpatient days for those

beneficiaries subject to the CHAMPUS DRG-based payment system to total inpatient days applied to the hospital's total allowable capital costs. Reductions in payments for capital costs which are required under Medicare shall also be applied to payments for capital costs under CHAMPUS.

(*i*) *Costs included as capital costs.* Allowable capital costs are those specified in Medicare Regulation §413.130, as modified by §412.72.

(*ii*) *Services, facilities, or supplies provided by supplying organizations.* If services, facilities, or supplies are provided to the hospital by a supplying organization related to the hospital within the meaning of Medicare Regulation §413.17, then the hospital must include in its capital-related costs, the capital-related costs of the supplying organization. However, if the supplying organization is not related to the provider within the meaning of §413.17, no part of the change to the provider may be considered a capital-related cost unless the services, facilities, or supplies are capital-related in nature and:

(*A*) The capital-related equipment is leased or rented by the provider;

(*B*) The capital-related equipment is located on the provider's premises; and

(*C*) The capital-related portion of the charge is separately specified in the charge to the provider.

(*2*) *Direct medical education costs.* When requested in writing by a hospital, CHAMPUS shall reimburse the hospital its actual direct medical education costs as reported annually to the CHAMPUS fiscal intermediary. Such teaching costs must be for a teaching program approved under Medicare Regulation §413.85. Payment for direct medical education costs shall be made annually based on the ratio of CHAMPUS inpatient days for those beneficiaries subject to the CHAMPUS DRG-based payment system to total inpatient days applied to the hospital's total allowable direct medical education costs. Allowable direct medical education costs are those specified in Medicare Regulation §413.85.

(*3*) Information necessary for payment of capital and direct medical education costs. All hospitals subject to the CHAMPUS DRG-based payment system, except for children's hospitals, may be reimbursed for allowed capital and direct medical education costs by submitting a request to the CHAMPUS contractor. Beginning October 1, 1998, such request shall be filed with CHAMPUS on or before the last day of the twelfth month following the close of the hospitals' cost reporting period, and shall cover the one-year period corresponding to the hospital's Medicare cost-reporting period. The first such request may cover a period of less than a full year—from the effective date of the CHAMPUS DRG-based payment system to the end of the hospital's Medicare cost-reporting period. All costs reported to the CHAMPUS contractor must correspond to the costs reported on the hospital's Medicare cost report. An extension of the due date for filing the request may only be granted if an extension has been granted by HCFA due to a provider's operations being significantly adversely affected due to extraordinary circumstances over which the provider has no control, such as flood or fire. (If these costs change as a result of a subsequent audit by Medicare, the revised costs are to be reported to the hospital's CHAMPUS contractor within 30 days of the date the hospital is notified of the change). The request must be signed by the hospital official responsible for verifying the amounts and shall contain the following information.

(*i*) The hospital's name.

(*ii*) The hospital's address.

(*iii*) The hospital's CHAMPUS provider number.

(*iv*) The hospital's Medicare provider number.

(*v*) The period covered—this must correspond to the hospital's Medicare cost-reporting period.

(*vi*) Total inpatient days provided to all patients in units subject to DRG-based payment.

(*vii*) Total allowed CHAMPUS inpatient days provided in units subject to DRG-based payment.

(*viii*) Total allowable capital costs.

(*ix*) Total allowable direct medical education costs.

(*x*) Total full-time equivalents for:

(*A*) Residents.

(*B*) Interns.

(*xi*) Total inpatient beds as of the end of the cost-reporting period. If this has changed during the reporting period, an explanation of the change must be provided.

(*xii*) Title of official signing the report.

(*xiii*) Reporting date.

(*xiv*) The report shall contain a certification statement that any changes to the items in paragraphs (a)(1)(iii)(G)(*3*)(*vi*), (*vii*), (*viii*), (*ix*), or (*x*), which are a result of an audit of the hospital's Medicare cost-report, shall be reported to CHAMPUS within thirty (30) days of the date the hospital is notified of the change.

(2) *CHAMPUS mental health per diem payment system.* The CHAMPUS mental health per diem payment system shall be used to reimburse for inpatient mental health hospital care in specialty psychiatric hospitals and units. Payment is made on the basis of prospectively determined rates and paid on a per diem basis. The system uses two sets of per diems. One set of per diems applies to hospitals and units that have a relatively higher number of CHAMPUS discharges. For these hospitals and units, the system uses hospital-specific per diem rates. The other set of per diems applies to hospitals and units with a relatively lower number of CHAMPUS discharges. For these hospitals and units, the system uses regional per diems, and further provides for adjustments for area wage differences and indirect medical education costs and additional pass-through payments for direct medical education costs.

(i) *Applicability of the mental health per diem payment system*—(A) *Hospitals and units covered.* The CHAMPUS mental health per diem payment system applies to services covered (see paragraph (a)(2)(i)(B) of this section) that are provided in Medicare prospective payment system (PPS) exempt psychiatric specialty hospitals and all Medicare PPS exempt psychiatric specialty units of other hospitals. In addition, any psychiatric hospital that does not participate in Medicare, or any other hospital that has a psychiatric specialty unit that has not been so designated for exemption from the Medicare prospective payment system because the hospital does not participate in Medicare, may be designated as a psychiatric hospital or psychiatric specialty unit for purposes of the CHAMPUS mental health per diem payment system upon demonstrating that it meets the same criteria (as determined by the Director, OCHAMPUS) as required for the Medicare exemption. The CHAMPUS mental health per diem payment system does not apply to mental health services provided in other hospitals.

(B) *Services covered.* Unless specifically exempted, all covered hospitals' and units' inpatient claims which are classified into a mental health DRG (DRG categories 425–432, but not DRG 424) or an alcohol/drug abuse DRG (DRG categories 433–437) shall be subject to the mental health per diem payment system.

(ii) *Hospital-specific per diems for higher volume hospitals and units.* This paragraph describes the per diem payment amounts for hospitals and units with a higher volume of CHAMPUS discharges.

(A)(*1*) *Per diem amount.* A hospital-specific per diem amount shall be calculated for each hospital and unit with a higher volume of CHAMPUS discharges. The base period per diem amount shall be equal to the hospital's average daily charge in the base period. The base period amount, however, may not exceed the cap described in paragraph (a)(2)(ii)(B) of this section. The base period amount shall be updated in accordance with paragraph (a)(2)(iv) of this section.

(*2*) In states that have implemented a payment system in connection with which hospitals in that state have been exempted from the CHAMPUS DRG-based payment system pursuant to paragraph (a)(1)(ii)(A) of this section, psychiatric hospitals and units may have per diem amounts established based on the payment system applicable to such hospitals and units in the state. The per diem amount, however, may not exceed the cap amount applicable to other higher volume hospitals.

(B) *Cap*—(*1*) As it affects payment for care provided to patients prior to April 6, 1995, the base period per diem amount may not exceed the 80th percentile of the average daily charge

weighted for all discharges throughout the United States from all higher volume hospitals.

(*2*) Applicable to payments for care provided to patients on or after April 6, 1996, the base period per diem amount may not exceed the 70th percentile of the average daily charge weighted for all discharges throughout the United States from all higher volume hospitals. For this purpose, base year charges shall be deemed to be charges during the period of July 1, 1991 to June 30, 1992, adjusted to correspond to base year (FY 1988) charges by the percentage change in average daily charges for all higher volume hospitals and units between the period of July 1, 1991 to June 30, 1992 and the base year.

(C) *Review of per diem.* Any hospital or unit which believes OCHAMPUS calculated a hospital-specific per diem which differs by more than $5.00 from that calculated by the hospital or unit may apply to the Director, OCHAMPUS, or a designee, for a recalculation. The burden of proof shall be on the hospital.

(iii) *Regional per diems for lower volume hospitals and units.* This paragraph describes the per diem amounts for hospitals and units with a lower volume of CHAMPUS discharges.

(A) *Per diem amounts.* Hospitals and units with a lower volume of CHAMPUS patients shall be paid on the basis of a regional per diem amount, adjusted for area wages and indirect medical education. Base period regional per diems shall be calculated based upon all CHAMPUS lower volume hospitals' claims paid during the base period. Each regional per diem amount shall be the quotient of all covered charges divided by all covered days of care, reported on all CHAMPUS claims from lower volume hospitals in the region paid during the base period, after having standardized for indirect medical education costs and area wage indexes and subtracted direct medical education costs. Regional per diem amounts are adjusted in accordance with paragraph (a)(2)(iii)(C) of this section. Additional pass-through payments to lower volume hospitals are made in accordance with paragraph (a)(2)(iii)(D) of this section. The regions shall be the same as the Federal census regions.

(B) *Review of per diem amount.* Any hospital that believes the regional per diem amount applicable to that hospital has been erroneously calculated by OCHAMPUS by more than $5.00 may submit to the Director, OCHAMPUS, or a designee, evidence supporting a different regional per diem. The burden of proof shall be on the hospital.

(C) *Adjustments to regional per diems.* Two adjustments shall be made to the regional per diem rates.

(*1*) *Area wage index.* The same area wage indexes used for the CHAMPUS DRG-based payment system (see paragraph (a)(1)(iii)(E)(*2*) of this section) shall be applied to the wage portion of the applicable regional per diem rate for each day of the admission. The wage portion shall be the same as that used for the CHAMPUS DRG-based payment system.

(*2*) *Indirect medical education.* The indirect medical education adjustment factors shall be calculated for teaching hospitals in the same manner as is used in the CHAMPUS DRG-based payment system (see paragraph (a)(1)(iii)(E)(*3*) of this section) and applied to the applicable regional per diem rate for each day of the admission.

(D) *Annual cost pass-through for direct medical education.* In addition to payments made to lower volume hospitals under paragraph (a)(2)(iii) of this section, CHAMPUS shall annually reimburse hospitals for actual direct medical education costs associated with services to CHAMPUS beneficiaries. This reimbursement shall be done pursuant to the same procedures as are applicable to the CHAMPUS DRG-based payment system (see paragraph (a)(1)(iii)(G) of this section).

(iv) *Base period and update factors*—(A) *Base period.* The base period for calculating the hospital-specific and regional per diems, as described in paragraphs (a)(2)(ii) and (a)(2)(iii) of this section, is Federal fiscal year 1988. Base period calculations shall be based on actual claims paid during the period July 1, 1987 through May 31, 1988, trended forward to represent the 12-month period ending September 30, 1988 on the basis of the Medicare inpatient hospital market basket rate.

(B) *Alternative hospital-specific data base.* Upon application of a higher volume hospital or unit to the Director, OCHAMPUS, or a designee, the hospital or unit may have its hospital-specific base period calculations based on claims with a date of discharge (rather than date of payment) between July 1, 1987 through May 31, 1988 if it has generally experienced unusual delays in claims payments and if the use of such an alternative data base would result in a difference in the per diem amount of at least $5.00. For this purpose, the unusual delays means that the hospital's or unit's average time period between date of discharge and date of payment is more than two standard deviations longer than the national average.

(C) *Update factors—(1)* The hospital-specific per diems and the regional per diems calculated for the base period pursuant to paragraphs (a)(2)(ii) of this section shall remain in effect for federal fiscal year 1989; there will be no additional update for fiscal year 1989.

(2) Except as provided in paragraph (a)(2)(iv)(C)*(3)* of this section, for subsequent federal fiscal years, each per diem shall be updated by the Medicare update factor for hospitals and units exempt from the Medicare prospective payment system.

(3) As an exception to the update required by paragraph (a)(2)(iv)(C)*(2)* of this section, all per diems in effect at the end of fiscal year 1995 shall remain in effect, with no additional update, throughout fiscal years 1996 and 1997. For fiscal year 1998 and thereafter, the per diems in effect at the end of fiscal year 1997 will be updated in accordance with paragraph (a)(2)(iv)(C)*(2)*.

(4) Hospitals and units with hospital-specific rates will be notified of their respective rates prior to the beginning of each Federal fiscal year. New hospitals shall be notified at such time as the hospital rate is determined. The actual amounts of each regional per diem that will apply in any Federal fiscal year shall be published in the FEDERAL REGISTER at approximately the start of that fiscal year.

(v) *Higher volume hospitals.* This paragraph describes the classification of and other provisions pertinent to hospitals with a higher volume of CHAMPUS patients.

(A) *In general.* Any hospital or unit that had an annual rate of 25 or more CHAMPUS discharges of CHAMPUS patients during the period July 1, 1987 through May 31, 1988 shall be considered a higher volume hospital has 25 or more CHAMPUS discharges, that hospital shall be considered to be a higher volume hospital during Federal fiscal year 1989 and all subsequent fiscal years. All other hospitals and units covered by the CHAMPUS mental health per diem payment system shall be considered lower volume hospitals.

(B) *Hospitals that subsequently become higher volume hospitals.* In any Federal fiscal year in which a hospital, including a new hospital (see paragraph (a)(2)(v)(C) of this section), not previously classified as a higher volume hospital has 25 or more CHAMPUS discharges, that hospital shall be considered to be a higher volume hospital during the next Federal fiscal year and all subsequent fiscal years. The hospital specific per diem amount shall be calculated in accordance with the provisions of paragraph (a)(2)(ii) of this section, except that the base period average daily charge shall be deemed to be the hospital's average daily charge in the year in which the hospital had 25 or more discharges, adjusted by the percentage change in average daily charges for all higher volume hospitals and units between the year in which the hospital had 25 or more CHAMPUS discharges and the base period. The base period amount, however, may not exceed the cap described in paragraph (a)(2)(ii)(B) of this section.

(C) *Special retrospective payment provision for new hospitals.* For purposes of this paragraph, a new hospital is a hospital that qualifies for the Medicare exemption from the rate of increase ceiling applicable to new hospitals which are PPS-exempt psychiatric hospitals. Any new hospital that becomes a higher volume hospital, in addition to qualifying prospectively as a higher volume hospital for purposes of paragraph (a)(2)(v)(B) of this section, may additionally, upon application to the Director, OCHAMPUS, receive a retrospective adjustment. The retrospective adjustment shall be calculated so that

the hospital receives the same government share payments it would have received had it been designated a higher volume hospital for the federal fiscal year in which it first had 25 or more CHAMPUS discharges and the preceding fiscal year (if it had any CHAMPUS patients during the preceding fiscal year). Such new hospitals must agree not to bill CHAMPUS beneficiaries for any additional costs beyond that determined initially.

(D) *Review of classification.* Any hospital or unit which OCHAMPUS erroneously fails to classify as a higher volume hospital may apply to the Director, OCHAMPUS, or a designee, for such a classification. The hospital shall have the burden of proof.

(vi) *Payment for hospital based professional services.* Lower volume hospitals and units may not bill separately for hospital based professional mental health services; payment for those services is included in the per diems. Higher volume hospitals and units, whether they billed CHAMPUS separately for hospital based professional mental health services or included those services in the hospital's billing to CHAMPUS, shall continue the practice in effect during the period July 1, 1987 to May 31, 1988 (or other data base period used for calculating the hospital's or unit's per diem), except that any such hospital or unit may change its prior practice (and obtain an appropriate revision in its per diem) by providing to OCHAMPUS notice in accordance with procedures established by the Director, OCHAMPUS, or a designee.

(vii) *Leave days.* CHAMPUS shall not pay for days where the patient is absent on leave from the specialty psychiatric hospital or unit. The hospital must identify these days when claiming reimbursement. CHAMPUS shall not count a patients's leave of absence as a discharge in determining whether a facility should be classified as a higher volume hospital pursuant to paragraph (a)(2)(v) of this section.

(viii) *Exemptions from the CHAMPUS mental health per diem payment system.* The following providers and procedures are exempt from the CHAMPUS mental health per diem payment system.

(A) *Non-specialty providers.* Providers of inpatient care which are not either psychiatric hospitals or psychiatric specialty units as described in paragraph (a)(2)(i)(A) of this section are exempt from the CHAMPUS mental health per diem payment system. Such providers should refer to paragraph (a)(1) of this section for provisions pertinent to the CHAMPUS DRG-based payment system.

(B) *DRG 424.* Admissions for operating room procedures involving a principal diagnosis of mental illness (services which group into DRG 424) are exempt from the per diem payment system. They will be reimbursed pursuant to the provisions of paragraph (a)(3) of this section.

(C) *Non-mental health services.* Admissions for non-mental health procedures in specialty psychiatric hospitals and units are exempt from the per diem payment system. They will be reimbursed pursuant to the provisions of paragraph (a)(3) of this section.

(D) *Sole community hospitals.* Any hospital which has qualified for special treatment under the Medicare prospective payment system as a sole community hospital and has not given up that classification is exempt.

(E) *Hospitals outside the U.S.* A hospital is exempt if it is not located in one of the 50 states, the District of Columbia or Puerto Rico.

(ix) *Per diem payment for psychiatric and substance use disorder rehabilitation partial hospitalization services*—(A) *In general.* Psychiatric and substance use disorder rehabilitation partial hospitalization services authorized by §199.4 (b)(10) and (e)(4) and provided by institutional providers authorized under §199.6 (b)(4)(xii) and (b)(4)(xiv), are reimbursed on the basis of prospectively determined, all-inclusive per diem rates. The per diem payment amount must be accepted as payment in full for all institutional services provided, including board, routine nursing services, ancillary services (includes art, music, dance, occupational and other such therapies), psychological testing and assessments, overhead and any other services for which the customary practice among similar providers is included as part of the institutional charges.

(B) *Services which may be billed separately.* The following services are not considered as included within the per diem payment amount and may be separately billed when provided by an authorized independent professional provider:

(*1*) *Psychotherapy sessions not included.* Professional services provided by an authorized professional provider (who is not employed by or under contract with the partial hospitalization program) for purposes of providing clinical patient care to a patient in the partial hospitalization program are not included in the per diem rate. They may be separately billed. Professional mental health benefits are limited to a maximum of one session (60 minutes individual, 90 minutes family, etc.) per authorized treatment day not to exceed five sessions in any calendar week.

(*2*) *Non-mental health related medical services.* Those services not normally included in the evaluation and assessment of a partial hospitalization program, non-mental health related medical services, may be separately billed when provided by an authorized independent professional provider. This includes ambulance services when medically necessary for emergency transport.

(C) *Per diem rate.* For any full day partial hospitalization program (minimum of 6 hours), the maximum per diem payment amount is 40 percent of the average inpatient per diem amount per case established under the CHAMPUS mental health per diem reimbursement system for both high and low volume psychiatric hospitals and units (as defined in §199.14(a)(2)) for the fiscal year. A partial hospitalization program of less than 6 hours (with a minimum of three hours) will be paid a per diem rate of 75 percent of the rate for a full-day program.

(D) *Other requirements.* No payment is due for leave days, for days in which treatment is not provided, or for days in which the duration of the program services was less than three hours.

(3) *Billed charges and set rates.* The allowable costs for authorized care in all hospitals not subject to the CHAMPUS DRG-based payment system or the CHAMPUS mental health per diem payment system shall be determined on the basis of billed charges or set rates. Under this procedure the allowable costs may not exceed the lower of:

(i) The actual charge for such service made to the general public; or

(ii) The allowed charge applicable to the policyholders or subscribers of the CHAMPUS fiscal intermediary for comparable services under comparable circumstances, when extended to CHAMPUS beneficiaries by consent or agreement; or

(iii) The allowed charge applicable to the citizens of the community or state as established by local or state regulatory authority, excluding title XIX of the Social Security Act or other welfare program, when extended to CHAMPUS beneficiaries by consent or agreement.

(4) *CHAMPUS discount rates.* The CHAMPUS-determined allowable cost for authorized care in any hospital may be based on discount rates established under paragraph (l) of this section.

(5) *Hospital outpatient services.* This paragraph (a)(5) identifies and clarifies payment methods for certain outpatient services, including emergency services, provided by hospitals.

(i) *Laboratory services.* TRICARE payments for hospital outpatient laboratory services including clinical laboratory services are based on the allowable charge method under paragraph (j)(1) of the section. In the case of laboratory services for which the CMAC rates are established under that paragraph, a payment rate for the technical component of the laboratory services is provided. Hospital charges for an outpatient laboratory service are reimbursed using the CMAC technical component rate.

(ii) *Rehabilitation therapy services.* Rehabilitation therapy services provided on an outpatient basis by hospitals are paid on the same basis as rehabilitation therapy services covered by the allowable charge method under paragraph (j)(1) of this section.

(iii) *Venipuncture.* Routine venipuncture services provided on an outpatient basis by hospitals are paid on the same basis as such services covered by the allowable charge method under paragraph (j)(1) of this section. Routine venipuncture services provided on an outpatient basis by institutional

providers other than hospitals are also paid on this basis.

(iv) *Radiology services.* TRICARE payments for hospital outpatient radiology services are based on the allowable charge method under paragraph (j)(1) of the section. In the case of radiology services for which the CMAC rates are established under that paragraph, a payment rate for the technical component of the radiology services is provided. Hospital charges for an outpatient radiology service are reimbursed using the CMAC technical component rate.

(v) *Diagnostic services.* TRICARE payments for hospital outpatient diagnostic services are based on the allowable charge method under paragraph (j)(1) of the section. In the case of diagnostic services for which the CMAC rates are established under that paragraph, a payment rate for the technical component of the diagnostic services is provided. Hospital charges for an outpatient diagnostic service are reimbursed using the CMAC technical component rate.

(vi) *Ambulance services.* Ambulance services provided on an outpatient basis by hospitals are paid on the same basis as ambulance services covered by the allowable charge method under paragraph (j)(1) of this section.

(vii) *Durable medical equipment (DME) and supplies.* Durable medical equipment and supplies provided on an outpatient basis by hospitals are paid on the same basis as durable medical equipment and supplies covered by the allowable charge method under paragraph (j)(1) of this section.

(viii) *Oxygen and related supplies.* Oxygen and related supplies provided on an outpatient basis by hospitals are paid on the same basis as oxygen and related supplies covered by the allowable charge method under paragraph (j)(1) of this section.

(ix) *Drugs administered other than oral method.* Drugs administered other than oral method provided on an outpatient basis by hospitals are paid on the same basis as drugs administered other than oral method covered by the allowable charge method under paragraph (j)(1) of this section. The allowable charge for drugs administered other than oral method is established from a schedule of allowable charges based on a formulary of the average wholesale price.

(x) *Professional provider services.* TRICARE payments for hospital outpatient professional provider services rendered in an emergency room, clinic, or hospital outpatient department, etc., are based on the allowable charge method under paragraph (j)(1) of the section. In the case of professional services for which the CMAC rates are established under that paragraph, a payment rate for the professional component of the services is provided. Hospital charges for an outpatient professional service are reimbursed using the CMAC professional component rate. If the professional outpatient hospital services are billed by a professional provider group, not by the hospital, no payment shall be made to the hospital for these services.

(xi) *Facility charges.* TRICARE payments for hospital outpatient facility charges that would include the overhead costs of providing the outpatient service would be paid as billed. For the definition of facility charge, see §199.2(b).

(xii) *Ambulatory surgery services.* Hospital outpatient ambulatory surgery services shall be paid in accordance with §199.14(d).

(b) *Skilled nursing facilities (SNFs)*—(1) *Use of Medicare prospective payment system and rates.* TRICARE payments to SNFs are determined using the same methods and rates used under the Medicare prospective payment system for SNFs under 42 CFR part 413, subpart J, except for children under age ten. SNFs receive a per diem payment of a predetermined Federal payment rate appropriate for the case based on patient classification (using the RUG classification system), urban or rural location of the facility, and area wage index.

(2) *Payment in full.* The SNF payment rates represent payment in full (subject to any applicable beneficiary cost shares) for all costs (routine, ancillary, and capital-related) associated with furnishing inpatient SNF services to TRICARE beneficiaries other than costs associated with operating approved educational activities.

(3) *Education costs.* Costs for approved educational activities shall be subject

to separate payment under procedures established by the Director, TRICARE Management Activity. Such procedures shall be similar to procedures for payments for direct medical education costs of hospitals under paragraph (a)(1)(iii)(G)(*2*) of this section.

(4) *Resident assessment data.* SNFs are required to submit the same resident assessment data as is required under the Medicare program. (The residential assessment is addressed in the Medicare regulations at 42 CFR 483.20.) SNFs must submit assessments according to an assessment schedule. This schedule must include performance of patient assessments on the 5th, 14th, and 30th days of SNF care and at each successive 30 day interval of SNF admissions that are longer than 30 days. It must also include such other assessments that are necessary to account for changes in patient care needs. TRICARE pays a default rate for the days of a patient's care for which the SNF has failed to comply with the assessment schedule.

(c) *Reimbursement for Other Than Hospitals and SNFs.* The Director, OCHAMPUS, or a designee, shall establish such other methods of determining allowable cost or charge reimbursement for those institutions, other than hospitals and SNFs, as may be required.

(d) *Payment of institutional facility costs for ambulatory surgery*—(1) *In general.* CHAMPUS pays institutional facility costs for ambulatory surgery on the basis of prospectively determined amounts, as provided in this paragraph. This payment method is similar to that used by the Medicare program for ambulatory surgery. This paragraph applies to payment for institutional charges for ambulatory surgery provided in hospitals and freestanding ambulatory surgical centers. It does not apply to professional services. A list of ambulatory surgery procedures subject to the payment method set forth in this paragraph shall be published periodically by the Director, OCHAMPUS. Payment to freestanding ambulatory surgery centers is limited to these procedures.

(2) *Payment in full.* The payment provided for under this paragraph is the payment in full for services covered by this paragraph. Facilities may not charge beneficiaries for amounts, if any, in excess of the payment amounts determined pursuant to this paragraph.

(3) *Calculation of standard payment rates.* Standard payment rates are calculated for groups of procedures under the following steps:

(i) *Step 1: Calculate a median standardized cost for each procedure.* For each ambulatory surgery procedure, a median standardized cost will be calculated on the basis of all ambulatory surgery charges nationally under CHAMPUS during a recent one-year base period. The steps in this calculation include standardizing for local labor costs by reference to the same wage index and labor/non-labor-related cost ratio as applies to the facility under Medicare, applying a cost-to-charge ratio, calculating a median cost for each procedure, and updating to the year for which the payment rates will be in effect by the Consumer Price Index-Urban. In applying a cost-to-charge ratio, the Medicare cost-to-charge ratio for freestanding ambulatory surgery centers (FASCs) will be used for all charges from FASCs, and the Medicare cost-to-charge ratio for hospital outpatient settings will be used for all charges from hospitals.

(ii) *Step 2: Grouping procedures.* Procedures will then be placed into one of ten groups by their median per procedure cost, starting with $0 to $299 for group 1 and ending with $1000 to $1299 for group 9 and $1300 and above for group 10, with groups 2 through 8 set on the basis of $100 fixed intervals.

(iii) *Step 3: Adjustments to groups.* The Director, OCHAMPUS may make adjustments to the groupings resulting from step 2 to account for any ambulatory surgery procedures for which there were insufficient data to allow a grouping or to correct for any anomalies resulting from data or statistical factors or other special factors that fairness requires be specially recognized. In making any such adjustments, the Director may take into consideration the placing of particular procedures in the ambulatory surgery groups under Medicare.

(iv) *Step 4*: standard payment amount per group. The standard payment amount per group will be the volume

weighted median per procedure cost for the procedures in that group. For cases in which the standard payment amount per group exceeds the CHAMPUS-determined inpatient allowable amount, the Director, TSO or his designee, may make adjustments.

(v) *Step 5: Actual payments.* Actual payment for a procedure will be the standard payment amount for the group which covers that procedure, adjusted for local labor costs by reference to the same labor/non-labor- related cost ratio and hospital wage index as used for ambulatory surgery centers by Medicare.

(4) *Multiple procedures.* In cases in which authorized multiple procedures are performed during the same operative session, payment shall be based on 100 percent of the payment amount for the procedure with the highest ambulatory surgery payment amount, plus, for each other procedure performed during the session, 50 percent of its payment amount.

(5) *Annual updates.* The standard payment amounts will be updated annually by the same update factor as is used in the Medicare annual updates for ambulatory surgery center payments.

(6) *Recalculation of rates.* The Director, OCHAMPUS may periodically recalculate standard payment rates for ambulatory surgery using the steps set forth in paragraph (d)(3) of this section.

(e) *Reimbursement of Birthing Centers.* (1) Reimbursement for maternity care and childbirth services furnished by an authorized birthing center shall be limited to the lower of the CHAMPUS established all-inclusive rate or the center's most-favored all-inclusive rate.

(2) The all-inclusive rate shall include the following to the extent that they are usually associated with a normal pregnancy and childbirth: Laboratory studies, prenatal management, labor management, delivery, postpartum management, newborn care, birth assistant, certified nurse-midwife professional services, physician professional services, and the use of the facility.

(3) The CHAMPUS established all-inclusive rate is equal to the sum of the CHAMPUS area prevailing professional charge for total obstetrical care for a normal pregnancy and delivery and the sum of the average CHAMPUS allowable institutional charges for supplies, laboratory, and delivery room for a hospital inpatient normal delivery. The CHAMPUS established all-inclusive rate areas will coincide with those established for prevailing professional charges and will be updated concurrently with the CHAMPUS area prevailing professional charge database.

(4) Extraordinary maternity care services, when otherwise authorized, may be reimbursed at the lesser of the billed charge or the CHAMPUS allowable charge.

(5) Reimbursement for an incomplete course of care will be limited to claims for professional services and tests where the beneficiary has been screened but rejected for admission into the birthing center program, or where the woman has been admitted but is discharged from the birthing center program prior to delivery, adjudicated as individual professional services and items.

(6) The beneficiary's share of the total reimbursement to a birthing center is limited to the cost-share amount plus the amount billed for non-covered services and supplies.

(f) *Reimbursement of Residential Treatment Centers.* The CHAMPUS rate is the per diem rate that CHAMPUS will authorize for all mental health services rendered to a patient and the patient's family as part of the total treatment plan submitted by a CHAMPUS-approved RTC, and approved by the Director, OCHAMPUS, or designee.

(1) The all-inclusive per diem rate for RTCs operating or participating in CHAMPUS during the base period of July 1, 1987, through June 30, 1988, will be the lowest of the following conditions:

(i) The CHAMPUS rate paid to the RTC for all-inclusive services as of June 30, 1988, adjusted by the Consumer Price Index—Urban (CPI-U) for medical care as determined applicable by the Director, OCHAMPUS, or designee; or

(ii) The per diem rate accepted by the RTC from any other agency or organization (public or private) that is high enough to cover one-third of the total

patient days during the 12-month period ending June 30, 1988, adjusted by the CPI-U; or

NOTE: The per diem rate accepted by the RTC from any other agency or organization includes the rates accepted from entities such as Government contractors in CHAMPUS demonstration projects.

(iii) An OCHAMPUS determined capped per diem amount not to exceed the 80th percentile of all established CHAMPUS RTC rates nationally, weighted by total CHAMPUS days provided at each rate during the base period discussed in paragraph (f)(1) of this section.

(2) The all-inclusive per diem rates for RTCs which began operation after June 30, 1988, or began operation before July 1, 1988, but had less than 6 months of operation by June 30, 1988, will be calculated based on the lower of the per diem rate accepted by the RTC that is high enough to cover one-third of the total patient days during its first 6 to 12 consecutive months of operation, or the CHAMPUS determined capped amount. Rates for RTCs beginning operation prior to July 1, 1988, will be adjusted by an appropriate CPI-U inflation factor for the period ending June 30, 1988. A period of less than 12 months will be used only when the RTC has been in operation for less than 12 months. Once a full 12 months is available, the rate will be recalculated.

(3) For care on or after April 6, 1995, the per diem amount may not exceed a cap of the 70th percentile of all established Federal fiscal year 1994 RTC rates nationally, weighted by total CHAMPUS days provided at each rate during the first half of Federal fiscal year 1994, and updated to FY95. For Federal fiscal years 1996 and 1997, the cap shall remain unchanged. For Federal fiscal years after fiscal year 1997, the cap shall be adjusted by the Medicare update factor for hospitals and units exempt from the Medicare prospective payment system.

(4) All educational costs, whether they include routine education or special education costs, are excluded from reimbursement except when appropriate education is not available from, or not payable by, a cognizant public entity.

(i) The RTC shall exclude educational costs from its daily costs.

(ii) The RTC's accounting system must be adequate to assure CHAMPUS is not billed for educational costs.

(iii) The RTC may request payment of educational costs on an individual case basis from the Director, OCHAMPUS, or designee, when appropriate education is not available from, or not payable by, a cognizant public entity. To qualify for reimbursement of educational costs in individual cases, the RTC shall comply with the application procedures established by the Director, OCHAMPUS, or designee, including, but not limited to, the following:

(A) As part of its admission procedures, the RTC must counsel and assist the beneficiary and the beneficiary's family in the necessary procedures for assuring their rights to a free and appropriate public education.

(B) The RTC must document any reasons why an individual beneficiary cannot attend public educational facilities and, in such a case, why alternative educational arrangements have not been provided by the cognizant public entity.

(C) If reimbursement of educational costs is approved for an individual beneficiary by the Director, OCHAMPUS, or designee, such educational costs shall be shown separately from the RTC's daily costs on the CHAMPUS claim. The amount paid shall not exceed the RTC's most-favorable rate to any other patient, agency, or organization for special or general educational services whichever is appropriate.

(D) If the RTC fails to request CHAMPUS approval of the educational costs on an individual case, the RTC agrees not to bill the beneficiary or the beneficiary's family for any amounts disallowed by CHAMPUS. Requests for payment of educational costs must be referred to the Director, OCHAMPUS, or designee for review and a determination of the applicability of CHAMPUS benefits.

(5) Subject to the applicable RTC cap, adjustments to the RTC rates may be made annually.

(i) For Federal fiscal years through 1995, the adjustment shall be based on the Consumer Price Index-Urban (CPI-

U) for medical care as determined applicable by the Director, OCHAMPUS.

(ii) For purposes of rates for Federal fiscal years 1996 and 1997:

(A) For any RTC whose 1995 rate was at or above the thirtieth percentile of all established Federal fiscal year 1995 RTC rates normally, weighted by total CHAMPUS days provided at each rate during the first half of Federal fiscal year 1994, that rate shall remain in effect, with no additional update, throughout fiscal years 1996 and 1997; and

(B) For any RTC whose 1995 rate was below the 30th percentile level determined under paragraph (f)(5)(ii)(A) of this section, the rate shall be adjusted by the lesser of: the CPI-U for medical care, or the amount that brings the rate up to that 30th percentile level.

(iii) For subsequent Federal fiscal years after fiscal year 1997, RTC rates shall be updated by the Medicare update factor for hospitals and units exempt from the Medicare prospective payment system.

(6) For care provided on or after July 1, 1995, CHAMPUS will not pay for days in which the patient is absent on leave from the RTC. The RTC must identify these days when claiming reimbursement.

(g) *Reimbursement of hospice programs.* Hospice care will be reimbursed at one of four predetermined national CHAMPUS rates based on the type and intensity of services furnished to the beneficiary. A single rate is applicable for each day of care except for continuous home care where payment is based on the number of hours of care furnished during a 24-hour period. These rates will be adjusted for regional differences in wages using wage indices for hospice care.

(1) *National hospice rates.* CHAMPUS will use the national hospice rates for reimbursement of each of the following levels of care provided by or under arrangement with a CHAMPUS approved hospice program:

(i) *Routine home care.* The hospice will be paid the routine home care rate for each day the patient is at home, under the care of the hospice, and not receiving continuous home care. This rate is paid without regard to the volume or intensity of routine home care services provided on any given day.

(ii) *Continuous home care.* The hospice will be paid the continuous home care rate when continuous home care is provided. The continuous home care rate is divided by 24 hours in order to arrive at an hourly rate.

(A) A minimum of 8 hours of care must be provided within a 24-hour day starting and ending at midnight.

(B) More than half of the total actual hours being billed for each 24-hour period must be provided by either a registered or licensed practical nurse.

(C) Homemaker and home health aide services may be provided to supplement the nursing care to enable the beneficiary to remain at home.

(D) For every hour or part of an hour of continuous care furnished, the hourly rate will be reimbursed to the hospice up to 24 hours a day.

(iii) *Inpatient respite care.* The hospice will be paid at the inpatient respite care rate for each day on which the beneficiary is in an approved inpatient facility and is receiving respite care.

(A) Payment for respite care may be made for a maximum of 5 days at a time, including the date of admission but not counting the date of discharge. The necessity and frequency of respite care will be determined by the hospice interdisciplinary group with input from the patient's attending physician and the hospice's medical director.

(B) Payment for the sixth and any subsequent days is to be made at the routine home care rate.

(iv) *General inpatient care.* Payment at the inpatient rate will be made when general inpatient care is provided for pain control or acute or chronic symptom management which cannot be managed in other settings. None of the other fixed payment rates (i.e., routine home care) will be applicable for a day on which the patient receives general inpatient care except on the date of discharge.

(v) *Date of discharge.* For the day of discharge from an inpatient unit, the appropriate home care rate is to be paid unless the patient dies as an inpatient. When the patient is discharged deceased, the inpatient rate (general or respite) is to be paid for the discharge date.

(2) *Use of Medicare rates.* CHAMPUS will use the most current Medicare rates to reimburse hospice programs for services provided to CHAMPUS beneficiaries. It is CHAMPUS' intent to adopt changes in the Medicare reimbursement methodology as they occur; e.g., Medicare's adoption of an updated, more accurate wage index.

(3) *Physician reimbursement.* Payment is dependent on the physician's relationship with both the beneficiary and the hospice program.

(i) *Physicians employed by, or contracted with, the hospice.* (A) Administrative and supervisory activities (i.e., establishment, review and updating of plans of care, supervising care and services, and establishing governing policies) are included in the adjusted national payment rate.

(B) Direct patient care services are paid in addition to the adjusted national payment rate.

(*1*) Physician services will be reimbursed an amount equivalent to 100 percent of the CHAMPUS' allowable charge; i.e., there will be no cost-sharing and/or deductibles for hospice physician services.

(*2*) Physician payments will be counted toward the hospice cap limitation.

(ii) *Independent attending physician.* Patient care services rendered by an independent attending physician (a physician who is not considered employed by or under contract with the hospice) are not part of the hospice benefit.

(A) Attending physician may bill in his/her own right.

(B) Services will be subject to the appropriate allowable charge methodology.

(C) Reimbursement is not counted toward the hospice cap limitation.

(D) Services provided by an independent attending physician must be coordinated with any direct care services provided by hospice physicians.

(E) The hospice must notify the CHAMPUS contractor of the name of the physician whenever the attending physician is not a hospice employee.

(iii) *Voluntary physician services.* No payment will be allowed for physician services furnished voluntarily (both physicians employed by, and under contract with, the hospice and independent attending physicians). Physicians may not discriminate against CHAMPUS beneficiaries; e.g., designate all services rendered to non-CHAMPUS patients as volunteer and at the same time bill for CHAMPUS patients.

(4) *Unrelated medical treatment.* Any covered CHAMPUS services not related to the treatment of the terminal condition for which hospice care was elected will be paid in accordance with standard reimbursement methodologies; i.e., payment for these services will be subject to standard deductible and cost-sharing provisions under the CHAMPUS. A determination must be made whether or not services provided are related to the individual's terminal illness. Many illnesses may occur when an individual is terminally ill which are brought on by the underlying condition of the ill patient. For example, it is not unusual for a terminally ill patient to develop pneumonia or some other illness as a result of his or her weakened condition. Similarly, the setting of bones after fractures occur in a bone cancer patient would be treatment of a related condition. Thus, if the treatment or control of an upper respiratory tract infection is due to the weakened state of the terminal patient, it will be considered a related condition, and as such, will be included in the hospice daily rates.

(5) *Cap amount.* Each CHAMPUS-approved hospice program will be subject to a cap on aggregate CHAMPUS payments from November 1 through October 31 of each year, hereafter known as ''the cap period.''

(i) The cap amount will be adjusted annually by the percent of increase or decrease in the medical expenditure category of the Consumer Price Index for all urban consumers (CPI-U).

(ii) The aggregate cap amount (i.e., the statutory cap amount times the number of CHAMPUS beneficiaries electing hospice care during the cap period) will be compared with total actual CHAMPUS payments made during the same cap period.

(iii) Payments in excess of the cap amount must be refunded by the hospice program. The adjusted cap amount will be obtained from the Health Care

Financing Administration (HCFA) prior to the end of each cap period.

(iv) Calculation of the cap amount for a hospice which has not participated in the program for an entire cap year (November 1 through October 31) will be based on a period of at least 12 months but no more than 23 months. For example, the first cap period for a hospice entering the program on October 1, 1994, would run from October 1, 1994 through October 31, 1995. Similarly, the first cap period for hospice providers entering the program after November 1, 1993 but before November 1, 1994 would end October 31, 1995.

(6) *Inpatient limitation.* During the 12-month period beginning November 1 of each year and ending October 31, the aggregate number of inpatient days, both for general inpatient care and respite care, may not exceed 20 percent of the aggregate total number of days of hospice care provided to all CHAMPUS beneficiaries during the same period.

(i) If the number of days of inpatient care furnished to CHAMPUS beneficiaries exceeds 20 percent of the total days of hospice care to CHAMPUS beneficiaries, the total payment for inpatient care is determined follows:

(A) Calculate the ratio of the maximum number of allowable inpatient days of the actual number of inpatient care days furnished by the hospice to Medicare patients.

(B) Multiply this ratio by the total reimbursement for inpatient care made by the CHAMPUS contractor.

(C) Multiply the number of actual inpatient days in excess of the limitation by the routine home care rate.

(D) Add the amounts calculated in paragraphs (g)(6)(i) (B) and (C) of this section.

(ii) Compare the total payment for inpatient care calculated in paragraph (g)(6)(i)(D) of this section to actual payments made to the hospice for inpatient care during the cap period.

(iii) Payments in excess of the inpatient limitation must be refunded by the hospice program.

(7) *Hospice reporting responsibilities.* The hospice is responsible for reporting the following data within 30 days after the end of the cap period:

(i) Total reimbursement received and receivable for services furnished CHAMPUS beneficiaries during the cap period, including physician's services not of an administrative or general supervisory nature.

(ii) Total reimbursement received and receivable for general inpatient care and inpatient respite care furnished to CHAMPUS beneficiaries during the cap period.

(iii) Total number of inpatient days furnished to CHAMPUS hospice patients (both general inpatient and inpatient respite days) during the cap period.

(iv) Total number of CHAMPUS hospice days (both inpatient and home care) during the cap period.

(v) Total number of beneficiaries electing hospice care. The following rules must be adhered to by the hospice in determining the number of CHAMPUS beneficiaries who have elected hospice care during the period:

(A) The beneficiary must not have been counted previously in either another hospice's cap or another reporting year.

(B) The beneficiary must file an initial election statement during the period beginning September 28 of the previous cap year through September 27 of the current cap year in order to be counted as an electing CHAMPUS beneficiary during the current cap year.

(C) Once a beneficiary has been included in the calculation of a hospice cap amount, he or she may not be included in the cap for that hospice again, even if the number of covered days in a subsequent reporting period exceeds that of the period where the beneficiary was included.

(D) There will be proportional application of the cap amount when a beneficiary elects to receive hospice benefits from two or more different CHAMPUS-certified hospices. A calculation must be made to determine the percentage of the patient's length of stay in each hospice relative to the total length of hospice stay.

(8) *Reconsideration of cap amount and inpatient limit.* A hospice dissatisfied with the contractor's calculation and application of its cap amount and/or inpatient limitation may request and obtain a contractor review if the amount of program reimbursement in controversy—with respect to matters

which the hospice has a right to review—is at least $1000. The administrative review by the contractor of the calculation and application of the cap amount and inpatient limitation is the only administrative review available. These calculations are not subject to the appeal procedures set forth in § 199.10. The methods and standards for calculation of the hospice payment rates established by CHAMPUS, as well as questions as to the validity of the applicable law, regulations or CHAMPUS decisions, are not subject to administrative review, including the appeal procedures of § 199.10.

(9) *Beneficiary cost-sharing.* There are no deductibles under the CHAMPUS hospice benefit. CHAMPUS pays the full cost of all covered services for the terminal illness, except for small cost-share amounts which *may be* collected by the individual hospice for outpatient drugs and biologicals and inpatient respite care.

(i) The patient is responsible for 5 percent of the cost of outpatient drugs or $5 toward each prescription, whichever is less. Additionally, the cost of prescription drugs (drugs or biologicals) may not exceed that which a prudent buyer would pay in similar circumstances; that is, a buyer who refuses to pay more than the going price for an item or service and also seeks to economize by minimizing costs.

(ii) For inpatient respite care, the cost-share for each respite care day is equal to 5 percent of the amount CHAMPUS has estimated to be the cost of respite care, after adjusting the national rate for local wage differences.

(iii) The amount of the individual cost-share liability for respite care during a hospice cost-share period may not exceed the Medicare inpatient hospital deductible applicable for the year in which the hospice cost-share period began. The individual hospice cost-share period begins on the first day an election is in effect for the beneficiary and ends with the close of the first period of 14 consecutive days on each of which an election is not in effect for the beneficiary.

(h) *Reimbursement of Home Health Agencies (HHAs).* HHAs will be reimbursed using the same methods and rates as used under the Medicare HHA prospective payment system under Section 1895 of the Social Security Act (42 U.S.C. 1395fff) and 42 CFR Part 484, Subpart E except as otherwise necessary to recognize distinct characteristics of TRICARE beneficiaries and as described in instructions issued by the Director, TMA. Under this methodology, an HHA will receive a fixed case-mix and wage-adjusted national 60-day episode payment amount as payment in full for all costs associated with furnishing home health services to TRICARE-eligible beneficiaries with the exception of osteoporosis drugs and DME. The full case-mix and wage-adjusted 60-day episode amount will be payment in full subject to the following adjustments and additional payments:

(1) *Split percentage payments.* The initial percentage payment for initial episodes is paid to an HHA at 60 percent of the case-mix and wage adjusted 60-day episode rate. The residual final payment for initial episodes is paid at 40 percent of the case-mix and wage adjusted 60-day episode rate subject to appropriate adjustments. The initial percentage payment for subsequent episodes is paid at 50 percent of the case-mix and wage-adjusted 60-day episode rate. The residual final payment for subsequent episodes is paid at 50 percent of the case-mix and wage-adjusted 60-day episode rate subject to appropriate adjustments.

(2) *Low-utilization payment.* A low utilization payment is applied when a HHA furnishes four or fewer visits to a beneficiary during the 60-day episode. The visits are paid at the national per-visit amount by discipline updated annually by the applicable market basket for each visit type.

(3) *Partial episode payment (PEP).* A PEP adjustment is used for payment of an episode of less than 60 days resulting from a beneficiary's elected transfer to another HHA prior to the end of the 60-day episode or discharge and readmission of a beneficiary to the same HHA before the end of the 60-day episode. The PEP payment is calculated by multiplying the proportion of the 60-day episode during which the beneficiary remained under the care of the original HHA by the beneficiary's assigned 60-day episode payment.

(4) *Significant change in condition (SCIC).* The full-episode payment amount is adjusted if a beneficiary experiences a significant change in condition during the 60-day episode that was not envisioned in the initial treatment plan. The total significant change in condition payment adjustment is a proportional payment adjustment reflecting the time both prior to and after the patient experienced a significant change in condition during the 60-day episode. The initial percentage payment provided at the start of the 60-day episode will be adjusted at the end of the episode to reflect the first and second parts of the total SCIC adjustment determined at the end of the 60-day episode. The SCIC payment adjustment is calculated in two parts:

(i) The first part of the SCIC payment adjustment reflects the adjustment to the level of payment prior to the significant change in the patient's condition during the 60-day episode.

(ii) The second part of the SCIC payment adjustment reflects the adjustment to the level of payment after the significant change in the patient's condition occurs during the 60-day episode.

(5) *Outlier payment.* Outlier payments are allowed in addition to regular 60-day episode payments for beneficiaries generating excessively high treatment costs. The following methodology is used for calculation of the outlier payment:

(i) TRICARE makes an outlier payment for an episode whose estimated cost exceeds a threshold amount for each case-mix group.

(ii) The outlier threshold for each case-mix group is the episode payment amount for that group, the PEP adjustment amount for the episode or the total significant change in condition adjustment amount for the episode plus a fixed dollar loss amount that is the same for all case-mix groups.

(iii) The outlier payment is a proportion of the amount of estimated cost beyond the threshold.

(iv) TRICARE imputes the cost for each episode by multiplying the national per-visit amount of each discipline by the number of visits in the discipline and computing the total imputed cost for all disciplines.

(v) The fixed dollar loss amount and the loss sharing proportion are chosen so that the estimated total outlier payment is no more than the predetermined percentage of total payment under the home health PPS as set by the Centers for Medicare & Medicaid Services (CMS).

(6) *Services paid outside the HHA prospective payment system.* The following are services that receive a separate payment amount in addition to the prospective payment amount for home health services:

(i) *Durable medical equipment (DME).* Reimbursement of DME is based on the same amounts established under the Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) fee schedule under 42 CFR part 414, subpart D.

(ii) *Osteoporosis drugs.* Although osteoporosis drugs are subject to home health consolidated billing, they continue to be paid on a cost basis, in addition to episode payments.

(7) *Accelerated payments.* Upon request, an accelerated payment may be made to an HHA that is receiving payment under the home health prospective payment system if the HHA is experiencing financial difficulties because there is a delay by the contractor in making payment to the HHA. The following are criteria for making accelerated payments:

(i) *Approval of payment.* An HHA's request for an accelerated payment must be approved by the contractor and TRICARE Management Activity (TMA).

(ii) *Amount of payment.* The amount of the accelerated payment is computed as a percentage of the net payment for unbilled or unpaid covered services.

(iii) *Recovery of payment.* Recovery of the accelerated payment is made by recoupment as HHA bills are processed or by direct payment by the HHA.

(8) *Assessment data.* Beneficiary assessment data, incorporating the use of the current version of the OASIS items, must be submitted to the contractor for payment under the HHA prospective payment system.

(9) *Administrative review.* An HHA is not entitled to judicial or administrative review with regard to:

(i) Establishment of the payment unit, including the national 60-day prospective episode payment rate, adjustments and outlier payment.

(ii) Establishment of transition period, definition and application of the unit of payment.

(iii) Computation of the initial standard prospective payment amounts.

(iv) Establishment of case-mix and area wage adjustment factors.

(i) *Changes in Federal Law affecting Medicare.* With regard to paragraph (b) and (h) of this section, the Department of Defense must, within the time frame specified in law and to the extent it is practicable, bring the TRICARE program into compliance with any changes in Federal Law affecting the Medicare program that occur after the effective date of the DoD rule to implement the prospective payment systems for skilled nursing facilities and home health agencies.

(j) Reimbursement of individual health care professionals and other non-institutional, non-professional provers. The CHAMPUS-determined reasonable charge (the amount allowed by CHAMPUS) for the service of an individual health care professional or other non-institutional, non-professional provider (even if employed by or under contract to an institutional provider) shall be determined by one of the following methodologies, that is, whichever is in effect in the specific geographic location at the time covered services and supplies are provided to a CHAMPUS beneficiary.

(1) *Allowable charge method*—(i) *Introduction*—(A) *In general.* The allowable charge method is the preferred and primary method for reimbursement of individual health care professionals and other non-institutional health care providers (covered by 10 U.S.C. 1079(h)(1)). The allowable charge for authorized care shall be the lower of the billed charge or the local CHAMPUS Maximum Allowable Charge (CMAC).

(B) *CHAMPUS Maximum Allowable Charge.* Beginning in calendar year 1992, prevailing charge levels and appropriate charge levels will be calculated on a national level. There will then be calculated a national CHAMPUS Maximum Allowable Charge (CMAC) level for each procedure, which shall be the lesser of the national prevailing charge level or the national appropriate charge level. The national CMAC will then be adjusted for localities in accordance with paragraph (j)(1)(iv) of this section.

(C) *Limits on balance billing by nonparticipating providers.* Nonparticipating providers may not balance bill a beneficiary an amount which exceeds the applicable balance billing limit. The balance billing limit shall be the same percentage as the Medicare limiting charge percentage for nonparticipating physicians. The balance billing limit may be waived by the Director, OCHAMPUS on a case-by-case basis if requested by the CHAMPUS beneficiary (or sponsor) involved. A decision by the Director to waive or not waive the limit in any particular case is not subject to the appeal and hearing procedures of § 199.10.

(D) *Special rule for TRICARE Prime Enrollees.* In the case of a TRICARE Prime enrollee (see section 199.17) who receives authorized care from a nonparticipating provider, the CHAMPUS determined reasonable charge will be the CMAC level as established in paragraph (j)(1)(i)(B) of this section plus any balance billing amount up to the balance billing limit as referred to in paragraph (j)(1)(i)(C) of this section. The authorization for such care shall be pursuant to the procedures established by the Director, OCHAMPUS (also referred to as the TRICARE Support Office).

(ii) *Prevailing charge level.* (A) Beginning in calendar year 1992, the prevailing charge level shall be calculated on a national basis.

(B) The national prevailing charge level referred to in paragraph (j)(1)(ii)(A) of this section is the level that does not exceed the amount equivalent to the 80th percentile of billed charges made for similar services during the base period. The 80th percentile of charges shall be determined on the basis of statistical data and methodology acceptable to the Director, OCHAMPUS (or a designee).

(C) For purposes of paragraph (j)(1)(ii)(B) of this section, the base period shall be a period of 12 calendar months and shall be adjusted once a year, unless the Director, OCHAMPUS,

determines that a different period for adjustment is appropriate and publishes a notice to that effect in the FEDERAL REGISTER.

(iii) *Appropriate charge level.* Beginning in calendar year 1992, the appropriate charge level shall be calculated on a national basis. The appropriate charge level for each procedure is the product of the two-step process set forth in paragraphs (j)(1)(iii) (A) and (B) of this section. This process involves comparing the prior year's CMAC with the fully phased in Medicare fee. For years after the Medicare fee has been fully phased in, the comparison shall be to the current year Medicare fee. For any particular procedure for which comparable Medicare fee and CHAMPUS data are unavailable, but for which alternative data are available that the Director, OCHAMPUS (or designee) determines provide a reasonable approximation of relative value or price, the comparison may be based on such alternative data.

(A) *Step 1: Procedures classified.* All procedures are classified into one of three categories, as follows:

(*1*) *Overpriced procedures.* These are the procedures for which the prior year's national CMAC exceeds the Medicare fee.

(*2*) *Other procedures.* These are procedures subject to the allowable charge method that are not included in either the overpriced procedures group or the underpriced procedures group.

(*3*) *Underpriced procedures.* These are the procedures for which the prior year's national CMAC is less than the Medicare fee.

(B) *Step 2: Calculating appropriate charge levels.* For each year, appropriate charge levels will be calculated by adjusting the prior year's CMAC as follows:

(*1*) For overpriced procedures, the appropriate charge level for each procedure shall be the prior year's CMAC, reduced by the lesser of: the percentage by which it exceeds the Medicare fee or fifteen percent.

(*2*) For other procedures, the appropriate charge level for each procedure shall be the same as the prior year's CMAC.

(*3*) For underpriced procedures, the appropriate charge level for each procedure shall be the prior year's CMAC, increased by the lesser of: the percentage by which it is exceeded by the Medicare fee or the Medicare Economic Index.

(C) *Special rule for cases in which the CHAMPUS appropriate charge was prematurely reduced.* In any case in which a recalculation of the Medicare fee results in a Medicare rate higher than the CHAMPUS appropriate charge for a procedure that had been considered an overpriced procedure, the reduction in the CHAMPUS appropriate charge shall be restored up to the level of the recalculated Medicare rate.

(D) *Special rule for cases in which the national CMAC is less than the Medicare rate.*

NOTE: This paragraph will be implemented when CMAC rates are published.

In any case in which the national CMAC calculated in accordance with paragraphs (j)(1)(i) through (iii) of this section is less than the Medicare rate, the Director, TSO, may determine that the use of the Medicare Economic Index under paragraph (j)(1)(iii)(B) of this section will result in a CMAC rate below the level necessary to assure that beneficiaries will retain adequate access to health care services. Upon making such a determination, the Director, TSO, may increase the national CMAC to a level not greater than the Medicare rate.

(iv) *Calculating CHAMPUS Maximum Allowable Charge levels for localities*—(A) *In general.* The national CHAMPUS Maximum Allowable Charge level for each procedure will be adjusted for localities using the same (or similar) geographical areas and the same geographic adjustment factors as are used for determining allowable charges under Medicare.

(B) *Special locality-based phase-in provision.*

(*1*) *In general.* Beginning with the recalculation of CMACS for calendar year 1993, the CMAC in a locality will not be less than 72.25 percent of the maximum charge level in effect for that locality on December 31, 1991. For recalculations of CMACs for calendar years after 1993, the CMAC in a locality will not be less than 85 percent of the

CMAC in effect for that locality at the end of the prior calendar year.

(*2*) *Exception*. The special locality-based phase-in provision established by paragraph (j)(1)(iv)(B)(*1*) of this section shall not be applicable in the case of any procedure code for which there were not CHAMPUS claims in the locality accounting for at least 50 services.

(C) *Special locality-based waivers of reductions to assure adequate access to care*. Beginning with the recalculation of CMACs for calendar year 1993, in the case of any procedure classified as an overpriced procedure pursuant to paragraph (j)(1)(iii)(A)(*1*) of this section, a reduction in the CMAC in a locality below the level in effect at the end of the previous calendar year that would otherwise occur pursuant to paragraphs (j)(1)(iii) and (j)(1)(iv) of this section may be waived pursuant to paragraph (j)(1)(iii)(C) of this section.

(*1*) *Waiver based on balanced billing rates*. Except as provided in paragraph (j)(1)(iv)(C)(*2*) of this section such a reduction will be waived if there has been excessive balance billing in the locality for the procedure involved. For this purpose, the extent of balance billing will be determined based on a review of all services under the procedure code involved in the prior year (or most recent period for which data are available). If the number of services for which balance billing was not required was less than 60 percent of all services provided, the Director will determine that there was excessive balance billing with respect to that procedure in that locality and will waive the reduction in the CMAC that would otherwise occur. A decision by the Director to waive or not waive the reduction is not subject to the appeal and hearing procedures of §199.10.

(*2*) *Exception*. As an exception to the paragraph (j)(1)(iv)(C)(*1*) of this section, the waiver required by that paragraph shall not be applicable in the case of any procedure code for which there were not CHAMPUS claims in the locality accounting for at least 50 services. A waiver may, however, be granted in such cases pursuant to paragraph (j)(1)(iv)(C)(*3*) of this section.

(*3*) *Waiver based on other evidence that adequate access to care would be impaired*. The Director, OCHAMPUS may waive a reduction that would otherwise occur (or restore a reduction that was already taken) if the Director determines that available evidence shows that the reduction would impair adequate access. For this purpose, such evidence may include consideration of the number of providers in the locality who provide the affected services, the number of such providers who are CHAMPUS Participating Providers, the number of CHAMPUS beneficiaries in the area, and other relevant factors. Providers or beneficiaries in a locality may submit to the Director, OCHAMPUS a petition, together with appropriate documentation regarding relevant factors, for a determination that adequate access would be impaired. The Director, OCHAMPUS will consider and respond to all such petitions. Petitions may be filed at any time. Any petition received by the date which is 120 days prior to the implementation of a recalculation of CMACs will be assured of consideration prior to that implementation. The Director, OCHAMPUS may establish procedures for handling petitions. A decision by the Director to waive or not waive a reduction is not subject to the appeal and hearing procedures of §199.10.

(D) *Special locality-based exception to applicable CMACs to assure adequate beneficiary access to care*. In addition to the authority to waive reductions under paragraph (j)(1)(iv)(C) of this section, the Director may authorize establishment of higher payment rates for specific services than would otherwise be allowable, under paragraph (j)(1) of this section, if the Director determines that available evidence shows that access to health care services is severely impaired. For this purpose, such evidence may include consideration of the number of providers in the locality who provide the affected services, the number of providers who are CHAMPUS participating providers, the number of CHAMPUS beneficiaries in the locality, the availability of military providers in the location or nearby, and any other factors the Director determines relevant.

(*1*) *Procedure*. Providers or beneficiaries in a locality may submit to the Director, a petition, together with

appropriate documentation regarding relevant factors, for a determination that adequate access to health care services is severely impaired. The Director, will consider and respond to all petitions. A decision to authorize a higher payment amount is subject to review and determination or modification by the Director at any time if circumstances change so that adequate access to health care services would no longer be severely impaired. A decision by the Director, to authorize, not authorize, terminate, or modify authorization of higher payment amounts is not subject to the appeal and hearing procedures of §199.10 of the part.

(*2) Establishing the higher payment rate(s).* When the Director, determines that beneficiary access to health care services in a locality is severely impaired, the Director may establish the higher payment rate(s) as he or she deems appropriate and cost-effective through one of the following methodologies to assure adequate access:

(*i*) A percent factor may be added to the otherwise applicable payment amount allowable under paragraph (j)(1) of this section;

(*ii*) A prevailing charge may be calculated, by applying the prevailing charge methodology of paragraph (j)(1)(ii) of this section to a specific locality (which need not be the same as the localities used for purposes of paragraph (j)(1)(iv)(A) of this section; or another government payment rate may be adopted, for example, an applicable state Medicaid rate).

(*3) Application of higher payment rates.* Higher payment rates defined under paragraph (j)(1)(iv)(D) of this section may be applied to all similar services performed in a locality, or, if circumstances warrant, a new locality may be defined for application of the higher payments. Establishment of a new locality may be undertaken where access impairment is localized and not pervasive across the existing locality. Generally, establishment of a new, more specific locality will occur when the area is remote so that geographical characteristics and other factors significantly impair transportation through normal means to health care services routinely available within the existing locality.

(E) *Special locality-based exception to applicable CMACs to ensure an adequate TRICARE Prime preferred network.* The Director, may authorize reimbursements to health care providers participating in a TRICARE preferred provider network under §199.17(p) of this part at rates higher than would otherwise be allowable under paragraph (j)(1) of this section, if the Director, determines that application of the higher rates is necessary to ensure the availability of an adequate number and mix of qualified health care providers in a network in a specific locality. This authority may only be used to ensure adequate networks in those localities designated by the Director, as requiring TRICAR preferred provider networks, not in localities in which preferred provider networks have been suggested or established but are not determined by the Director to be necessary. Appropriate evidence for determining that higher rates are necessary may include consideration of the number of available primary care and specialist providers in the network locality, availability (including reassignment) of military providers in the location or nearby, the appropriate mix of primary care and specialists needed to satisfy demand and meet appropriate patient access standards (appointment/waiting time, travel distance, etc.), the efforts that have been made to create an adequate network, other cost-effective alternatives, and other relevant factors. The Director, may establish procedures by which exceptions to applicable CMACs are requested and approved or denied under paragraph (j)(1)(iv)(E) of this section. A decision by the Director, to authorize or deny an exception is not subject to the appeal and hearing procedures of §199.10. When the Director, determines that it is necessary and cost-effective to approve a higher rate or rates in order to ensure the availability of an adequate number of qualified health care providers in a network in a specific locality, the higher rate may not exceed the lesser of the following:

(*1*) The amount equal to the local fee for service charge for the service in the service area in which the service is provided as determined by the Director,

based on one or more of the following payment rates:

(*i*) Usual, customary, and reasonable;

(*ii*) The Health Care Financing Administration's Resource Based Relative Value Scale;

(*iii*) Negotiated fee schedules;

(*iv*) Global fees; or

(*v*) Sliding scale individual fee allowances.

(*2*) The amount equal to 115 percent of the otherwise allowable charge under paragraph (j)(1) of the section for the service.

(v) *Special rules for 1991.* (A) Appropriate charge levels for care provided on or after January 1, 1991, and before the 1992 appropriate levels take effect shall be the same as those in effect on December 31, 1990, except that appropriate charge levels for care provided on or after October 7, 1991, shall be those established pursuant to this paragraph (j)(1)(v) of this section.

(B) Appropriate charge levels will be established for each locality for which an appropriate charge level was in effect immediately prior to October 7, 1991. For each procedure, the appropriate charge level shall be the prevailing charge level in effect immediately prior to October 7, 1991, adjusted as provided in (j)(1)(v)(B) (*1*) through (*3*) of this section.

(*1*) For each overpriced procedure, the level shall be reduced by fifteen percent. For this purpose, overpriced procedures are the procedures determined by the Physician Payment Review Commission to be overvalued pursuant to the process established under the Medicare program, other procedures considered overvalued in the Medicare program (for which Congress directed reductions in Medicare allowable levels for 1991), radiology procedures and pathology procedures.

(*2*) For each other procedure, the level shall remain unchanged. For this purpose, other procedures are procedures which are not overpriced procedures or primary care procedures.

(*3*) For each primary care procedure, the level shall be adjusted by the MEI, as the MEI is applied to Medicare prevailing charge levels. For this purpose, primary care procedures include maternity care and delivery services and well baby care services.

(C) For purposes of this paragraph (j)(i)(v), ''appropriate charge levels'' in effect at any time prior to October 7, 1991 shall mean the lesser of:

(*1*) The prevailing charge levels then in effect, or

(*2*) The fiscal year 1988 prevailing charge levels adjusted by the Medicare Economic Index (MEI), as the MEI was applied beginning in the fiscal year 1989.

(vi) *Special transition rule for 1992.* (A) For purposes of calculating the national appropriate charge levels for 1992, the prior year's appropriate charge level for each service will be considered to be the level that does not exceed the amount equivalent to the 80th percentile of billed charges made for similar services during the base period of July 1, 1986 to June 30, 1987 (determined as under paragraph (j)(1)(ii)(B) of this section), adjusted to calendar year 1991 based on the adjustments made for maximum CHAMPUS allowable charge levels through 1990 and the application of paragraph (j)(1)(v) of this section for 1991.

(B) The adjustment to calendar year 1991 of the product of paragraph (j)(1)(vi)(A) of this section shall be as follows:

(*1*) For procedures other than those described in paragraph (j)(1)(vi)(B)(*2*) of this section, the adjustment to 1991 shall be on the same basis as that provided under paragraph (j)(1)(v) of this section.

(*2*) For any procedure that was considered an overpriced procedure for purposes of the 1991 appropriate charge levels under paragraph (j)(1)(v) of this section for which the resulting 1991 appropriate charge level was less than 150 percent of the Medicare converted relative value unit, the adjustment to 1991 for purposes of the special transition rule for 1992 shall be as if the procedure had been treated under paragraph (j)(1)(v)(B)(*2*) of this section for purposes of the 1991 appropriate charge level.

(vii) *Adjustments and procedural rules.* (A) The Director, OCHAMPUS may make adjustments to the appropriate charge levels calculated pursuant to paragraphs (j)(1)(iii) and (j)(1)(v) of this section to correct any anomalies resulting from data or statistical factors,

significant differences between Medicare-relevant information and CHAMPUS-relevant considerations or other special factors that fairness requires be specially recognized. However, no such adjustment may result in reducing an appropriate charge level.

(B) The Director, OCHAMPUS will issue procedural instructions for administration of the allowable charge method.

(viii) *Clinical laboratory services.* The allowable charge for clinical diagnostic laboratory test services shall be calculated in the same manner as allowable charges for other individual health care providers are calculated pursuant to paragraphs (j)(1)(i) through (j)(1)(iv) of this section, with the following exceptions and clarifications.

(A) The calculation of national prevailing charge levels, national appropriate charge levels and national CMACs for laboratory service shall begin in calendar year 1993. For purposes of the 1993 calculation, the prior year's national appropriate charge level or national prevailing charge level shall be the level that does not exceed the amount equivalent to the 80th percentile of billed charges made for similar services during the period July 1, 1991, through June 30, 1992 (referred to in this paragraph (j)(1)(viii) of this section as the ''base period'').

(B) For purposes of comparison to Medicare allowable payment amounts pursuant to paragraph (j)(1)(iii) of this section, the Medicare national laboratory payment limitation amounts shall be used.

(C) For purposes of establishing laboratory service local CMACs pursuant to paragraph (j)(1)(iv) of this section, the adjustment factor shall equal the ratio of the local average charge (standardized for the distribution of clinical laboratory services) to the national average charge for all clinical laboratory services during the base period.

(D) For purposes of a special locality-based phase-in provision similar to that established by paragraph (j)(1)(iv)(B) of this section, the CMAC in a locality will not be less than 85 percent of the maximum charge level in effect for that locality during the base period.

(ix) The allowable charge for physician assistant services other than assistant-at-surgery may not exceed 85 percent of the allowable charge for a comparable service rendered by a physician performing the service in a similar location. For cases in which the physician assistant and the physician perform component services of a procedure other than assistant-at-surgery (e.g., home, office or hospital visit), the combined allowable charge for the procedure may not exceed the allowable charge for the procedure rendered by a physician alone. The allowable charge for physician assistant services performed as an assistant-at-surgery may not exceed 65 percent of the allowable charge for a physician serving as an assistant surgeon when authorized as CHAMPUS benefits in accordance with the provisions of §199.4(c)(3)(iii). Physician assistant services must be billed through the employing physician who must be an authorized CHAMPUS provider.

(x) A charge that exceeds the CHAMPUS Maximum Allowable Charge can be determined to be allowable only when unusual circumstances or medical complications justify the higher charge. The allowable charge may not exceed the billed charge under any circumstances.

(2) *Bonus payments in medically underserved areas.* A bonus payment, in addition to the amount normally paid under the allowable charge methodology, may be made to physicians in medically underserved areas. For purposes of this paragraph, medically underserved areas are the same as those determined by the Secretary of Health and Human Services for the Medicare program. Such bonus payments shall be equal to the bonus payments authorized by Medicare, except as necessary to recognize any unique or distinct characteristics or requirements of the TRICARE program, and as described in instructions issued by the Executive Director, TRICARE Management Activity. If the Department of Health and Human Services acts to amend or remove the provision for bonus payments under Medicare, TRICARE likewise may follow Medicare in amending or removing provision for such payments.

(3) *All-inclusive rate.* Claims from individual health-care professional providers for services rendered to CHAMPUS beneficiaries residing in an RTC that is either being reimbursed on an all-inclusive per diem rate, or is billing an all-inclusive per diem rate, shall be denied; with the exception of independent health-care professionals providing geographically distant family therapy to a family member residing a minimum of 250 miles from the RTC or covered medical services related to a nonmental health condition rendered outside the RTC. Reimbursement for individual professional services is included in the rate paid the institutional provider.

(4) *Alternative method.* The Director, OCHAMPUS, or a designee, may, subject to the approval of the ASD(HA), establish an alternative method of reimbursement designed to produce reasonable control over health care costs and to ensure a high level of acceptance of the CHAMPUS-determined charge by the individual health-care professionals or other noninstitutional health-care providers furnishing services and supplies to CHAMPUS beneficiaries. Alternative methods may not result in reimbursement greater than the allowable charge method above.

(k) *Reimbursement of Durable Medical Equipment, Prosthetics, orthotics and Supplies 9DMEPOS).* Reimbursement of DMEPOS may be based on the same amounts established under the Centers for Medicare and Medicaid Services (CMS) DMEPOS fee schedule under 42 CFR part 414, subpart D.

(l) *Reimbursement Under the Military-Civilian Health Services Partnership Program.* The Military-Civilian Health Services Partnership Program, as authorized by section 1096, chapter 55, title 10, provides for the sharing of staff, equipment, and resources between the civilian and military health care system in order to achieve more effective, efficient, or economical health care for authorized beneficiaries. Military treatment facility commanders, based upon the authority provided by their respective Surgeons General of the military departments, are responsible for entering into individual partnership agreements only when they have determined specifically that use of the Partnership Program is more economical overall to the Government than referring the need for health care services to the civilian community under the normal operation of the CHAMPUS Program. (See paragraph (p) of §199.1 for general requirements of the Partnership Program.)

(1) *Reimbursement of institutional health care providers.* Reimbursement of institutional health care providers under the Partnership Program shall be on the same basis as non-Partnership providers.

(2) *Reimbursement of individual health-care professionals and other non-institutional health care providers.* Reimbursement of individual health care professionals and other non-institutional health care providers shall be on the same basis as non-Partnership providers as detailed in paragraph (j) of this section.

(m) *Accommodation of Discounts Under Provider Reimbursement Methods*—(1) *General rule.* The Director. OCHAMPUS (or designee) has authority to reimburse a provider at an amount below the amount usually paid pursuant to this section when, under a program approved by the Director, the provider has agreed to the lower amount.

(2) *Special applications.* The following are examples of applications of the general rule; they are not all inclusive.

(i) In the case and individual health care professionals and other non-institutional providers, if the discounted fee is below the provider's normal billed charge and the prevailing charge level (see paragraph (g) of this section), the discounted fee shall be the provider's actual billed charge and the CHAMPUS allowable charge.

(ii) In the case of institutional providers normally paid on the basis of a pre-set amount (such as DRG-based amount under paragraph (a)(1) of this section or per-diem amount under paragraph (a)(2) of this section), if the discount rate is lower than the pre-set rate, the discounted rate shall be the CHAMPUS-determined allowable cost. This is an exception to the usual rule that the pre-set rate is paid regardless of the institutional provider's billed charges or other factors.

(3) *Procedures.* (i) This paragraph applies only when both the provider and the Director have agreed to the discounted payment rate. The Director's agreement may be in the context of approval of a program that allows for such discounts.

(ii) The Director of OCHAMPUS may establish uniform terms, conditions and limitations for this payment method in order to avoid administrative complexity.

(n) *Outside the United States.* The Director, OCHAMPUS, or a designee, shall determine the appropriate reimbursement method or methods to be used in the extension of CHAMPUS benefits for otherwise covered medical services or supplies provided by hospitals or other institutional providers, physicians or other individual professional providers, or other providers outside the United States.

(o) *Implementing Instructions.* The Director, OCHAMPUS, or a designee, shall issue CHAMPUS policies, instructions, procedures, and guidelines, as may be necessary to implement the intent of this section.

[55 FR 13266, Apr. 10, 1990, as amended at 55 FR 31180, Aug. 1, 1990; 55 FR 42562, Oct. 22, 1990; 55 FR 43342, Oct. 29, 1990; 56 FR 44006, Sept. 6, 1991; 56 FR 50273, Oct. 4, 1991; 58 FR 35408, July 1, 1993; 58 FR 51239, Oct. 1, 1993; 58 FR 58961, Nov. 5, 1993; 60 FR 6019, Feb. 1, 1995; 60 FR 12437, Mar. 7, 1995; 60 FR 52094, Oct. 5, 1995; 63 FR 7287, Feb. 13, 1998; 63 FR 48446, Sept. 10, 1998; 63 FR 56082, Oct. 21, 1998; 64 FR 60671, Nov. 8, 1999; 65 FR 41003, July 3, 2000; 67 FR 45172, Aug. 28, 2001; 67 FR 18115, Apr. 15, 2002; 67 FR 40604, June 13, 2002; 69 FR 60555, Oct. 12, 2004; 70 FR 61378, Oct. 24, 2005]

EDITORIAL NOTE: The following text, appearing at 63 FR 48445, Sept. 10, 1998, could not be incorporated into §199.14 because it was not mentioned in the amendatory instruction. For the convenience of the user, the text is set forth as follows:

§199.14 Provider reimbursement methods.

(a) * * *

(1) * * *

* * * * *

(iii) * * *

(B) *Empty and low-volume DRGs.* For any DRG with less than ten (10) occurrences in the CHAMPUS database, the Director, TSO, or designee, has the authority to consider alternative methods for estimating CHAMPUS weights in these low-volume DRG categories.

* * * * *

(D) * * *

(*1*) *Differentiate large urban and other area charges.* All charges in the database shall be sorted into large urban and other area groups (using the same definitions for these categories used in the Medicare program. * * *

* * * * *

(*5*) *Preliminary base year standardized amount.* A preliminary base year standardized amount shall be calculated by summing all costs in the database applicable to the large urban or other area group and dividing by the total number of discharges in the respective group.

* * * * *

(*E*) * * *

(*1*) * * *

(*i*) * * *

(*A*) *Short-stay outliers.* Any discharge with a length-of-stay (LOS) less than 1.94 standard deviations from the DRG's arithmetic LOS shall be classified as a short-stay outlier. Short-stay outliers shall be reimbursed at 200 percent of the per diem rate for the DRG for each covered day of the hospital stay, not to exceed the DRG amount. The per diem rate shall equal the DRG amount divided by the arithmetic mean length-of-stay for the DRG.

(*B*) *Long-stay outliers.* Any discharge (except for neonatal services and services in children's hospitals) which has a length-of-stay (LOS) exceeding a threshold established in accordance with the criteria used for the Medicare Prospective Payment System as contained in 42 CFR 412.82 shall be classified as a long-stay outliner. Any discharge for neonatal services or for services in a children's hospital which has a LOS exceeding the lesser of 1.94 standard deviations or 17 days from the DRG's arithmetic mean LOS also shall be classified as a long-stay outlier. Long-stay outliers shall be reimbursed the DRG-based amount plus a percentage (as established for the Medicare Prospective Payment System) of the per diem rate for the DRG for each covered day of care beyond the long-stay outlier threshold. The per diem rate shall equal the DRG amount divided by the arithmetic mean LOS for the DRG. For admissions on or after October 1, 1997, the long stay outlier has been eliminated for all cases except children's hospitals and neonates. For admissions on or after October 1, 1998, the long stay outlier has been eliminated for children's hospitals and neonates.

(*ii*) * * *

(*A*) *Cost outliers except those in children's hospitals or for neonatal services.* Any discharge which has standardized costs that exceed a threshold established in accordance with the criteria used for the Medicare Prospective Payment System as contained in 42 CFR 412.84 shall qualify as a cost outlier. The standardized costs shall be calculated by multiplying the total charges by the factor described in §199.14(a)(1)(iii)(D)(*4*) and adjusting this amount for indirect medical education costs. Cost outliers shall be reimbursed the DRG-based amount plus a percentage (as established for the Medicare Prospective Payment System) of all costs exceeding the threshold. Effective with admissions occurring on or after October 1, 1997, the standardized costs are no longer adjusted for indirect medical education costs.

(*B*) *Cost outliers in children's hospitals and for neonatal services.* Any discharge for services in a children's hospital or for neonatal services which has standardized costs that exceed a threshold of the greater of two times the DRG-based amount or $13,500 shall qualify as a cost outlier. The standardized costs shall be calculated by multiplying the total charges by the factor described in §199.14(a)(1)(iii)(D)(*4*) (adjusted to include average capital and direct medical education costs) and adjusting this amount for indirect medical education costs. Cost outliers for services in children's hospitals and for neonatal services shall be reimbursed the DRG-based amount plus a percentage (as established for the Medicare Prospective Payment System) of all costs exceeding the threshold. Effective with admissions occurring on or after October 1, 1998, standardized costs are no longer adjusted for indirect medical education costs. In addition, CHAMPUS will calculate the outlier payments that would have occurred at each of the 59 Children's hospitals under the FY99 outlier policy for all cases that would have been outliers under the FY94 policies using the most accurate data available in September 1998. A ratio will be calculated which equals the level of outlier payments that would have been made under the FY94 outlier policies and the outlier payments that would be made if the FY99 outlier policies had applied to each of these potential outlier cases for these hospitals. The ratio will be calculated across all outlier claims for the 59 hospitals and will not be hospital specific. The ratio will be used to increase cost outlier payments in FY 1999 and FY 2000, unless the hospital has a negotiated agreement with a managed care support contractor which would affect this payment. For hospitals with managed care support agreements which affect these payments, CHAMPUS will apply these payments if the increased payments would be consistent with the agreements. In FY 2000 the ratio of outlier payments (long stay and cost) that would have occurred under the FY 94 policy and actual cost outlier payments made under the FY 99 policy will be recalculated. If the ratio has changed significantly, the ratio will be revised for use in FY 2001 and thereafter. In FY 2002, the actual cost outlier cases in FY 2000 and 2001 will be reexamined. The ratio of outlier payments that would have occurred under the FY94 policy and the actual cost outlier payments made under the FY 2000 and FY 2001 policies. If the ratio has changed significantly, the ratio will be revised for use in FY 2003.

* * * * *

(G) * * *

(*3*) *Information necessary for payment of capital and direct medical education costs.* All hospitals subject to the CHAMPUS DRG-based payment system, except for children's hospitals, may be reimbursed for allowed capital and direct medical education costs by submitting a request to the CHAMPUS contractor. Beginning October 1, 1998, such request shall be filed with CHAMPUS on or before the last day of the twelfth month following the close of the hospitals' cost reporting period, and shall cover the one-year period corresponding to the hospital's Medicare cost-reporting period. The first such request may cover a period of less than a full year—from the effective date of the CHAMPUS DRG-based payment system to the end of the hospital's Medicare cost-reporting period. All costs reported to the CHAMPUS contractor must correspond to the costs reported on the hospital's Medicare cost report. An extension of the due date for filing the request may only be granted if an extension has been granted by HCFA due to a provider's operations being significantly adversely affected due to extraordinary circumstances over which the provider has no control, such as flood or fire. (If these costs change as a result of a subsequent audit by Medicare, the revised costs are to be reported to the hospital's CHAMPUS contractor within 30 days of the date the hospital is notified of the change.) The request must be signed by the hospital official responsible for verifying the amounts and shall contain the following information.

* * * * *

(d) * * *

(3) * * *

(iv) *Step 4: standard payment amount per group.* The standard payment amount per group will be the volume weighted median per procedure cost for the procedures in that group. For cases in which the standard payment amount per group exceeds the CHAMPUS-determined inpatient allowable

amount, the Director, TSO or his designee, may make adjustments.

* * * * *

(h) *Reimbursement of individual health care professionals and other non-institutional, non-professional providers.* The CHAMPUS-determined reasonable charge (the amount allowed by CHAMPUS) for the service of an individual health care professional or other non-institutional, non-professional provider (even if employed by or under contract to an institutional provider) shall be determined by one of the following methodologies, that is, whichever is in effect in the specific geographic location at the time covered services and supplies are provided to a CHAMPUS beneficiary.

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§ 199.15 Quality and utilization review peer review organization program.

(a) *General*—(1) *Purpose.* The purpose of this section is to establish rules and procedures for the CHAMPUS Quality and Utilization Review Peer Review Organization program.

(2) *Applicability of program.* All claims submitted for health services under CHAMPUS are subject to review for quality of care and appropriate utilization. The Director, OCHAMPUS shall establish generally accepted standards, norms and criteria as are necessary for this program of utilization and quality review. These standards, norms and criteria shall include, but not be limited to, need for inpatient admission or inpatient or outpatient service, length of inpatient stay, intensity of care, appropriateness of treatment, and level of institutional care required. The Director, OCHAMPUS may issue implementing instructions, procedures and guidelines for retrospective, concurrent and prospective review.

(3) *Contractor implementation.* The CHAMPUS Quality and Utilization Review Peer Review Organization program may be implemented through contracts administered by the Director, OCHAMPUS. These contractors may include contractors that have exclusive functions in the area of utilization and quality review, fiscal intermediary contractors (which perform these functions along with a broad range of administrative services), and managed care contractors (which perform a range of functions concerning management of the delivery and financing of health care services under CHAMPUS). Regardless of the contractors involved, utilization and quality review activities follow the same standards, rules and procedures set forth in this section, unless otherwise specifically provided in this section or elsewhere in this part.

(4) *Medical issues affected.* The CHAMPUS Quality and Utilization Review Peer Review Organization program is distinguishable in purpose and impact from other activities relating to the administration and management of CHAMPUS in that the Peer Review Organization program is concerned primarily with medical judgments regarding the quality and appropriateness of health care services. Issues regarding such matters as benefit limitations are similar, but, if not determined on the basis of medical judgments, are governed by CHAMPUS rules and procedures other than those provided in this section. (See, for example, §199.7 regarding claims submission, review and payment.) Based on this purpose, a major attribute of the Peer Review Organization program is that medical judgments are made by (directly or pursuant to guidelines and subject to direct review) reviewers who are peers of the health care providers providing the services under review.

(5) *Provider responsibilities.* Because of the dominance of medical judgments in the quality and utilization review program, principal responsibility for complying with program rules and procedures rests with health care providers. For this reason, there are limitations, set forth in this section and in §199.4(h), on the extent to which beneficiaries may be held financially liable for health care services not provided in conformity with rules and procedures of the quality and utilization review program concerning medical necessity of care.

(6) *Medicare rules used as model.* The CHAMPUS Quality and Utilization Review Peer Review Organization program, based on specific statutory authority, follows many of the quality and utilization review requirements

and procedures in effect for the Medicare Peer Review Organization program, subject to adaptations appropriate for the CHAMPUS program. In recognition of the similarity of purpose and design between the Medicare and CHAMPUS PRO programs, and to avoid unnecessary duplication of effort, the CHAMPUS Quality and Utilization Review Peer Review Organization program will have special procedures applicable to supplies and services furnished to Medicare-eligible CHAMPUS beneficiaries. These procedures will enable CHAMPUS normally to rely upon Medicare determinations of medical necessity and appropriateness in the processing of CHAMPUS claims as a second payer to Medicare. As a general rule, only in cases involving Medicare-eligible CHAMPUS beneficiaries where Medicare payment for services and supplies is denied for reasons other than medical necessity and appropriateness will the CHAMPUS claim be subject to review for quality of care and appropriate utilization under the CHAMPUS PRO program. TRICARE will continue to perform a medical necessity and appropriateness review for quality of care and appropriate utilization under the CHAMPUS PRO program where required by statute, such as inpatient mental health services in excess of 30 days in any year.

(b) *Objectives and general requirements of review system*—(1) *In general.* Broadly, the program of quality and utilization review has as its objective to review the quality, completeness and adequacy of care provided, as well as its necessity, appropriateness and reasonableness.

(2) *Payment exclusion for services provided contrary to utilization and quality standards.* (i) In any case in which health care services are provided in a manner determined to be contrary to quality or necessity standards established under the quality and utilization review program, payment may be wholly or partially excluded.

(ii) In any case in which payment is excluded pursuant to paragraph (b)(2)(i) of this section, the patient (or the patient's family) may not be billed for the excluded services.

(iii) Limited exceptions and other special provisions pertaining to the requirements established in paragraphs (b)(2) (i) and (ii) of this section, are set forth in §199.4(h).

(3) *Review of services covered by DRG-based payment system.* Application of these objectives in the context of hospital services covered by the DRG-based payment system also includes a validation of diagnosis and procedural information that determines CHAMPUS reimbursement, and a review of the necessity and appropriateness of care for which payment is sought on an outlier basis.

(4) *Preauthorization and other utilization review procedures*—(i) *In general.* all health care services for which payment is sought under TRICARE are subject to review for appropriateness of utilization as determined by the Director, TRICARE Management Activity, or a designee.

(A) The procedures for this review may be prospective (before the care is provided), concurrent (while the care is in process), or retrospective (after the care has been provided). Regardless of the procedures of this utilization review, the same generally accepted standards, norms and criteria for evaluating the medical necessity, appropriateness and reasonableness of the care involved shall apply. The Director, TRICARE Management Activity, or a designee, shall establish procedures for conducting reviews, including types of health care services for which preauthorization or concurrent review shall be required. Preauthorization or concurrent review may be required for categories of health care services. Except where required by law, the categories of health care services for which preauthorization or concurrent review is required may vary in different geographical locations or for different types of providers.

(B) For healthcare services provided under TRICARE contracts entered into by the Department of Defense after October 30, 2000, medical necessity preauthorization will not be required for referrals for specialty consultation appointment services requested by primary care providers or specialty providers when referring TRICARE Prime beneficiaries for specialty consultation appointment services within the

TRICARE contractor's network. However, the lack of medical necessity preauthorization requirements for consultative appointment services does not mean that non-emergent admissions or invasive diagnostic or therapeutic procedures which in and of themselves constitute categories of health care services related to, but beyond the level of the consultation appointment service, are not subject to medical necessity prior authorization. In fact many such health care services may continue to require medical necessity prior authorization as determined by the Director, TRICARE Management Activity, or a designee. TRICARE Prime beneficiaries are also required to obtain preauthorization before seeking health care services from a non-network provider.

(ii) *Preauthorization procedures.* With respect to categories of health care (inpatient or outpatient) for which preauthorization is required, the following procedures shall apply:

(A) The requirement for preauthorization shall be widely publicized to beneficiaries and providers.

(B) All requests for preauthorization shall be responded to in writing. Notification of approval or denial shall be sent to the beneficiary. Approvals shall specify the health care services and supplies approved and identify any special limits or further requirements applicable to the particular case.

(C) An approved preauthorization shall state the number of days, appropriate for the type of care involved, for which it is valid. In general, preauthorizations will be valid for 30 days. If the services or supplies are not obtained within the number of days specified, a new preauthorization request is required. For organ and stem cell transplants, the preauthorization shall remain in effect as long as the beneficiary continues to meet the specific transplant criteria set forth in the TRICARE/CHAMPUS Policy Manual, or until the approved transplant occurs.

(D) For healthcare services provided under TRICARE contracts entered into by the Department of Defense after October 30, 2000, medical necessity preauthorization for specialty consultation appointment services within the TRICARE contractor's network will not be required. However, the Director, TRICARE Management Activity, or designee, may continue to require or waive medical necessity prior (or pre) authorization for other categories of other health care services based on best business practice.

(iii) *Payment reduction for noncompliance with required utilization review procedures.* (A) Paragraph (b)(4)(iii) of this section applies to any case in which:

(*1*) A provider was required to obtain preauthorization or continued stay (in connection with required concurrent review procedures) approval.

(*2*) The provider failed to obtain the necessary approval; and

(*3*) The health care services have not been disallowed on the basis of necessity, appropriateness or reasonableness.

In such a case, reimbursement will be reduced, unless such reduction is waived based on special circumstances.

(B) In a case described in paragraph (b)(4)(iii)(A) of this section, reimbursement will be reduced, unless such reduction is waived based on special circumstances. The amount of this reduction shall be at least ten percent of the amount otherwise allowable for services for which preauthorization (including preauthorization for continued stays in connection with concurrent review requirements) approval should have been obtained, but was not obtained.

(C) The payment reduction set forth in paragraph (b)(4)(iii)(B) of this section may be waived by the Director, OCHAMPUS when the provider could not reasonably have been expected to know of the preauthorization requirement or some other special circumstance justifies the waiver.

(D) Services for which payment is disallowed under paragraph (b)(4)(iii) of this section may not be billed to the patient (or the patient's family).

(c) *Hospital cooperation.* All hospitals which participate in CHAMPUS and submit CHAMPUS claims are required to provide all information necessary for CHAMPUS to properly process the claims. In order for CHAMPUS to be assured that services for which claims are submitted meet quality of care standards, hospitals are required to

provide the Peer Review Organization (PRO) responsible for quality review with all the information, within timeframes to be established by OCHAMPUS, necessary to perform the review functions required by this paragraph. Additionally, all participating hospitals shall provide CHAMPUS beneficiaries, upon admission, with information about the admission and quality review system including their appeal rights. A hospital which does not cooperate in this activity shall be subject to termination as a CHAMPUS-authorized provider.

(1) Documentation that the beneficiary has received the required information about the CHAMPUS PRO program must be maintained in the same manner as is the notice required for the Medicare program by 42 CFR 466.78(b).

(2) The physician acknowledgment required for Medicare under 42 CFR 412.46 is also required for CHAMPUS as a condition for payment and may be satisfied by the same statement as required for Medicare, with substitution or addition of ''CHAMPUS'' when the word ''Medicare'' is used.

(3) Participating hospitals must execute a memorandum of understanding with the PRO providing appropriate procedures for implementation of the PRO program.

(4) Participating hospitals may not charge a CHAMPUS beneficiary for inpatient hospital services excluded on the basis of §199.4(g)(1) (not medically necessary), §199.4(g)(3) (inappropriate level), or §199.4(g)(7) (custodial care) unless all of the conditions established by 42 CFR 412.42(c) with respect to Medicare beneficiaries have been met with respect to the CHAMPUS beneficiary. In such cases in which the patient requests a PRO review while the patient is still an inpatient in the hospital, the hospital shall provide to the PRO the records required for the review by the close of business of the day the patient requests review, if such request was made before noon. If the hospital fails to provide the records by the close of business, that day and any subsequent working day during which the hospital continues to fail to provide the records shall not be counted for purposes of the two-day period of 42 CFR 412.42(c)(3)(ii).

(d) *Areas of review*—(1) *Admissions.* The following areas shall be subject to review to determine whether inpatient care was medically appropriate and necessary, was delivered in the most appropriate setting and met acceptable standards of quality. This review may include preadmission or prepayment review when appropriate.

(i) Transfers of CHAMPUS beneficiaries from a hospital or hospital unit subject to the CHAMPUS DRG-based payment system to another hospital or hospital unit.

(ii) CHAMPUS admissions to a hospital or hospital unit subject to the CHAMPUS DRG-based payment system which occur within a certain period (specified by OCHAMPUS) of discharge from a hospital or hospital unit subject to the CHAMPUS DRG-based payment system.

(iii) A random sample of other CHAMPUS admissions for each hospital subject to the CHAMPUS DRG-based payment system.

(iv) CHAMPUS admissions in any DRGs which have been specifically identified by OCHAMPUS for review or which are under review for any other reason.

(2) *DRG validation.* The review organization responsible for quality of care reviews shall be responsible for ensuring that the diagnostic and procedural information reported by hospitals on CHAMPUS claims which is used by the fiscal intermediary to assign claims to DRGs is correct and matches the information contained in the medical records. In order to accomplish this, the following review activities shall be done.

(i) Perform DRG validation reviews of each case under review.

(ii) Review of claim adjustments submitted by hospitals which result in the assignment of a higher weighted DRG.

(iii) Review for physician's acknowledgement of annual receipt of the penalty statement as contained in the Medicare regulation at 42 CFR 412.46.

(iv) Review of a sample of claims for each hospital reimbursed under the CHAMPUS DRG-based payment system. Sample size shall be determined

based upon the volume of claims submitted.

(3) *Outlier review.* Claims which qualify for additional payment as a long-stay outlier or as a cost-outlier shall be subject to review to ensure that the additional days or costs were medically necessary and appropriate and met all other requirements for CHAMPUS coverage. In addition, claims which qualify as short-stay outliers shall be reviewed to ensure that the admission was medically necessary and appropriate and that the discharge was not premature.

(4) *Procedure review.* Claims for procedures identified by OCHAMPUS as subject to a pattern of abuse shall be the subject of intensified quality assurance review.

(5) *Other review.* Any other cases or types of cases identified by OCHAMPUS shall be subject to focused review.

(e) *Actions as a result of review*—(1) *Findings related to individual claims.* If it is determined, based upon information obtained during reviews, that a hospital has misrepresented admission, discharge, or billing information, or is found to have quality of care defects, or has taken an action that results in the unnecessary admissions of an individual entitled to benefits, unnecessary multiple admission of an individual, or other inappropriate medical or other practices with respect to beneficiaries or billing for services furnished to beneficiaries, the PRO, in conjunction with the fiscal intermediary, shall, as appropriate:

(i) Deny payment for or recoup (in whole or in part) any amount claimed or paid for the inpatient hospital and professional services related to such determination.

(ii) Require the hospital to take other corrective action necessary to prevent or correct the inappropriate practice.

(iii) Advise the provider and beneficiary of appeal rights, as required by §199.10 of this part.

(iv) Notify OCHAMPUS of all such actions.

(2) *Findings related to a pattern of inappropriate practices.* In all cases where a pattern of inappropriate admissions and billing practices that have the effect of circumventing the CHAMPUS DRG-based payment system is identified, OCHAMPUS shall be notified of the hospital and practice involved.

(3) *Revision of coding relating to DRG validation.* The following provisions apply in connection with the DRG validation process set forth in paragraph (d)(2) of this section.

(i) If the diagnostic and procedural information in the patient's medical record is found to be inconsistent with the hospital's coding or DRG assignment, the hospital's coding on the CHAMPUS claim will be appropriately changed and payments recalculated on the basis of the appropriate DRG assignment.

(ii) If the information stipulated under paragraph (d)(2) of this section is found not to be correct, the PRO will change the coding and assign the appropriate DRG on the basis of the changed coding.

(f) *Special procedures in connection with certain types of health care services or certain types of review activities*—(1) *In general.* Many provisions of this section are directed to the context of services covered by the CHAMPUS DRG-based payment system. This section, however, is also applicable to other services. In addition, many provisions of this section relate to the context of peer review activities performed by Peer Review Organizations whose sole functions for CHAMPUS relate to the Quality and Utilization Review Peer Review Organization program. However, it also applies to review activities conducted by contractors who have responsibilities broader than those related to the quality and utilization review program. Paragraph (f) of this section authorizes certain special procedures that will apply in connection with such services and such review activities.

(2) *Services not covered by the DRG-based payment system.* In implementing the quality and utilization review program in the context of services not covered by the DRG-based payment system, the Director, OCHAMPUS may establish procedures, appropriate to the types of services being reviewed, substantively comparable to services covered by the DRG-based payment

system regarding obligations of providers to cooperate in the quality and utilization review program, authority to require appropriate corrective actions and other procedures. The Director, OCHAMPUS may also establish such special, substantively comparable procedures in connection with review of health care services which, although covered by the DRG-based payment method, are also affected by some other special circumstances concerning payment method, nature of care, or other potential utilization or quality issue.

(3) *Peer review activities by contractors also performing other administration or management functions*—(i) *Sole-function PRO versus multi-function PRO.* In all cases, peer review activities under the Quality and Utilization Review Peer Review Organization program are carried out by physicians and other qualified health care professionals, usually under contract with OCHAMPUS. In some cases, the Peer Review Organization contractor's only functions are pursuant to the quality and utilization review program. In paragraph (f)(3) of this section, this type of contractor is referred to as a ''sole function PRO.'' In other cases, the Peer Review Organization contractor is also performing other functions in connection with the administration and management of CHAMPUS. In paragraph (f)(3) of this section, this type of contractor is referred to as a ''multi-function PRO.'' As an example of the latter type, managed care contractors may perform a wide range of functions regarding management of the delivery and financing of health care services under CHAMPUS, including but not limited to functions under the Quality and Utilization Review Peer Review Organization program.

(ii) *Special rules and procedures.* With respect to multi-function PROs, the Director, OCHAMPUS may establish special procedures to assure the independence of the Quality and Utilization Review Peer Review Organization program and otherwise advance the objectives of the program. These special rules and procedures include, but are not limited to, the following:

(A) A reconsidered determination that would be final in cases involving sole-function PROs under paragraph (i)(2) of this section will not be final in connection with multi-function PROs. Rather, in such cases (other than any case which is appealable under paragraph (i)(3) of this section), an opportunity for a second reconsideration shall be provided. The second reconsideration will be provided by OCHAMPUS or another contractor independent of the multi-function PRO that performed the review. The second reconsideration may not be further appealed by the provider.

(B) Procedures established by paragraphs (g) through (m) of this section shall not apply to any action of a multi-function PRO (or employee or other person or entity affiliated with the PRO) carried out in performance of functions other than functions under this section.

(g) *Procedures regarding initial determinations.* The CHAMPUS PROs shall establish and follow procedures for initial determinations that are substantively the same or comparable to the procedures applicable to Medicare under 42 CFR 466.83 to 466.104. In addition, these procedures shall provide that a PRO's determination that an admission is medically necessary is not a guarantee of payment by CHAMPUS; normal CHAMPUS benefit and procedural coverage requirements must also be applied.

(h) *Procedures regarding reconsiderations.* The CHAMPUS PROs shall establish and follow procedures for reconsiderations that are substantively the same or comparable to the procedures applicable to reconsiderations under Medicare pursuant to 42 CFR 473.15 to 473.34, except that the time limit for requesting reconsideration (see 42 CFR 473.20(a)(1)) shall be 90 days. A PRO reconsidered determination is final and binding upon all parties to the reconsideration except to the extent of any further appeal pursuant to paragraph (i) of this section.

(i) *Appeals and hearings.* (1) Beneficiaries may appeal a PRO reconsideration determination of OCHAMPUS and obtain a hearing on such appeal to the extent allowed and under the procedures set forth in §199.10(d).

(2) Except as provided in paragraph (i)(3), a PRO reconsidered determination may not be further appealed by a provider.

(3) A provider may appeal a PRO reconsideration determination to OCHAMPUS and obtain a hearing on such appeal to the extent allowed under the procedures set forth in §199.10(d) if it is a determination pursuant to §199.4(h) that the provider knew or could reasonably have been expected to know that the services were excludable.

(4) For purposes of the hearing process, a PRO reconsidered determination shall be considered as the procedural equivalent of a formal review determination under §199.10, unless revised at the initiative of the Director, OCHAMPUS prior to a hearing on the appeal, in which case the revised determination shall be considered as the procedural equivalent of a formal review determination under §199.10.

(5) The provisions of §199.10(e) concerning final action shall apply to hearings cases.

(j) *Acquisition, protection and disclosure of peer review information.* The provisions of 42 CFR part 476, except §476.108, shall be applicable to the CHAMPUS PRO program as they are to the Medicare PRO program.

(k) *Limited immunity from liability for participants in PRO program.* The provisions of section 1157 of the Social Security Act (42 U.S.C. 1320c–6) are applicable to the CHAMPUS PRO program in the same manner as they apply to the Medicare PRO program. Section 1102(g) of title 10, United States Code also applies to the CHAMPUS PRO program.

(l) *Additional provision regarding confidentiality of records*—(1) *General rule.* The provisions of 10 U.S.C. 1102 regarding the confidentiality of medical quality assurance records shall apply to the activities of the CHAMPUS PRO program as they do to the activities of the external civilian PRO program that reviews medical care provided in military hospitals.

(2) *Specific applications.* (i) Records concerning PRO deliberations are generally nondisclosable quality assurance records under 10 U.S.C. 1102.

(ii) Initial denial determinations by PROs pursuant to paragraph (g) of this section (concerning medical necessity determinations, DRG validation actions, etc.) and subsequent decisions regarding those determinations are not nondisclosable quality assurance records under 10 U.S.C. 1102.

(iii) Information the subject of mandatory PRO disclosure under 42 CFR part 476 is not a nondisclosable quality assurance record under 10 U.S.C. 1102.

(m) *Obligations, sanctions and procedures.* (1) The provisions of 42 CFR 1004.1–1004.80 shall apply to the CHAMPUS PRO program as they do the Medicare PRO program, except that the functions specified in those sections for the Office of Inspector General of the Department of Health and Human Services shall be the responsibility of OCHAMPUS.

(2) The provisions of 42 U.S.C. section 1395ww(f)(2) concerning circumvention by any hospital of the applicable payment methods for inpatient services shall apply to CHAMPUS payment methods as they do to Medicare payment methods.

(3) The Director, or a designee, of CHAMPUS shall determine whether to impose a sanction pursuant to paragraphs (m)(1) and (m)(2) of this section. Providers may appeal adverse sanctions decisions under the procedures set forth in §199.10(d).

(n) *Authority to integrate CHAMPUS PRO and military medical treatment facility utilization review activities.* (1) In the case of a military medical treatment facility (MTF) that has established utilization review requirements similar to those under the CHAMPUS PRO program, the contractor carrying out this function may, at the request of the MTF, utilize procedures comparable to the CHAMPUS PRO program procedures to render determinations or recommendations with respect to utilization review requirements.

(2) In any case in which such a contractor has comparable responsibility and authority regarding utilization review in both an MTF (or MTFs) and CHAMPUS, determinations as to medical necessity in connection with services from an MTF or CHAMPUS-authorized provider may be consolidated.

(3) In any case in which an MTF reserves authority to separate an MTF determination on medical necessity

from a CHAMPUS PRO program determination on medical necessity, the MTF determination is not binding on CHAMPUS.

[55 FR 625, Jan. 8, 1990, as amended at 58 FR 58961, Nov. 5, 1993; 60 FR 52095, Oct. 5, 1995; 63 FR 48447, Sept. 10, 1998; 66 FR 40608, Aug. 3, 2001; 67 FR 42721, June 25, 2002; 68 FR 23033, Apr. 30, 2003; 68 FR 32363, May 30, 2003; 68 FR 44881, July 31, 2003; 70 FR 19266, Apr. 13, 2005]

§ 199.16 Supplemental Health Care Program for active duty members.

(a) *Purpose and applicability.* (1) The purpose of this section is to implement, with respect to health care services provided under the supplemental health care program for active duty members of the uniformed services, the provision of 10 U.S.C. 1074(c). This section of law authorizes DoD to establish for the supplemental care program the same payment rules, subject to appropriate modifications, as apply under CHAMPUS.

(2) This section applies to the program, known as the supplemental care program, which provides for the payment by the uniformed services to private sector health care providers for health care services provided to active duty members of the uniformed services. Although not part of CHAMPUS, the supplemental care program is similar to CHAMPUS in that it is a program for the uniformed services to purchase civilian health care services for active duty members. For this reason, the Director, OCHAMPUS assists the uniformed services in the administration of the supplemental care program.

(3) This section applies to all health care services covered by the CHAMPUS. For purposes of this section, health care services ordered by a military treatment facility (MTF) provider for an MTF patient (who is not an active duty member) for whom the MTF provider maintains responsibility are also covered by the supplemental care program and subject to the requirements of this section.

(b) *Obligation of providers concerning payment for supplemental health care for active duty members*—(1) *Hospitals covered by DRG-based payment system.* For a hospital covered by the CHAMPUS DRG-based payment system to maintain its status as an authorized provider for CHAMPUS pursuant to §199.6, that hospital must also be a participating provider for purposes of the supplemental care program. As a participating provider, each hospital must accept the DRG-based payment system amount determined pursuant to §199.14 as payment in full for the hospital services covered by the system. The failure of any hospital to comply with this obligation subjects that hospital to exclusion as a CHAMPUS-authorized provider.

(2) *Other participating providers.* For any institutional or individual provider, other than those described in paragraph (b)(1) of this section that is a participating provider, the provider must also be a participating provider for purposes of the supplemental care program. The provider must accept the CHAMPUS allowable amount determined pursuant to §199.14 as payment in full for the hospital services covered by the system. The failure of any provider to comply with this obligation subjects the provider to exclusion as a participating provider.

(c) *General rule for payment and administration.* Subject to the special rules and procedures in paragraph (d) of this section and the waiver authority in paragraph (e) of this section, as a general rule the provisions of §199.14 shall govern payment and administration of claims under the supplemental care program as they do claims under CHAMPUS. To the extent necessary to interpret or implement the provisions of §199.14, related provisions of this part shall also be applicable.

(d) *Special rules and procedure.* As exceptions to the general rule in paragraph (c) of this section, the special rules and procedures in this section shall govern payment and administration of claims under the supplemental care program. These special rules and procedures are subject to the TRICARE Prime Remote program for active duty service members set forth in paragraph (e) of this section and the waiver authority of paragraph (f) of this section.

(1) There is no patient cost sharing under the supplemental care program. All amounts due to be paid to the provider shall be paid by the program.

(2) Preauthorization by the Uniformed Services of each service is required for the supplemental care program except for services in cases of medical emergency (for which the definition in Sec. 199.2 shall apply) or in cases governed by the TRICARE Prime Remote program for active duty service members set forth in paragraph (e) of this section. It is the responsibility of the active duty members to obtain preauthorization for each service. With respect to each emergency inpatient admission, after such time as the emergency condition is addressed, authorization for any proposed continued stay must be obtained within two working days of admission.

(3) With respect to the filing of claims and similar administrative matters for which this part refers to activities of the CHAMPUS fiscal intermediaries, for purposes of the supplemental care program, responsibilities for claims processing, payment and some other administrative matters may be assigned by the Director, OCHAMPUS to the same fiscal intermediaries, other contractor, or to the nearest military medical treatment facility or medical claims office.

(4) The annual cost pass-throughs for capital and direct medical education costs that are available under the CHAMPUS DRG-based payment system are also available, upon request, under the supplemental care program. To obtain payment include the number of active duty bed days as a separate line item on the annual request to the CHAMPUS fiscal intermediaries.

(5) For providers other than participating providers, the Director, OCHAMPUS may authorize payment in excess of CHAMPUS allowable amounts. No provider may bill an active duty member any amount in excess of the CHAMPUS allowable amount.

(e) *TRICARE Prime Remote for Active Duty Members*—(1) *General.* The TRICARE Prime Remote (TPR) program is available for certain active duty members of the Uniformed Services assigned to remote locations in the United States and the District of Columbia who are entitled to coverage of medical care, and the standards for timely access to such care, outside a military treatment facility that are comparable to coverage for medical care and standards for timely access to such care as exist under TRICARE Prime under §199.17. Those active duty members who are eligible under the provisions of 10 U.S.C. 1074(c)(3) and who enroll in the TRICARE Prime Remote program, may not be required to receive routine primary medical care at a military medical treatment facility.

(2) *Eligibility.* To receive health care services under the TRICARE Prime Remote program, an individual must be an active duty member of the Uniformed Services on orders for more than thirty consecutive days who meet the following requirements:

(i) Has a permanent duty assignment that is greater than fifty miles or approximately one hour drive from a military treatment facility or military clinic designated as adequate to provide the needed primary care services to the active duty service member; and

(ii) Pursuant to the assignment of such duty, resides at a location that is greater than fifty miles or approximately one hour from a military medical treatment facility or military clinic designated as adequate to provide the needed primary care services to the active duty service member.

(3) *Enrollment.* An active duty service member eligible for the TRICARE Prime Remote program must enroll in the program. If an eligible active duty member does not enroll in the TRICARE Prime Remote program, the member shall receive health care services provide under the supplemental health program subject to all requirements of this section without application of the provisions of paragraph (e) of this section.

(4) *Preauthorization.* If a TRICARE Prime network under §199.17 exists in the remote location, the TRICARE Prime Remote enrolled active duty member will select or be assigned a primary care manager. In the absence of a TRICARE primary care manager in the remote location and if the active duty member is not assigned to a military primary care manager based on fitness for duty requirements, the TRICARE Prime Remote enrolled active duty

member may use a local TRICARE authorized provider for primary health care services without preauthorization. Any referral for specialty care will require the TRICARE Prime Remote enrolled active duty member to obtain preauthorization for such services.

(f) *Waiver authority.* With the exception of statutory requirements, any restrictions or limitations pursuant to the general rule in paragraph (c) of this section, and special rules and procedures in paragraph (d) of this section, may be waived by the Director, OCHAMPUS, at the request of an authorized official of the uniformed service concerned, based on a determination that such waiver is necessary to assure adequate availability of health care services to active duty members.

(g) *Authorities.* (1) The Uniformed Services may establish additional procedures, consistent with this part, for the effective administration of the supplemental care program in their respective services.

(2) The Assistant Secretary of Defense for Health Affairs is responsible for the overall policy direction of the supplemental care program and the administration of this part.

(3) The Director, OCHAMPUS shall issue procedural requirements for the implementation of this section, including requirement for claims submission similar to those established by § 199.7.

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§ 199.17 TRICARE program.

(a) *Establishment.* The TRICARE program is established for the purpose of implementing a comprehensive managed health care program for the delivery and financing of health care services in the Military Health System.

(1) *Purpose.* The TRICARE program implements management improvements primarily through managed care support contracts that include special arrangements with civilian sector health care providers and better coordination between military medical treatment facilities (MTFs) and these civilian providers. Implementation of these management improvements includes adoption of special rules and procedures not ordinarily followed under CHAMPUS or MTF requirements. This section establishes those special rules and procedures.

(2) *Statutory authority.* Many of the provisions of this section are authorized by statutory authorities other than those which authorize the usual operation of the CHAMPUS program, especially 10 U.S.C. 1079 and 1086. The TRICARE program also relies upon other available statutory authorities, including 10 U.S.C. 1099 (health care enrollment system), 10 U.S.C. 1097 (contracts for medical care for retirees, dependents and survivors: alternative delivery of health care), and 10 U.S.C. 1096 (resource sharing agreements).

(3) *Scope of the program.* The TRICARE program is applicable to all of the uniformed services. Its geographical applicability is all 50 states and the District of Columbia, In addition, if authorized by the Assistant Secretary of Defense (Health Affairs), the TRICARE program may be implemented in areas outside the 50 states and the District of Columbia. In such cases, the Assistant Secretary of Defense (Health Affairs) may also authorize modifications to TRICARE program rules and procedures as may be appropriate to the area involved.

(4) *MTF rules and procedures affected.* Much of this section relates to rules and procedures applicable to the delivery and financing of health care services provided by civilian providers outside military treatment facilities. This section provides that certain rules, procedures, rights and obligations set forth elsewhere in this part (and usually applicable to CHAMPUS) are different under the TRICARE program. In addition, some rules, procedures, rights and obligations relating to health care services in military treatment facilities are also different under the TRICARE program. In such cases, provisions of this section take precedence and are binding.

(5) *Implementation based on local action.* The TRICARE program is not automatically implemented in all areas where it is potentially applicable. Therefore, provisions of this section are not automatically implemented, Rather, implementation of the

TRICARE program and this section requires an official action by an authorized individual, such as a military medical treatment facility commander, a Surgeon General, the Assistant Secretary of Defense (Health Affairs), or other person authorized by the Assistant Secretary. Public notice of the initiation of the TRICARE program will be achieved through appropriate communication and media methods and by way of an official announcement by the Director, OCHAMPUS, identifying the military medical treatment facility catchment area or other geographical area covered.

(6) *Major features of the TRICARE program.* The major features of the TRICARE program, described in this section, include the following:

(i) *Comprehensive enrollment system.* Under the TRICARE program, all health care beneficiaries become classified into one of four categories:

(A) Active duty members, all of whom are automatically enrolled in TRICARE Prime;

(B) TRICARE Prime enrollees;

(C) TRICARE Standard participants, who are all CHAMPUS eligible beneficiaries who are not enrolled in TRICARE Prime;

(D) Non-CHAMPUS beneficiaries, who are beneficiaries eligible for health care services in military treatment facilities, but not eligible for CHAMPUS;

(ii) *Establishment of a triple option benefit.* A second major feature of TRICARE is the establishment of three options for receiving health care:

(A) ''TRICARE Prime,'' which is a health maintenance organization (HMO)-like program. It generally features use of military treatment facilities and substantially reduced out-of-pocket costs for CHAMPUS care. Beneficiaries generally agree to use military treatment facilities and designated civilian provider networks and to follow certain managed care rules and procedures.

(B) ''TRICARE Extra,'' which is a preferred provider organization (PPO) program. It allows TRICARE Standard beneficiaries to use the TRICARE provider network, including both military facilities and the civilian network, with reduced out-of-pocket costs. These beneficiaries also continue to be eligible for military medical treatment facility care on a space-available basis.

(C) ''TRICARE Standard'' which is the basic CHAMPUS program. All eligible beneficiaries are automatically included in Standard unless they have enrolled in Prime. It preserves broad freedom of choice of civilian providers, but does not offer reduced out-of-pocket costs. These beneficiaries continue to be eligible to receive care in military medical treatment facilities on a space available basis.

(iii) *Coordination between military and civilian health care delivery systems.* A third major feature of the TRICARE program is a series of activities affecting all beneficiary enrollment categories, designed to coordinate care between military and civilian health care systems. These activities include:

(A) Resource sharing agreements, under which a TRICARE contractor provides to a military medical treatment facility, personnel and other resources to increase the availability of services in the facility. All beneficiary enrollment categories may benefit from this increase.

(B) Health care finder, an administrative activity that facilitates referrals to appropriate health care services in the military facility and civilian provider network. All beneficiary enrollment categories may use the health care finder.

(C) Integrated quality and utilization management services, potentially standardizing reviews for military and civilian sector providers. All beneficiary categories may benefit from these services.

(iv) *Consolidated schedule of charges.* A fourth major feature of TRICARE is a consolidated schedule of charges, incorporating revisions that reduce differences in charges between military and civilian services. In general, the TRICARE program reduces out-of-pocket costs for civilian sector care.

(7) *Preemption of State laws.* (i) Pursuant to 10 U.S.C. 1103 and section 8025 (fourth proviso) of the Department of Defense Appropriations Act, 1994, the Department of Defense has determined that in the administration of 10 U.S.C. chapter 55, preemption of State and local laws relating to health insurance,

prepaid health plans, or other health care delivery or financing methods is necessary to achieve important Federal interests, including but not limited to the assurance of uniform national health programs for military families and the operation of such programs at the lowest possible cost to the Department of Defense, that have a direct and substantial effect on the conduct of military affairs and national security policy of the United States.

(ii) Based on the determination set forth in paragraph (a)(7)(i) of this section, any State or local law relating to health insurance, prepaid health plans, or other health care delivery or financing methods is preempted and does not apply in connection with TRICARE regional contracts. Any such law, or regulation pursuant to such law, is without any force or effect, and State or local governments have no legal authority to enforce them in relation to the TRICARE regional contracts. (However, the Department of Defense may by contract establish legal obligations of the part of TRICARE contractors to conform with requirements similar or identical to requirements of State or local laws or regulations).

(iii) The preemption of State and local laws set forth in paragraph (a)(7)(ii) of this section includes State and local laws imposing premium taxes on health or dental insurance carriers or underwriters or other plan managers, or similar taxes on such entities. Such laws are laws relating to health insurance, prepaid health plans, or other health care delivery or financing methods, within the meaning of the statutes identified in paragraph (a)(7)(i) of this section. Preemption, however, does not apply to taxes, fees, or other payments on net income or profit realized by such entities in the conduct of business relating to DoD health services contracts, if those taxes, fees or other payments are applicable to a broad range of business activity. For purposes of assessing the effect of Federal preemption of State and local taxes and fees in connection with DoD health and dental services contracts, interpretations shall be consistent with those applicable to the Federal Employees Health Benefits Program under 5 U.S.C. 8909(f).

(b) *Triple option benefit in general.* Where the TRICARE program is fully implemented, eligible beneficiaries are given the option of enrolling in TRICARE Prime (also referred to as ''Prime'') or remaining in TRICARE Standard (also referred to as ''Standard''). In the absence of an enrollment in Prime, coverage under Standard is automatic.

(1) *Choice voluntary.* With the exception of active duty members, the choice of whether to enroll in Prime is voluntary for all eligible beneficiaries. For dependents who are minors, the choice will be exercised by a parent or guardian.

(2) *Active duty members.* For active duty members located in areas where the TRICARE program is implemented, enrollment in Prime is mandatory.

(3) *Automatic enrollment of certain dependents:* Under 10 U.S.C. 1097a, in the case of dependents of active duty members in the grade of E–1 to E–4, such dependents who reside in a catchment area of a military treatment facility shall be enrolled in TRICARE Prime consistent with procedures established under paragraph (o)(7) of this section. The enrollment of a dependent of the member may be terminated by the member, dependent or other responsible individual at any time.

(c) *Eligibility for enrollment.* Where the TRICARE program is fully implemented, all CHAMPUS-eligible beneficiaries who are not Medicare eligible on the basis of age are eligible to enroll in Prime or to remain covered under Standard. CHAMPUS beneficiaries who are eligible for Medicare on basis of age (and are enrolled in Medicare Part B) are automatically covered under TRICARE Standard. Further, some rules and procedures are different for dependents of active duty members and retirees, dependents, and survivors. In addition, where the TRICARE program is implemented, a military medical treatment facility commander or other authorized individual may establish priorities, consistent with paragraph (c) of this section, based on availability or other operational requirements, for when and whether to offer enrollment in Prime.

(1) *Active duty members.* Active duty members are required to enroll in Prime when it is offered. Active duty members shall have first priority for enrollment in Prime. Because active duty members are not CHAMPUS eligible, when active duty members obtain care from civilian providers outside the military medical treatment facility, the supplemental care program and its requirements (including §199.16) will apply.

(2) *Dependents of active duty members.* (i) Dependents of active duty members are eligible to enroll in Prime. After all active duty members are enrolled, those dependents of active duty members in the grade of E–1 to E–4 will have second priority and all other dependents of active duty members will have third priority.

(ii) If all dependents of active duty members within the area concerned cannot be accepted for enrollment in Prime at the same time, the MTF Commander (or other authorized individual) may establish priorities within this beneficiary group category. The priorities may be based on first-come, first-served, or alternatively, be based on rank of sponsor, beginning with the lowest pay grade.

(3) *Survivors of deceased members.* (i) The spouse of a member who dies while on active duty for a period of more than 30 days is eligible to enroll in Prime for a 3 year period beginning on the date of the member's death. For the three year period, surviving spouses of a member who dies while on active duty for a period of more than 30 days are subject to the same rules and provisions as dependents of active duty members.

(ii) A dependent child or unmarried person (as described in §199.3(b)(2)(ii), or (b)(2)(iv)) of a member who dies while on active duty for a period of more than 30 days whose death occurred on or after October 7, 2001, is eligible to enroll in Prime and is subject to the same rules and provisions as dependents of active duty members for a period of three years from the date the active duty sponsor dies or until the surviving eligible dependent:

(A) Attains 21 years of age, or

(B) Attains 23 years of age or ceases to pursue a full-time course of study prior to attaining 23 years of age, if, at 21 years of age, the eligible surviving dependent is enrolled in a full-time course of study in a secondary school or in a full-time course of study in an institution of higher education approved by the Secretary of Defense and was, at the time of the sponsor's death, in fact dependent on the member for over one-half of such dependent's support.

(4) *Retired members, dependents of retired members, and survivors.* (i) Where TRICARE is fully implemented, all CHAMPUS-eligible retired members, dependents of retired members, and survivors who are not eligible for Medicare on the basis of age are eligible to enroll in Prime. After all active duty members are enrolled and availability of enrollment is assured for all active duty dependents wishing to enroll, this category of beneficiaries will have third priority for enrollment.

(ii) If all eligible retired members, dependents of retired members, and survivors within the area concerned cannot be accepted for enrollment in Prime at the same time, the MTF Commander (or other authorized individual) may allow enrollment within this beneficiary group category on a first come, first served basis.

(5) *Coverage under Standard.* All CHAMPUS-eligible beneficiaries who do not enroll in Prime will remain in Standard.

(d) *Health benefits under Prime.* Health benefits under Prime, set forth in paragraph (d) of this section, differ from those under Extra and Standard, set forth in paragraphs (e) and (f) of this section.

(1) *Military treatment facility (MTF) care*—(i) *In general.* All participants in Prime are eligible to receive care in military treatment facilities. Participants in Prime will be given priority for such care over other beneficiaries. Among the following beneficiary groups, access priority for care in military treatment facilities where TRICARE is implemented as follows:

(A) Active duty service members;

(B) Active duty service members' dependents and survivors of service members who died on active duty, who are enrolled in TRICARE Prime;

(C) Retirees, their dependents and survivors, who are enrolled in TRICARE Prime;

(D) Active duty service members' dependents and survivors of service members who died on active duty, who are not enrolled in TRICARE Prime; and

(E) Retirees, their dependents and survivors who are not enrolled in TRICARE Prime. For purposes of this paragraph (d)(1), survivors of members who died while on active duty are considered as among dependents of active duty service members.

(ii) *Special provisions.* Enrollment in Prime does not affect access priority for care in military treatment facilities for several miscellaneous beneficiary groups and special circumstances. Those include Secretarial designees, NATO and other foreign military personnel and dependents authorized care through international agreements, civilian employees under workers' compensation programs or under safety programs, members on the Temporary Disability Retired List (for statutorily required periodic medical examinations), members of the reserve components not on active duty (for covered medical services), military prisoners, active duty dependents unable to enroll in Prime and temporarily away from place of residence, and others as designated by the Assistant Secretary of Defense (Health Affairs). Additional exceptions to the normal Prime enrollment access priority rules may be granted for other categories of individuals, eligible for treatment in the MTF, whose access to care is necessary to provide an adequate clinical case mix to support graduate medical education programs or readiness-related medical skills sustainment activities, to the extent approved by the ASD(HA).

(2) *Non-MTF care for active duty members.* Under Prime, non-MTF care needed by active duty members continues to be arranged under the supplemental care program and subject to the rules and procedures of that program, including those set forth in §199.16.

(3) *Benefits covered for CHAMPUS eligible beneficiaries for civilian sector care.* The provisions of §199.18 regarding the Uniform HMO Benefit apply to TRICARE Prime enrollees.

(e) *Health benefits under the TRICARE extra plan.* Beneficiaries not enrolled in Prime, although not in general required to use the Prime civilian preferred provider network, are eligible to use the network on a case-by-case basis under Extra. The health benefits under Extra are identical to those under Standard, set forth in paragraph (f) of this section, except that the CHAMPUS cost sharing percentages are lower than usual CHAMPUS cost sharing. The lower requirements are set forth in the consolidated schedule of charges in paragraph (m) of this section.

(f) *Health benefits under the TRICARE standard plan.* Where the TRICARE program is implemented, health benefits under Prime, set forth under paragraph (d) of this section, and Extra, set forth under paragraph (e) of this section, are different than health benefits under Standard, set forth in this paragraph (f).

(1) *Military treatment facility (MTF) care.* All nonenrollees (including beneficiaries not eligible to enroll) continue to be eligible to receive care in military treatment facilities on a space available basis.

(2) *Freedom of choice of civilian provider.* Except as stated in §199.4(a) in connection with nonavailability statement requirements, CHAMPUS-eligible participants in Standard maintain their freedom of choice of civilian provider under CHAMPUS. All nonavailability statement requirements of §199.4(a) apply to Standard participants.

(3) *CHAMPUS benefits apply.* The benefits, rules and procedures of the CHAMPUS basis program as set forth in this part, shall apply to CHAMPUS-eligible participants in Standard.

(4) *Preferred provider network option for standard participants.* Standard participants, although not generally required to use the TRICARE program preferred provider network are eligible to use the network on a case-by-case basis, under Extra.

(g) *TRICARE Prime Remote for Active Duty Family Members.* (1) *In general.* In geographic areas in which TRICARE Prime is not offered and in which eligible family members reside, there is offered under 10 U.S.C. 1079(p) TRICARE

Prime Remote for Active Duty Family Members as an enrollment option. TRICARE Prime Remote for Active Duty Family Members (TPRADFM) will generally follow the rules and procedures of TRICARE Prime, except as provided in this paragraph (g) and otherwise except to the extent the Director, TRICARE Management Activity determines them to be infeasible because of the remote area.

(2) *Active duty family member*. For purposes of this paragraph (g), the term ''active duty family member'' means one of the following dependents of an active duty member of the Uniformed Services:

(i) Spouse, child, or unmarried person, as defined in paragraphs §199.3 (b)(2)(i), (b)(2)(ii) or (b)(2)(iv);

(ii) For a 3-year period, the surviving spouse of a member who dies while on active duty for a period of more than 30 days whose death occurred on or after October 7, 2001; and

(iii) The surviving dependent child or unmarried person, as defined in paragraphs §199.3 (b)(2)(ii) or (b)(2)(iv), of a member who dies while on active duty for a period of more than 30 days whose death occurred on or after October 7, 2001. Active duty family member status is for a period of 3 years from the date the active duty sponsor dies or until the surviving eligible dependent:

(A) Attains 21 years of age, or

(B) Attains 23 years of age or ceases to pursue a full-time course of study prior to attaining 23 years of age, if, at 21 years of age, the eligible surviving dependent is enrolled in a full-time course of study in a secondary school or in a full-time course of study in an institution of higher education approved by the Secretary of Defense and was, at the time of the sponsor's death, in fact dependent on the member for over one-half of such dependent's support.

(3) *Eligibility*. (i) An active duty family member is eligible for TRICARE Prime Remote for Active Duty Family Members if he or she is eligible for CHAMPUS and, on or after December 2, 2003, meets the criteria of (g)(3)(i)(A) and (g)(3)(i)(B) or (g)(3)(i)(C) of this section or on or after October 7, 2001, meets the criteria of (g)(3)(i)(D) or (g)(3)(i)(E) of this section:

(A) The family member's active duty sponsor has been assigned permanent duty as a recruiter; as an instructor at an educational institution, an administrator of a program, or to provide administrative services in support of a program of instruction for the Reserve Officers' Training Corps; as a full-time adviser to a unit of a reserve component; or any other permanent duty designated by the Director, TRICARE Management Activity that the Director determines is more than 50 miles, or approximately one hour driving time, from the nearest military treatment facility that is adequate to provide care.

(B) The family members and active duty sponsor, pursuant to the assignment of duty described in paragraph (g)(3)(i)(A) of this section, reside at a location designated by the Director, TRICARE Management Activity, that the Director determines is more than 50 miles, or approximately one hour driving time, from the nearest military medical treatment facility adequate to provide care.

(C) The family member, having resided together with the active duty sponsor while the sponsor served in an assignment described in (g)(3)(i)(A), continues to reside at the same location after the sponsor relocates without the family member pursuant to orders for a permanent change of duty station, and the orders do not authorize dependents to accompany the sponsor to the new duty station at the expense of the United States.

(D) For a 3 year period, the surviving spouse of a member who dies while on active duty for a period of more than 30 days whose death occurred on or after October 7, 2001.

(E) The surviving dependent child or unmarried person as defined in paragraphs §199.3 (b)(2)(ii) or (b)(2)(iv), of a member who dies while on active duty for a period of more than 30 days whose death occurred on or after October 7, 2001, for three years from the date the active duty sponsor dies or until the surviving eligible dependent:

(*1*) Attains 21 years of age, or

(*2*) Attains 23 years of age or ceases to pursue a full-time course of study prior to attaining 23 years of age, if, at 21 years of age, the eligible surviving

dependent is enrolled in a full-time course of study in a secondary school or in a full-time course of study in an institution of higher education approved by the Secretary of Defense and was, at the time of the sponsor's death, in fact dependent on the member for over one-half of such dependent's support.

(ii) A family member who is a dependent of a reserve component member is eligible for TRICARE Prime Remote for Active Duty Family Members if he or she is eligible for CHAMPUS and meets all of the following additional criteria:

(A) The reserve component member has been ordered to active duty for a period of more than 30 days.

(B) The family member resides with the member.

(C) The Director, TRICARE Management Activity, determines the residence of the reserve component member is more than 50 miles, or approximately one hour driving time, from the nearest military medical treatment facility that is adequate to provide care.

(D) ''Resides with'' is defined as the TRICARE Prime Remote residence address at which the family resides with the activated reservist upon activation.

(4) *Enrollment.* TRICARE Prime Remote for Active Duty Family Members requires enrollment under procedures set forth in paragraph (o) of this section or as otherwise established by the Executive Director, TRICARE Management Activity.

(5) *Health care management requirements under TRICARE Prime Remote for Active Duty Family Members.* The additional health care management requirements applicable to Prime enrollees under paragraph (n) of this section are applicable under TRICARE Prime Remote for Active Duty Family Members unless the Executive Director, TRICARE Management Activity determines they are infeasible because of the particular remote location. Enrollees will be given notice of the applicable management requirements in their remote location.

(6) *Cost sharing.* Beneficiary cost sharing requirements under TRICARE Prime Remote for Active Duty Family Members are the same as those under TRICARE Prime under paragraph (m) of this section, except that the higher point-of-service option cost sharing and deductible shall not apply to routine primary health care services in cases in which, because of the remote location, the beneficiary is not assigned a primary care manager or the Executive Director, TRICARE Management Activity determines that care from a TRICARE network provider is not available within the TRICARE access standards under paragraph (p)(5) of this section. The higher point-of-service option cost sharing and deductible shall apply to specialty health care services received by any TRICARE Prime Remote for Active Duty Family Members enrollee unless an appropriate referral/preauthorization is obtained as required by section (n) under TRICARE Prime. In the case of pharmacy services under Sec. 199.21, where the Director, TRICARE Management Activity determines that no TRICARE network retail pharmacy has been established within a reasonable distance of the residence of the TRICARE Prime Remote for Active Duty Family Members enrollee, cost sharing applicable to TRICARE network retail pharmacies will be applicable to all CHAMPUS eligible pharmacies in the remote area.

(h) *Resource sharing agreements.* Under the TRICARE program, any military medical treatment facility (MTF) commander may establish resource sharing agreements with the applicable managed care support contractor for the purpose of providing for the sharing of resources between the two parties. Internal resource sharing and external resource sharing agreements are authorized. The provisions of this paragraph (h) shall apply to resource sharing agreements under the TRICARE program.

(1) In connection with internal resource sharing agreements, beneficiary cost sharing requirements shall be the same as those applicable to health care services provided in facilities of the uniformed services.

(2) Under internal resource sharing agreements, the double coverage requirements of §199.8 shall be replaced by the Third Party Collection procedures of 32 CFR part 220, to the extent

permissible under such part. In such a case, payments made to a resource sharing agreement provider through the TRICARE managed care support contractor shall be deemed to be payments by the MTF concerned.

(3) Under internal or external resource sharing agreements, the commander of the MTF concerned may authorize the provision of services, pursuant to the agreement, to Medicare-eligible beneficiaries, if such services are not reimbursable by Medicare, and if the commander determines that this will promote the most cost-effective provision of services under the TRICARE program.

(i) *Health care finder.* The Health Care Finder is an administrative activity that assists beneficiaries in being referred to appropriate health care providers, especially the MTF and preferred providers. Health Care Finder services are available to all beneficiaries. In the case of TRICARE Prime enrollees, the Health Care Finder will facilitate referrals in accordance with Prime rules and procedures. For Standard participants, the Finder will provide assistance for use of Extra. For Medicare-eligible beneficiaries, the Finder will facilitate referrals to TRICARE network providers, generally required to be Medicare participating providers. For participants in other managed care programs, the Finder will assist in referrals pursuant to the arrangements made with the other managed care program. For all beneficiary enrollment categories, the finder will assist in obtaining access to available services in the medical treatment facility.

(j) *General quality assurance, utilization review, and preauthorization requirements under TRICARE program.* All quality assurance, utilization review, and preauthorization requirements for the basic CHAMPUS program, as set forth in this part 199 (see especially applicable provisions of §§199.4 and 199.15), are applicable to Prime, Extra and Standard under the TRICARE program. Under all three options, some methods and procedures for implementing and enforcing these requirements may differ from the methods and procedures followed under the basic CHAMPUS program in areas in which the TRICARE program has not been implemented. Pursuant to an agreement between a military medical treatment facility and TRICARE managed care support contractor, quality assurance, utilization review, and preauthorization requirements and procedures applicable to health care services outside the military medical treatment facility may be made applicable, in whole or in part, to health care services inside the military medical treatment facility.

(k) *Pharmacy services.* Pharmacy services under Prime are as provided in the Pharmacy benefits Program (see §199.21).

(l) *PRIMUS and NAVCARE clinics*—(1) *Description and authority.* PRIMUS and NAVCARE clinics are contractor owned, staffed, and operated clinics that exclusively serve uniformed services beneficiaries. They are authorized as transitional entities during the phase-in of TRICARE. This authority to operate a PRIMUS or NAVCARE clinic will cease upon implementation of TRICARE in the clinic's location, or on October 1, 1997, whichever is later.

(2) *Eligible beneficiaries.* All TRICARE beneficiary categories are eligible for care in PRIMUS and NAVCARE Clinics. This includes active duty members, Medicare-eligible beneficiaries and other MHSS-eligible persons not eligible for CHAMPUS.

(3) *Services and charges.* For care provided PRIMUS and NAVCARE Clinics, CHAMPUS rules regarding program benefits, deductibles and cost sharing requirements do not apply. Services offered and charges will be based on those applicable to care provided in military medical treatment facilities.

(4) *Priority access.* Access to care in PRIMUS and NAVCARE Clinics shall be based on the same order of priority as is established for military treatment facilities care under paragraph (d)(1) of this section.

(m) *Consolidated schedule of beneficiary charges.* The following consolidated schedule of beneficiary charges is applicable to health care services provided under TRICARE for Prime enrollees, Standard enrollees and Medicare-eligible beneficiaries. (There are no charges to active duty members.

Charges for participants in other managed health care programs affiliated with TRICARE will be specified in the applicable affiliation agreements.)

(1) *Cost sharing for services from TRICARE network providers.* (i) For Prime enrollees, cost sharing is as specified in the Uniform HMO Benefit in §199.18, except that for care not authorized by the primary care manager or Health Care Finder, rules applicable to the TRICARE point of service option (see paragraph (n)(3) of this section) are applicable. For such unauthorized care, the deductible is $300 per person and $600 per family. The beneficiary cost share is 50 percent of the allowable charges for inpatient and outpatient care, after the deductible.

(ii) For Standard participants, TRICARE Extra cost sharing applies. The deductible is the same as standard CHAMPUS. Cost shares are as follows:

(A) For outpatient professional services, cost sharing will be reduced from 20 percent to 15 percent for dependents of active duty members.

(B) For most services for retired members, dependents of retired members, and survivors, cost sharing is reduced from 25 percent to 20 percent.

(C) In fiscal year 1996, the per diem inpatient hospital copayment for retirees, dependents of retirees, and survivors when they use a preferred provider network hospital is $250 per day, or 25 percent of total charges, whichever is less. There is a nominal copayment for active duty dependents, which is the same as under the CHAMPUS program (see §199.4). The per diem amount may be updated for subsequent years based on changes in the standard CHAMPUS per diem.

(iii) For Medicare-eligible beneficiaries, cost sharing will generally be as applicable to Medicare participating providers.

(2) *Cost sharing for non-network providers.* (i) For TRICARE Prime enrollees, rules applicable to the TRICARE point of service option (see paragraph (n)(3) of this section) are applicable. The deductible is $300 per person and $600 per family. The beneficiary cost share is 50 percent of the allowable charges, after the deductible.

(ii) For Standard participants, cost sharing is as specified for the basic CHAMPUS program.

(3) *Cost sharing under internal resource sharing agreements.* (i) For Prime enrollees, cost sharing is as provided in military treatment facilities.

(ii) For Standard participants, cost sharing is as provided in military treatment facilities.

(iii) For Medicare eligible beneficiaries, where made applicable by the commander of the *military medical treatment facility* concerned, cost sharing will be as provided in military treatment facilities.

(4) *Cost sharing under external resource sharing.* (i) For Prime enrollees, cost sharing applicable to services provided by military facility personnel shall be as applicable to services in military treatment facilities; that applicable to institutional and related ancillary charges shall be as applicable to services provided under TRICARE Prime.

(ii) For TRICARE Standard participants, cost sharing applicable to services provided by military facility personnel shall be as applicable to services in military treatment facilities; that applicable to non-military providers, including institutional and related ancillary charges, shall be as applicable to services provided under TRICARE Extra.

(5) *Prescription drugs.* Cost sharing for prescription drugs is as provided under the Pharmacy Benefits Program in §199.21.

(6) *Cost share for outpatient services in military treatment facilities.* (i) For dependents of active duty members in all enrollment categories, there is no charge for outpatient visits provided in military medical treatment facilities.

(ii) For retirees, their dependents, and survivors in all enrollment categories, there is no charge for outpatient visits provided in military medical treatment facilities.

(7) *Cost sharing for additional beneficiaries under the TRICARE Prime Remote Program.* (i) Active duty family members, defined as the lawful husband or wife of a member, and children, as defined in §199.3(b)(2)(ii)(A) through (b)(2)(ii)(F) and (b)(2)(ii)(H)(*1*), (b)(2)(ii)(H)(*2*), and (b)(2)(ii)(H)(*4*), residing with their Active Duty Service

Member Sponsor who is TRICARE Prime Remote eligible will have cost-shares, co-payments, and deductibles waived for services provided on or after October 30, 2000. Pharmacy Benefits Program cost-shares established under §199.21 apply to services provided on or after April 1, 2001. Active Duty Service Member Sponsors who are TRICARE Prime Remote eligible are those who receive a remote permanent duty assignment, and pursuant to the assignment, reside at a location that is more than 50 miles, or approximately one hour of driving time from the nearest military medical treatment facility adequate to provide the needed care. Remote permanent duty assignments include permanent duty as a recruiter; permanent duty at an educational institution to instruct, administer a program of instruction, or provide administrative services in support of a program of instruction for the Reserves Officers' Training Corps; permanent duty as a full-time adviser to a unit of a reserve component; or any other permanent duty designated by the Secretary. This waiver applies to TRICARE covered benefits only. Claims processed with a date of service beginning on or after October 30, 2000 will waive the cost-share, copayment, and deductible. Active Duty Family Members residing with TPR eligible Active Duty Service Member (ADSM) have copayments, cost-shares, and deductibles for CHAMPUS covered benefits except pharmacy benefits waived until the implementation of TRICARE Prime Remote for Family Members or October 30, 2001, whichever is later. The claims processor will pay the waived portion of the claim to the eligible family member or to the provider, as appropriate.

(ii) Eligible family members will be able to access their provider without preauthorization. To obtain the waiver of charges, eligible family members are required to use network providers, where available and within the TRICARE access standards. Failure to do so will result in claims being processed under TRICARE Standard rules. For beneficiaries who are enrolled in TRICARE Prime, existing specialty care preauthorization requirements and Point of Service rules remain in effect.

(iii) To the greatest extent possible, contractors will assist eligible members in finding a TRICARE network, participating, or authorized provider. If a network provider cannot be identified within the access standards established under TRICARE, the eligible family member shall use an authorized provider to be eligible for the waiver.

(n) *Additional health care management requirements under TRICARE prime.* Prime has additional, special health care management requirements not applicable under Extra, Standard or the CHAMPUS basic program. Such requirements must be approved by the Assistant Secretary of Defense (Health Affairs). In TRICARE, all care may be subject to review for medical necessity and appropriateness of level of care, regardless of whether the care is provided in a military medical treatment facility or in a civilian setting. Adverse determinations regarding care in military facilities will be appealable in accordance with established military medical department procedures, and adverse determinations regarding civilian care will be appealable in accordance with §199.15.

(1) *Primary care manager.* (i) All active duty members and Prime enrollees will be assigned or allowed to select a primary care manager pursuant to a system established by the MTF Commander or other authorized official, and consistent with the access standards in paragraph (p)(5)(i) of this section. The primary care manager may be an individual, physician, a group practice, a clinic, a treatment site, or other designation. The primary care manager may be part of the MTF or the Prime civilian provider network. The enrollee will be given the opportunity to register a preference for primary care manager from a list of choices provided by the MTF Commander. This preference will be entered on a TRICARE Prime enrollment form or similar document. Preference requests will be honored subject to availability, under the MTF beneficiary category priority system and other operational requirements established by the commander and other authorized person. MTF PCM nonavailability may

be a condition of assignment to a civilian provider network PCM.

(ii) Prime enrollees who are dependents of active duty members in pay grades E–1 through E–4 shall have priority over other active duty dependents for enrollment with MTF PCMs, subject to MTF capacity.

(2) *Restrictions on the use of providers.* The requirements of this paragraph (n)(2) shall be applicable to health care utilization under TRICARE Prime, except in cases of emergency care and under the point-of-service option (see paragraph (n)(3) of this section).

(i) Prime enrollees must obtain all primary health care from the primary care manager or from another provider to which the enrollee is referred by the primary care manager or an authorized Health Care Finder.

(ii) For any necessary specialty care and nonemergent inpatient care, the primary care manager or the Health Care Finder will assist in making an appropriate referral.

(A) For healthcare services provided under managed care support contracts entered into by the Department of Defense before October 30, 2000, all such nonemergency specialty care and inpatient care must be preauthorized by the primary care manager or the Health Care Finder.

(B) For healthcare services provided under TRICARE contracts entered into by the Department of Defense on or after October 30, 2000, referral requests (consultation requests) for specialty care consultation appointment services for TRICARE Prime beneficiaries must be submitted by primary care managers. Such referrals will be authorized by Health Care Finders (authorization numbers will be assigned so as to facilitate claims processing) but medical necessity preauthorization will not be required for referral consultation appointment services within the TRICARE contractor's network. Some health care services subsequent to consultation appointments (invasive procedures, nonemergent admissions and other health care services as determined by the Director, TRICARE Management Activity, or a designee) will require medical necessity preauthorization. Though referrals for specialty care are generally the responsibility of the primary care managers, subject to discretion exercised by the TRICARE Regional Directors, and established in regional policy or memoranda of understanding, specialist providers may be permitted to refer patients for additional specialty consultation appointment services within the TRICARE contractor's network without prior authorization by primary care managers or subject to medical necessity preauthorization.

(iii) The following procedures will apply to health care referrals and preauthorizations in catchment areas under TRICARE Prime:

(A) The first priority for referral for specialty care or inpatient care will be to the local MTF (or to any other MTF in which catchment area the enrollee resides).

(B) If the local MTF(s) are unavailable for the services needed, but there is another MTF at which the needed services can be provided, the enrollee may be required to obtain the services at that MTF. However, this requirement will only apply to the extent that the enrollee was informed at the time of (or prior to) enrollment that mandatory referrals might be made to the MTF involved for the service involved.

(C) If the needed services are available within civilian preferred provider network serving the area, the enrollee may be required to obtain the services from a provider within the network. Subject to availability, the enrollee will have the freedom to choose a provider from among those in the network.

(D) If the needed services are not available within the civilian preferred provider network serving the area, the enrollee may be required to obtain the services from a designated civilian provider outside the area. However, this requirement will only apply to the extent that the enrollee was informed at the time of (or prior to) enrollment that mandatory referrals might be made to the provider involved for the service involved (with the provider and service either identified specifically or in connection with some appropriate classification).

(E) In cases in which the needed health care services cannot be provided pursuant to the procedures identified

in paragraphs (n)(2)(iii) (A) through (D) of this section, the enrollee will receive authorization to obtain services from a CHAMPUS-authorized civilian provider(s) of the enrollee's choice not affiliated with the civilian preferred provider network.

(iv) When Prime is operating in noncatchment areas, the requirements in paragraphs (n)(2)(iii) (B) through (E) of this section shall apply.

(v) Any health care services obtained by a Prime enrollee, but not obtained in accordance with the utilization management rules and procedures of Prime will not be paid for under Prime rules, but may be covered by the point-of-service option (see paragraph (n)(3) of this section). However, Prime rules may cover such services if the enrollee did not know and could not reasonably have been expected to know that the services were not obtained in accordance with the utilization management rules and procedures of Prime.

(vi) In accordance with guidelines issued by the Assistant Secretary of Defense for Health Affairs, certain travel expenses may be reimbursed when a TRICARE Prime enrollee is referred by the primary care manager for medically necessary specialty care more than 100 miles away from the primary care manager's office received on or after October 30, 2000. Such guidelines shall be consistent with appropriate provisions of generally applicable Department of Defense rules and procedures governing travel expenses.

(3) *Point-of-service option.* TRICARE Prime enrollees retain the freedom to obtain services from civilian providers on a point-of-service basis. In such cases, all requirements applicable to standard CHAMPUS shall apply, except that there shall be higher deductible and cost sharing requirements (as set forth in paragraphs (m)(1)(i) and (m)(2)(i) of this section).

(o) *TRICARE program enrollment procedures.* There are certain requirements pertaining to procedures for enrollment in Prime and TRICARE Prime Remote for Active Duty Family Members. (These procedures do not apply to active duty members, whose enrollment is mandatory).

(1) *Open enrollment.* Beneficiaries will be offered the opportunity to enroll in Prime on a continuing basis.

(2) *Enrollment period.* (i) Beneficiaries who select the TRICARE Prime option or the TRICARE Prime Remote for Active Duty Family Members option remain enrolled for 12 month increments until: They take action to disenroll; they are no longer eligible for enrollment in TRICARE Prime or TRICARE Prime Remote for Active Duty Family Members; or they are disenrolled for failure to pay required enrollment fees. For those who remain eligible for TRICARE Prime enrollment, no later than 15 days before the expiration date of an enrollment, the sponsor will be sent a written notification of the pending expiration and renewal of the TRICARE Prime enrollment. TRICARE Prime enrollments shall be automatically renewed upon the expiration of the enrollment unless the renewal is declined by the sponsor. Termination of enrollment for failure to pay enrollment fees is addressed in paragraph (o)(3) of this section.

(ii) Exceptions to the 12-month enrollment period.

(A) Beneficiaries who are eligible to enroll in TRICARE Prime but have less than one year of TRICARE eligibility remaining.

(B) The dependents of a Reservist who is called or ordered to active duty or of a member of the National Guard who is called or ordered to full-time federal National Guard duty for a period of more than 30 days.

(3) *Installment payments of enrollment fee.* The enrollment fee required by §199.18(c) may be paid in monthly or quarterly installments. Monthly fees may be payable by an allotment from retired or retainer pay, or paid from a financial institution through an electronic transfer of funds. For beneficiaries paying enrollment fees on an installment basis, failure to make a required installment payment on a timely basis [including a grace period, as determined by the Assistant Secretary of Defense (Health Affairs)] will result in termination of the beneficiary's enrollment in Prime and disqualification from future enrollment in Prime for a period of one year.

(4) *Voluntary disenrollment.* Any non-active duty beneficiary may disenroll at any time. Disenrollment will take effect in accordance with administrative procedures established by the Assistant Secretary of Defense (Health Affairs). Beneficiaries who disenroll prior to their annual enrollment renewal date will not be eligible to reenroll in Prime for a one-year period from the effective date of the disenrollment. This one-year exclusion may be waived by the Assistant Secretary of Defense (Health Affairs) based on extraordinary circumstances. This one-year period does not apply to any dependent whose sponsor is in the grade of E–1 to E–4.

(5) *Period revision.* Periodically, certain features, rules or procedures of Prime, Extra and/or Standard may be revised. If such revisions will have a significant effect on participants' costs or access to care, beneficiaries will be given the opportunity to change their enrollment status coincident with the revisions.

(6) *Effects of failure to enroll.* Beneficiaries offered the opportunity to enroll in Prime, who do not enroll, will remain in Standard and will be eligible to participate in Extra on a case-by-case basis.

(7) *Special procedures for certain dependents of active duty members in pay grades E–1 to E–4.* As an exception to other procedures in paragraph (o) of this section, dependents of active duty members in pay grades E–1 to E–4, if such dependents reside in a catchment area of a military hospital, are automatically enrolled in TRICARE Prime. The applicable military hospital shall provide written notice of the automatic enrollment to the member and the affected dependents. The effective date of such automatic enrollment shall be the date of the written notice, unless an earlier effective date is requested by the member or affected dependents, so long as the affected dependents were as of the effective date dependents of an active duty member in pay grades E–1 to E–4 and residents in a catchment area of a military hospital. Dependents who are automatically enrolled under this paragraph may disenroll at any time. Such disenrollment shall remain in effect until such dependents take specific action to reenroll which such dependents may do at any time.

(p) *Civilian preferred provider networks.* A major feature of the TRICARE program is the civilian preferred provider network.

(1) *Status of network providers.* Providers in the preferred provider network are not employees or agents of the Department of Defense or the United States Government. Rather, they are independent contractors of the government (or other independent entities having business arrangements with the government). Although network providers must follow numerous rules and procedures of the TRICARE program, on matters of professional judgment and professional practice, the network provider is independent and not operating under the direction and control of the Department of Defense. Each preferred provider must have adequate professional liability insurance, as required by the Federal Acquisition Regulation, and must agree to indemnify the United States Government for any liability that may be assessed against the United States Government that is attributable to any action or omission of the provider.

(2) *Utilization management policies.* Preferred providers are required to follow the utilization management policies and procedures of the TRICARE program. These policies and procedures are part of discretionary judgments by the Department of Defense regarding the methods of delivering and financing health care services that will best achieve health and economic policy objectives.

(3) *Quality assurance requirements.* A number of quality assurance requirements and procedures are applicable to preferred network providers. These are for the purpose of assuring that the health care services paid for with government funds meet the standards called for in the contract or provider agreement.

(4) *Provider qualifications.* All preferred providers must meet the following qualifications:

(i) They must be CHAMPUS authorized providers and CHAMPUS participating providers.

(ii) All physicians in the preferred provider network must have staff privileges in a hospital accredited by the Joint Commission on Accreditation of Health Care Organizations (JCAHO). This requirement may be waived in any case in which a physician's practice does not include the need for admitting privileges in such a hospital, or in locations where no JCAHO accredited facility exists. However, in any case in which the requirement is waived, the physician must comply with alternative qualification standards as are established by the MTF Commander (or other authorized official).

(iii) All preferred providers must agree to follow all quality assurance, utilization management, and patient referral procedures established pursuant to this section, to make available to designated DoD utilization management or quality monitoring contractors medical records and other pertinent records, and to authorize the release of information to MTF Commanders regarding such quality assurance and utilization management activities.

(iv) All preferred network providers must be Medicare participating providers, unless this requirement is waived based on extraordinary circumstances. This requirement that a provider be a Medicare participating provider does not apply to providers not eligible to be participating providers under Medicare.

(v) The provider must be available to Extra participants.

(vi) The provider must agree to accept the same payment rates negotiated for Prime enrollees for any person whose care is reimbursable by the Department of Defense, including, for example, Extra participants, supplemental care cases, and beneficiaries from outside the area.

(vii) All preferred providers must meet all other qualification requirements, and agree to comply with all other rules and procedures established for the preferred provider network.

(5) *Access standards.* Preferred provider networks will have attributes of size, composition, mix of providers and geographical distribution so that the networks, coupled with the MTF capabilities, can adequately address the health care needs of the enrollees. Before offering enrollment in Prime to a beneficiary group, the MTF Commander (or other authorized person) will assure that the capabilities of the MTF plus preferred provider network will meet the following access standards with respect to the needs of the expected number of enrollees from the beneficiary group being offered enrollment:

(i) Under normal circumstances, enrollee travel time may not exceed 30 minutes from home to primary care delivery site unless a longer time is necessary because of the absence of providers (including providers not part of the network) in the area.

(ii) The wait time for an appointment for a well-patient visit or a specialty care referral shall not exceed four weeks; for a routine visit, the wait time for an appointment shall not exceed one week; and for an urgent care visit the wait time for an appointment shall generally not exceed 24 hours.

(iii) Emergency services shall be available and accessible to handle emergencies (and urgent care visits if not available from other primary care providers pursuant to paragraph (p)(5)(ii) of this section), within the service area 24 hours a day, seven days a week.

(iv) The network shall include a sufficient number and mix of board certified specialists to meet reasonably the anticipated needs of enrollees. Travel time for specialty care shall not exceed one hour under normal circumstances, unless a longer time is necessary because of the absence of providers (including providers not part of the network) in the area. This requirement does not apply under the Specialized Treatment Services Program.

(v) Office waiting times in non-emergency circumstances shall not exceed 30 minutes, except when emergency care is being provided to patients, and the normal schedule is disrupted.

(6) *Special reimbursement methods for network providers.* The Director, OCHAMPUS, may establish, for preferred provider networks, reimbursement rates and methods different from those established pursuant to §199.14.

Such provisions may be expressed in terms of percentage discounts off CHAMPUS allowable amounts, or in other terms. In circumstances in which payments are based on hospital-specific rates (or other rates specific to particular institutional providers), special reimbursement methods may permit payments based on discounts off national or regional prevailing payment levels, even if higher than particular institution-specific payment rates.

(7) *Methods for establishing preferred provider networks.* There are several methods under which the MTF Commander (or other authorized official) may establish a preferred provider network. These include the following:

(i) There may be an acquisition under the Federal Acquisition Regulation, either conducted locally for that catchment area, in a larger area in concert with other MTF Commanders, regionally as part of a CHAMPUS acquisition, or on some other basis.

(ii) To the extent allowed by law, there may be a modification by the Director, OCHAMPUS, of an existing CHAMPUS fiscal intermediary contract to add TRICARE program functions to the existing responsibilities of the fiscal intermediary contractor.

(iii) The MTF Commander (or other authorized official) may follow the ''any qualified provider'' method set forth in paragraph (q) of this section.

(iv) Any other method authorized by law may be used.

(q) *Preferred provider network establishment under any qualified provider method.* The any qualified provider method may be used to establish a civilian preferred provider network. Under this method, any CHAMPUS-authorized provider within the geographical area involved that meets the qualification standards established by the MTF Commander (or other authorized official) may become a part of the preferred provider network. Such standards must be publicly announced and uniformly applied. Also under this method, any provider who meets all applicable qualification standards may not be excluded from the preferred provider network. Qualifications include:

(1) The provider must meet all applicable requirements in paragraph (p)(4) of this section.

(2) The provider must agree to follow all quality assurance and utilization management procedures established pursuant to this section.

(3) The provider must be a Participating Provider under CHAMPUS for all claims.

(4) The provider must meet all other qualification requirements, and agree to all other rules and procedures, that are established, publicly announced, and uniformly applied by the commander (or other authorized official).

(5) The provider must sign a preferred provider network agreement covering all applicable requirements. Such agreements will be for a duration of one year, are renewable, and may be canceled by the provider or the MTF Commander (or other authorized official) upon appropriate notice to the other party. The Director, OCHAMPUS shall establish an agreement model or other guidelines to promote uniformity in the agreements.

(r) *General fraud, abuse, and conflict of interest requirements under TRICARE program.* All fraud, abuse, and conflict of interest requirements for the basic CHAMPUS program, as set forth in this part 199 (see especially applicable provisions of §199.9) are applicable to the TRICARE program. Some methods and procedures for implementing and enforcing these requirements may differ from the methods and procedures followed under the basic CHAMPUS program in areas in which the TRICARE program has not been implemented.

(s) *Partial implementation.* The Assistant Secretary of Defense (Health Affairs) may authorize the partial implementation of the TRICARE program. The following are examples of partial implementation:

(1) The TRICARE Extra Plan and the TRICARE Standard Plan may be offered without the TRICARE Prime Plan.

(2) In remote sites, where complete implementation of TRICARE is impracticable, TRICARE Prime may be offered to a limited group of beneficiaries. In such cases, normal requirements of TRICARE Prime which the

Assistant Secretary of Defense (Health Affairs) determines are impracticable may be waived.

(3) The TRICARE program may be limited to particular services, such as mental health services.

(t) *Inclusion of Department of Veterans Affairs Medical Centers in TRICARE networks.* TRICARE preferred provider networks may include Department of Veterans Affairs health facilities pursuant to arrangements, made with the approval of the Assistant Secretary of Defense (Health Affairs), between those centers and the Director, OCHAMPUS, or designated TRICARE contractor.

(u) *Care provided outside the United States to dependents of active duty members.* The Assistant Secretary of Defense (Health Affairs) may, in conjunction with implementation of the TRICARE program, authorize a special CHAMPUS program for dependents of active duty members who accompany the members in their assignments in foreign countries. Under this special program, a preferred provider network will be established through contracts or agreements with selected health care providers. Under the network, CHAMPUS covered services will be provided to the covered dependents with all CHAMPUS requirements for deductibles and copayments waived. The use of this authority by the Assistant Secretary of Defense (Health Affairs) for any particular geographical area will be announced in the FEDERAL REGISTER. The announcement will include a description of the preferred provider network program and other pertinent information.

(v) *Administrative procedures.* The Assistant Secretary of Defense (Health Affairs), the Director, TRICARE Management Activity, and MTF Commanders (or other authorized officials) are authorized to establish administrative requirements and procedures, consistent with this section, this part, and other applicable DoD Directives or Instructions, for the implementation and operation of the TRICARE program.

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§ 199.18 Uniform HMO Benefit.

(a) *In general.* There is established a Uniform HMO Benefit. The purpose of the Uniform HMO benefit is to establish a health benefit option modeled on health maintenance organization plans. This benefit is intended to be uniform wherever offered throughout the United States and to be included in all managed care programs under the MHSS. Most care purchased from civilian health care providers (outside an MTF) will be under the rules of the Uniform HMO Benefit or the Basic CHAMPUS Program (see §199.4). The Uniform HMO Benefit shall apply only as specified in this section or other sections of this part, and shall be subject to any special applications indicated in such other sections.

(b) *Services covered under the uniform HMO benefit option.* (1) Except as specifically provided or authorized by this section, all CHAMPUS benefits provided, and benefit limitations established, pursuant to this part, shall apply to the Uniform HMO Benefit.

(2) Certain preventive care services not normally provided as part of basic program benefits under CHAMPUS are covered benefits when provided to Prime enrollees by providers in the civilian provider network. Standards for preventive care services shall be developed based on guidelines from the U.S. Department of Health and Human Services. Such standards shall establish a specific schedule, including frequency or age specifications for:

(i) Laboratory and x-ray tests, including blood lead, rubella, cholesterol, fecal occult blood testing, and mammography;

(ii) Pap smears;

(iii) Eye exams;

(iv) Immunizations;

(v) Periodic health promotion and disease prevention exams;

(vi) Blood pressure screening;

(vii) Hearing exams;

(viii) Sigmoidoscopy or colonoscopy;

(ix) Serologic screening; and

(x) Appropriate education and counseling services. The exact services offered shall be established under uniform standards established by the Assistant Secretary of Defense (Health Affairs).

(3) In addition to preventive care services provided pursuant to paragraph (b)(2) of this section, other benefit enhancements may be added and other benefit restrictions may be waived or relaxed in connection with health care services provided to include the Uniform HMO Benefit. Any such other enhancements or changes must be approved by the Assistant Secretary of Defense (Health Affairs) based on uniform standards.

(c) *Enrollment fee under the uniform HMO benefit.* (1) The CHAMPUS annual deductible amount (see §199.4(f)) is waived under the Uniform HMO Benefit during the period of enrollment. In lieu of a deductible amount, an annual enrollment fee is applicable. The specific enrollment fee requirements shall be published annually by the Assistant Secretary of Defense (Health Affairs), and shall be uniform within the following groups: dependents of active duty members in pay grades of E–4 and below; active duty dependents of sponsors in pay grades E–5 and above; and retirees and their dependents.

(2) *Amount of enrollment fees.* In fiscal year 2001, the annual enrollment fee for retirees and their dependents is $230 individual, $460 family.

(3) *Waiver of enrollment fee for certain beneficiaries.* The Assistant Secretary of Defense (Health Affairs) may waive the enrollment fee requirements of this section for Medicare-eligible beneficiaries.

(d) *Outpatient cost sharing requirements under the uniform HMO benefit—*(1) *In general.* In lieu of usual CHAMPUS cost sharing requirements (see §199.4(f)), special reduced cost sharing percentages or per service specific dollar amounts are required. The specific requirements shall be uniform and shall be published periodically by the Assistant Secretary of Defense (Health Affairs). For care provided on or after April 1, 2001, no copayment shall be charged for care provided under TRICARE Prime to a dependent of an active duty member, except for the copayments charged under the Pharmacy Benefits Program (see §199.21) and under the point of service option of TRICARE Prime (see §199.17(n)(4)).

(2) *Structure of outpatient cost sharing.* The special cost sharing requirements for outpatient services include the following specific structural provisions:

(i) For most physician office visits and other routine services, there is a per visit fee for retirees and their dependents. This fee applies to primary care and specialty care visits, except as provided elsewhere in this paragraph (d)(2) of this section. It also applies to family health services, home health care visits, eye examinations, and immunizations. It does not apply to ancillary health services or to preventive health services described in paragraph (b)(2) of this section, or to maternity services under §199.4(e)(16).

(ii) There is a copayment for outpatient mental health visits. It is a per visit fee for retirees and their dependents for individual visits. For group visits, there is a lower per visit fee for retirees and their dependents.

(iii) There is a cost share of durable medical equipment, prosthetic devices, and other authorized supplies for retirees and their dependents.

(iv) For emergency room services, there is a per visit fee for retirees and their dependents.

(v) For ambulatory surgery services, there is a per service fee for retirees and their dependents.

(vi) There is a copayment for prescription drugs per prescription, including medical supplies necessary for administration, for dependents of active duty members and for retirees and their dependents under the Pharmacy Benefits Program (see §199.17(m)(5)).

(vii) There is a copayment for ambulance services for retirees and their dependents.

(3) *Amount of outpatient cost sharing requirements.* In fiscal year 2001, the outpatient cost sharing requirements are as follows:

(i) For most physician office visits and other routine services, as described in paragraph (d)(2)(i) of this section, the per visit fee for retirees and their dependents is $12.

(ii) For outpatient mental health visits, the per visit fee for retirees and their dependents is $25. For group outpatient mental health visits, there is a lower per visit fee for retirees and their dependents of $17.

(iii) The cost share for durable medical equipment, prosthetic devices, and other authorized supplies for retirees and their dependents is 20 percent of the negotiated fee.

(iv) For emergency room services, the per visit fee for retirees and their dependents is $30.

(v) For primary surgeon services in ambulatory surgery, the per service fee for retirees and their dependents is $25.

(vi) The copayments for prescription drugs are established under the Pharmacy Benefits Program (see § 199.21).

(vii) The copayment for ambulance services for retirees and their dependents is $20.

(e) *Inpatient cost sharing requirements under the uniform HMO benefit*—(1) *In general.* In lieu of usual CHAMPUS cost sharing requirements (see § 199.4(f)), special cost sharing amounts are required. The specific requirements shall be uniform and shall be published periodically by the Assistant Secretary of Defense (Health Affairs). For services provided on or after April 1, 2001, no copayment shall be charged for inpatient care provided under TRICARE Prime to a dependent of an active duty member except under the point of service option of TRICARE Prime (see § 199.17(n)(4)). In addition, for services provided on or after April 1, 2001, no copayment shall be charged for inpatient care provided under TRICARE Prime to a dependent of an active duty member in military medical treatment facilities.

(2) *Structure of cost sharing.* For services other than mental illness or substance use treatment, there is a nominal copayment for retired members, dependents of retired members, and survivors. For inpatient mental health and substance use treatment, a separate per day charge is established. For services provided on or after April 1, 2001, no inpatient copayment shall be charged an active duty dependent enrolled in TRICARE Prime. This elimination of inpatient copayments applies to active duty dependents enrolled in TRICARE Prime who are admitted to a civilian or military inpatient facility.

(3) *Amount of inpatient cost sharing requirements.* In fiscal year 2001, the inpatient cost sharing requirements for retirees and their dependents for acute care admissions and other non-mental health/substance use treatment admissions is a per diem charge of $11, with a minimum charge of $25 per admission. For mental health/substance use treatment admissions, and for partial hospitalization services, the per diem charge for retirees and their dependents is $40.

(f) *Limit on out-of-pocket costs under the uniform HMO benefit.* (1) Total out-of-pocket costs per family of dependents of active duty members under the Uniform HMO Benefit may not exceed $1,000 during the one-year enrollment period. Total out-of-pocket costs per family of retired members, dependents of retired members and survivors under the Uniform HMO Benefit may not exceed $3,000 during the one-year enrollment period. For this purpose, out-of-pocket costs means all payments required of beneficiaries under paragraphs (c), (d), and (e) of this section. In any case in which a family reaches this limit, all remaining payments that would have been required of the beneficiary under paragraphs (c), (d), and (e) of this section will be made by the program in which the Uniform HMO Benefit is in effect.

(2) The limits established by paragraph (f)(1) of this section do not apply to out-of-pocket costs incurred pursuant to paragraph (m)(1)(i) or (m)(2)(i) of § 199.17 under the point-of-service option of TRICARE Prime.

(g) *Updates.* The enrollment fees for fiscal year 2001 set under paragraph (c) of this section and the per service specific dollar amounts for fiscal year 2001 set under paragraphs (d) and (e) of this section may be updated for subsequent years to the extent necessary to maintain compliance with statutory requirements pertaining to government costs. This updating does not apply to

cost sharing that is expressed as a percentage of allowable charges; these percentages will remain unchanged.

[60 FR 52101, Oct. 5, 1995, as amended at 63 FR 9143, Feb. 24, 1998; 63 FR 48448, Sept. 10, 1998; 66 FR 9656, Feb. 9, 2001; 66 FR 16400, Mar. 26, 2001]

§ 199.20 Continued Health Care Benefit Program (CHCBP).

(a) *Purpose.* The CHCBP is a premium based temporary health care coverage program that will be available to qualified beneficiaries (set forth in paragraph (d)(1) of this section). Medical coverage under this program will mirror the benefits offered via the basic CHAMPUS program. Premium costs for this coverage are payable by enrollees to a Third Party Administrator. The CHCBP is not part of the CHAMPUS program. However, as set forth in this section, it functions under most of the rules and procedures of CHAMPUS. Because the purpose of the CHCBP is to provide a continuation health care benefit for the Department of Defense and the other Uniformed Services (e.g., NOAA, PHS, and the Coast Guard) health care beneficiaries losing eligibility, it will be administered so that it appears, to the maximum extent possible, to be part of CHAMPUS.

(b) *General provisions.* Except for any provisions the Director, OCHAMPUS may exclude, the general provisions of §199.1 shall apply to the CHCBP as they do to CHAMPUS.

(c) *Definitions.* Except as may be specifically provided in this section, to the extent terms defined in §199.2 are relevant to the administration of the CHCBP, the definitions contained in that section shall apply to the CHCBP as they do to CHAMPUS.

(d) *Eligibility and enrollment*—(1) *Eligibility.* Enrollment in the CHCBP is open to the following individuals:

(i) Members of Uniformed Services, who:

(A) Are discharged or released from active duty (or full time National Guard duty), whether voluntarily or involuntarily, under other than adverse conditions;

(B) Immediately preceding that discharge or release, were entitled to medical and dental care under 10 U.S.C. 1074(a) (except in the case of a member discharged or released from full-time National Guard duty); and,

(C) After that discharge or release and any period of transitional health care provided under 10 U.S.C. 1145(a) would not otherwise be eligible for any benefit under 10 U.S.C. chapter 55.

(ii) A person who:

(A) Ceases to meet requirements for being considered an unmarried dependent child of a member or former member of the armed forces under 10 U.S.C. 1072(2)(D);

(B) On the day before ceasing to meet those requirements, was covered under a health benefits plan under 10 U.S.C. chapter 55, or transitional health care under 10 U.S.C. 1145(a) as a dependent of the member or former member; and,

(C) Would not otherwise be eligible for any benefits under 10 U.S.C. chapter 55.

(iii) A person who:

(A) Is an unremarried former spouse of a member or former member of the armed forces;

(B) On the day before the date of the final decree of divorce, dissolution, or annulment was covered under a health benefits plan under 10 U.S.C. chapter 55, or transitional health care under 10 U.S.C. 1145(a) as a dependent of the member or former member; and,

(C) Is not a dependent of the member or former member under 10 U.S.C. 1072(2)(F) or (G) or ends a one-year period of dependency under 10 U.S.C. 1072(2)(H).

(iv) An unmarried person who:

(A) Is placed in the legal custody of a member or former member by a court or who is placed in the home of a member or former member by a recognized placement agency in anticipation of the legal adoption of the child; and

(B) Either:

(*1*) Has not attained the age of 21 if not in school or age 23 if enrolled in a full time course of study at an institution of higher learning; or

(*2*) Is incapable of self-support because of a mental or physical incapacity which occurred while the person was considered a dependent of the member or former member; and

(C) Is dependent on the member or former member for over one-half of the person's support; and

(D) Resides with the member or former member unless separated by the necessity of military service or to receive institutional care as a result of disability or incapacitation; and

(E) Is not a dependent of a member or former member as described in §199.3(b)(2).

(2) *Effective date.* Except for the special transitional provisions in paragraph (r) of this section, eligibility in the CHCBP is limited to individuals who lost their entitlement to regular military health services system benefits on or after October 1, 1994.

(3) *Notification of eligibility.* (i) The Department of Defense and the other Uniformed Services (National Oceanic and Atmospheric Administration (NOAA), Public Health Service (PHS), Coast Guard) will notify persons eligible to receive health benefits under the CHCBP.

(ii) In the case of a member who becomes (or will become) eligible for continued coverage, the Department of Defense shall notify the member of their rights for coverage as part of pre-separation counseling conducted under 10 U.S.C. 1142.

(iii) In the case of a child of a member or former member who becomes eligible for continued coverage:

(A) The member or former member may submit to the Third Party Administrator a notice of the child's change in status (including the child's name, address, and such other information needed); and

(B) The Third Party Administrator, within 14 days after receiving such information, will inform the child of the child's rights under 10 U.S.C. 1142.

(iv) In the case of a former spouse of a member or former member who becomes eligible for continued coverage, the Third Party Administrator will notify the individual of eligibility for CHCBP when he or she declares the change in marital status to a military personnel office.

(4) *Election of coverage.* (i) In order to obtain continued coverage, written election by eligible beneficiary must be made, within a prescribed time period. In the case of a member discharged or released from active duty (or full time National Guard duty), whether voluntarily or involuntarily; an unremarried spouse of a member or former member; or a child emancipated from a member or former member, the written election shall be submitted to the Third Party Administrator before the end of the 60-day period beginning on the later of:

(A) The date of the discharge or release of the member from active duty or full-time National Guard duty;

(B) The date on which the period of transitional health care applicable to the member under 10 U.S.C. 1145(a) ends;

(C) In the case of an unremarried former spouse of a member or former member, the date the one-year extension of dependency under 10 U.S.C. 1072(2)(H) expires; or

(D) The date the member receives the notification of eligibility.

(ii) A member of the armed forces who is eligible for enrollment under paragraph (d)(1)(i) of this section may elect self-only or family coverage. Family members who may be included in such family coverage are the spouse and children of the member.

(5) *Enrollment.* Enrollment in the Continued Health Care Benefit Program will be accomplished by submission of an application to a Third Party Administrator (TPA). Upon submittal of an application to the Third Party Administrator, the enrollee must submit proof of eligibility. One of the following types of evidence will validate eligibility for care:

(i) A Defense Enrollment Eligibility Reporting System (DEERS) printout which indicates the appropriate sponsor status and the sponsor's and dependent's eligibility dates;

(ii) A copy of a verified and approved DD Form 1172, ''Application for Uniformed Services Identification and Privilege Card'';

(iii) A front and back copy of a DD Form 1173, ''Uniformed Services Identification and Privilege Card'' overstamped ''TA'' for Transition Assistance Management Program; or

(iv) A copy of a DD Form 214—''Certificate of Release or Discharge from Active Duty''.

(6) *Period of coverage.* CHCBP coverage may not extend beyond:

(i) For a member discharged or released from active duty (or full time

National Guard duty), whether voluntarily or involuntarily, the date which is 18 months after the date the member ceases to be entitled to care under 10 U.S.C. 1074(a) and any transitional care under 10 U.S.C. 1145.

(ii) In the case of an unmarried dependent child of a member or former member, the date which is 36 months after the date on which the person first ceases to meet the requirements for being considered an unmarried dependent child under 10 U.S.C. 1072(2)(D).

(iii) In the case of an unremarried former spouse of a member or former member, the date which is 36 months after the later of:

(A) The date on which the final decree of divorce, dissolution, or annulment occurs; or

(B) If applicable, the date the one-year extension of dependency under 10 U.S.C. 1072(2)(H) expires.

(iv) In the case of an unremarried former spouse of a member or former member, whose divorce occurred prior to the end of transitional coverage, the period of coverage under the CHCBP is unlimited, if:

(A) Has not remarried before the age of 55; and

(B) Was enrolled in the CHCBP as the dependent of an involuntarily separated member during the 18-month period before the date of the divorce, dissolution, or annulment; and

(C) Is receiving a portion of the retired or retainer pay of a member or former member or an annuity based on the retainer pay of the member; or

(D) Has a court order for payment of any portion of the retired or retainer pay; or

(E) Has a written agreement (whether voluntary or pursuant to a court order) which provides for an election by the member or former member to provide an annuity to the former spouse.

(v) For the beneficiary who becomes eligible for the Continued Health Care Benefit Program by ceasing to meet the requirements for being considered an unmarried dependent child of a member or former member, health care coverage may not extend beyond the date which is 36 months after the date the member becomes ineligible for medical and dental care under 10 U.S.C. 1074(a) and any transitional health care under 10 U.S.C. 1145(a).

(vi) Though beneficiaries have sixty-days (60) to elect coverage under the CHCBP, upon enrolling, the period of coverage must begin the day after entitlement to a military health care plan (including transitional health care under 10 U.S.C. 1145(a)) ends.

(e) *CHCBP benefits*—(1) *In general.* Except as provided in paragraph (e)(2) of this section, the provisions of §199.4 shall apply to the CHCBP as they do to CHAMPUS.

(2) *Exceptions.* The following provisions of §199.4 are not applicable to the CHCBP:

(i) Paragraph (a)(2) of this section concerning eligibility:

(ii) All provisions regarding nonavailability statements or requirements to use facilities of the Uniformed Services.

(3) *Beneficiary liability.* For purposes of CHAMPUS deductible and cost sharing requirements and catastrophic cap limits, amounts applicable to the categories of beneficiaries to which the CHCBP enrollee last belonged shall continue to apply, except that for separating active duty members, amounts applicable to dependents of active duty members shall apply.

(f) *Authorized providers.* The provisions of §199.6 shall apply to the CHCBP as they do to CHAMPUS.

(g) *Claims submission, review, and payment.* The provisions of §199.7 shall apply to the CHCBP as they do to CHAMPUS, except that no provisions regarding nonavailability statements shall apply.

(h) *Double coverage.* The provisions of §199.8 shall apply to the CHCBP as they do to CHAMPUS.

(i) *Fraud, abuse, and conflict of interest.* Administrative remedies for fraud, abuse and conflict of interest. The provisions of §199.9 shall apply to the CHCBP as they do to CHAMPUS.

(j) *Appeal and hearing procedures.* The provisions of §199.10 shall apply to the CHCBP as they do to CHAMPUS.

(k) *Overpayment recovery.* The provisions of §199.11 shall apply to the CHCBP as they do to CHAMPUS.

(l) *Third Party recoveries.* The provisions of §199.12 shall apply to the CHCBP as they do to CHAMPUS.

(m) *Provider reimbursement methods.* The provisions of § 199.14 shall apply to the CHCBP as they do to CHAMPUS.

(n) *Peer Review Organization Program.* The provisions of § 199.15 shall apply to the CHCBP as they do to CHAMPUS.

(o) *Preferred provider organization programs available.* Any preferred provider organization program under this part that provides for reduced cost sharing for using designated providers, such as the ''TRICARE Extra'' option under § 199.17, shall be available to participants in the CHCBP as it is to CHAMPUS beneficiaries.

(p) *Special programs not applicable*—(1) *In general.* Special programs established under this part that are not part of the basic CHAMPUS program established pursuant to 10 U.S.C. 1079 and 1086 are not, unless specifically provided in this section, available to participants in the CHCBP.

(2) *Examples.* The special programs referred to in paragraph (p)(1) of this section include:

(i) The Extended Care Health Option (ECHO) under § 199.5.

(ii) The Active Duty Dependents Dental Plan under § 199.13;

(iii) The Supplemental Health Care Program under § 199.16; and

(iv) The TRICARE Enrollment Program under § 199.17, except for TRICARE Extra program under that section.

(3) *Exemptions to the restriction.* In addition to the provision to make TRICARE Extra available to CHCBP beneficiaries, the following two demonstration projects are also available to CHCBP enrollees:

(i) Home Health Care Demonstration; and

(ii) Home Health Care-Case Management Demonstration.

(q) *Premiums*—(1) *Rates.* Premium rates will be established by the Assistant Secretary of Defense (Health Affairs) for two rate groups—individual and family. Eligible beneficiaries will select the level of coverage they require at the time of initial enrollment (either individual or family) and pay the appropriate premium payment. The rates are based on Federal Employee Health Benefit Program employee and agency contributions required for a comparable health benefits plan, plus an administrative fee. The administrative fee, not to exceed ten percent of the basic premium amount, shall be determined based on actual expected administrative costs for administration of the program. Premiums may be revised annually and shall be published annually for each fiscal year. Premiums will be paid by enrollees quarterly.

(2) Effects of failure to make premium payments. Failure by enrollees to submit timely and proper premium payments will result in denial of continued enrollment and denial of payment of medical claims. Premium payments which are late 30 days or more past the start of the quarter for which payment is due will result in the ending of beneficiary enrollment. Beneficiaries denied continued enrollment due to lack of premium payments will not be allowed to reenroll. In such a case, benefit coverage will cease at the end of the ninety day (90) period for which a premium payment was received. Enrollees will be held liable for medical costs incurred after losing eligibility.

(r) *Transitional provisions.* (1) There will be a sixty-day period of enrollment for all eligible beneficiaries (outlined in paragraph (d)(1) of this section) whose entitlement to regular military health services system coverage ended on or after August 2, 1994, but prior to the CHCBP implementation on October 1, 1994.

(2) Enrollment in the U.S. VIP program may continue up to October 1, 1994. Policies written prior to October 1, 1994, will remain in effect until the end of the policy life.

(3) On or after the October 1, 1994, implementation of the Continued Health Care Benefit Program, beneficiaries who enrolled in the U.S. VIP program prior to October 1, 1994, may elect to cancel their U.S. VIP policy and enroll in the CHCBP.

(4) With the exception of persons enrolled in the U.S. VIP program who may convert to the CHCBP, individuals who lost their entitlement to regular military health services system coverage prior to August 2, 1994, are not eligible for the CHCBP.

(s) *Procedures.* The Director, OCHAMPUS, may establish other rules

and procedures for the administration of the Continued Health Care Benefit Program.

[59 FR 49818, Sept. 30, 1994, as amended at 62 FR 35097, June 30, 1997; 64 FR 46141, Aug. 24, 1999; 69 FR 51569, Aug. 20, 2004]

§ 199.21 Pharmacy benefits program.

(a) General—(1) *Statutory authority*. Title 10, U.S. Code, Section 1074g requires that the Department of Defense establish an effective, efficient, integrated pharmacy benefits program for the Military Health System. This law is independent of a number of sections of Title 10 and other laws that affect the benefits, rules, and procedures of TRICARE, resulting in changes to the rules otherwise applicable to TRICARE Prime, Standard, and Extra.

(2) *Pharmacy benefits program*. The pharmacy benefits program, which includes the uniform formulary and its associated tiered co-payment structure, is applicable to all of the uniformed services. Its geographical applicability is all 50 states and the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. In addition, if authorized by the Assistant Secretary of Defense (Health Affairs), the TRICARE program may be implemented in areas outside the 50 states and the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. In such case, the Assistant Secretary of Defense (Health Affairs) may also authorize modifications to the pharmacy benefits program rules as may be appropriate to the areas involved.

(3) *Uniform formulary*. The pharmacy benefits program features a uniform formulary of pharmaceutical agents as defined in §199.2.

(i) The uniform formulary will assure the availability of pharmaceutical agents in the complete range of therapeutic classes authorized as basic program benefits.

(ii) As required by 10 U.S.C. 1074g(a)(2) and implemented under the procedures established by paragraphs (e) and (f) of this section, pharmaceutical agents in each therapeutic class are selected for inclusion on the uniform formulary based upon the relative clinical effectiveness and cost effectiveness of the agents in such class. If a pharmaceutical agent in a therapeutic class is determined by the Department of Defense Pharmacy and Therapeutics Committee not to have a significant, clinically meaningful therapeutic advantage in terms of safety, effectiveness, or clinical outcome over other pharmaceutical agents included on the uniform formulary, the Committee may recommend it be classified as a non-formulary agent. In addition, if the evaluation by the Pharmacy and Therapeutics Committee concludes that a pharmaceutical agent in a therapeutic class is not cost effective relative to other pharmaceutical agents in that therapeutic class, considering costs, safety, effectiveness, and clinical outcomes, the Committee may recommend it be classified as a non-formulary agent.

(iii) Pharmaceutical agents which are used exclusively in medical treatments or procedures that are expressly excluded from the TRICARE benefit by statute or regulation will not be considered for inclusion on the uniform formulary. Excluded pharmaceutical agents shall not be available as non-formulary agents, nor will they be cost-shared under the TRICARE pharmacy benefits program.

(b) *Definitions*. For most definitions applicable to the provisions of this section, refer to §199.2. The following definitions apply only to this section:

(1) *Clinically necessary*. Also referred to as clinical necessity. Sufficient evidence submitted by a beneficiary or provider on behalf of the beneficiary that establishes that one or more of the following conditions exist: The use of formulary pharmaceutical agents is contraindicated; the patient experiences significant adverse effects from formulary pharmaceutical agents in the therapeutic class, or is likely to experience significant adverse effects from formulary pharmaceutical agents in the therapeutic class; formulary pharmaceutical agents result in therapeutic failure, or the formulary pharmaceutical agent is likely to result in therapeutic failure; the patient previously responded to a non-formulary pharmaceutical agent and changing to a formulary pharmaceutical agent would incur an unacceptable clinical risk; or there is no alternative pharmaceutical agent on the formulary.

(2) *Therapeutic class.* A group of pharmaceutical agents that are similar in chemical structure, pharmacological effect, and/or clinical use.

(c) *Department of Defense Pharmacy and Therapeutics Committee*—(1) *Purpose.* The Department of Defense Pharmacy and Therapeutics Committee is established by 10 U.S.C. 1074g to assure that the selection of pharmaceutical agents for the uniform formulary is based on broadly representative professional expertise concerning relative clinical and cost effectiveness of pharmaceutical agents and accomplishes an effective, efficient, integrated pharmacy benefits program.

(2) *Composition.* As required by 10 U.S.C. 1074g(b), the committee includes representatives of pharmacies of the uniformed services facilities and representatives of providers in facilities of the uniformed services. Committee members will have expertise in treating the medical needs of the populations served through such entities and in the range of pharmaceutical and biological medicines available for treating such populations.

(3) *Executive Council.* The Pharmacy and Therapeutics Committee may have an Executive Council, composed of those voting and non-voting members of the Committee who are military or civilian employees of the Department of Defense. The function of the Executive Council is to review and analyze issues relating to the operation of the uniform formulary, including issues of an inherently governmental nature, procurement sensitive information, and matters affecting military readiness. The Executive Council presents information to the Pharmacy and Therapeutics Committee, but is not authorized to act for the Committee.

(d) *Uniform Formulary Beneficiary Advisory Panel.* As required by 10 U.S.C. 1074g(c), a Uniform Formulary Beneficiary Advisory Panel reviews and comments on the development of the uniform formulary. The Panel includes members that represent non-governmental organizations and associations that represent the views and interests of a large number of eligible covered beneficiaries, contractors responsible for the TRICARE retail pharmacy program, contractors responsible for the TRICARE mail-order pharmacy program, and TRICARE network providers. The panel will meet after each Pharmacy and Therapeutics Committee quarterly meeting. The Panel's comments will be submitted to the Director, TRICARE Management Activity. The Director will consider the comments before implementing the uniform formulary or any recommendations for change made by the Pharmacy and Therapeutics Committee. The Panel will function in accordance with the Federated Advisory Committee Act (5 U.S.C. App. 2).

(e) *Determinations regarding relative clinical and cost effectiveness for the selection of pharmaceutical agents for the uniform formulary*—(1) *Clinical effectiveness.* (i) It is presumed that pharmaceutical agents in a therapeutic class are clinically effective and should be included on the uniform formulary unless the Pharmacy and Therapeutics Committee finds by a majority vote that a pharmaceutical agent does not have a significant, clinically meaningful therapeutic advantage in terms of safety, effectiveness, or clinical outcome over the other pharmaceutical agents included on the uniform formulary in that therapeutic class. This determination is based on the collective professional judgment of the DoD Pharmacy and Therapeutics Committee and consideration of pertinent information from a variety of sources determined by the Committee to be relevant and reliable. The DoD Pharmacy and Therapeutics Committee has discretion based on its collective professional judgment in determining what sources should be reviewed or relied upon in evaluating the clinical effectiveness of a pharmaceutical agent in a therapeutic class.

(ii) Sources of information may include but are not limited to:

(A) Medical and pharmaceutical textbooks and reference books;

(B) Clinical literature;

(C) U.S. Food and Drug Administration determinations and information;

(D) Information from pharmaceutical companies;

(E) Clinical practice guidelines, and

(F) Expert opinion.

(iii) The DoD Pharmacy and Therapeutics Committee will evaluate the

relative clinical effectiveness of pharmaceutical agents within a therapeutic class by considering information about their safety, effectiveness, and clinical outcome.

(iv) Information considered by the Committee may include but is not limited to:

(A) U.S. Food and Drug Administration approved and other studied indications;

(B) Pharmacology;

(C) Pharmacokinetics;

(D) Contraindications;

(E) Warnings/precautions;

(F) Incidence and severity of adverse effects;

(G) Drug to drug, drug to food, and drug to disease interactions;

(H) Availability, dosing, and method of administration;

(I) Epidemiology and relevant risk factors for diseases/conditions in which the pharmaceutical agents are used;

(J) Concomitant therapies;

(K) Results of safety and efficacy studies;

(L) Results of effectiveness/clinical outcomes studies, and

(M) Results of meta-analyses.

(2) Cost effectiveness. (i) In considering the relative cost effectiveness of pharmaceutical agents in a therapeutic class, the DoD Pharmacy and Therapeutics Committee shall evaluate the costs of the agents in relation to the safety, effectiveness, and clinical outcomes of the other agents in the class.

(ii) Information considered by the Committee concerning the relative cost effectiveness of pharmaceutical agents may include but is not limited to:

(A) Cost of the pharmaceutical agent to the Government;

(B) Impact on overall medical resource utilization and costs;

(C) Cost-efficacy studies;

(D) Cost-effectiveness studies;

(E) Cross-sectional or retrospective economic evaluations;

(F) Pharmacoeconomic models;

(G) Patent expiration dates;

(H) Clinical practice guideline recommendations, and

(I) Existence of existing or proposed blanket purchase agreements, incentive price agreements, or contracts.

(f) *Evaluation of pharmaceutical agents for determinations regarding inclusion on the uniform formulary.* The DoD Pharmacy and Therapeutics Committee will periodically evaluate or re-evaluate individual pharmaceutical agents and therapeutic classes of pharmaceutical agents for determinations regarding inclusion or continuation on the uniform formulary. Such evaluation or re-evaluation may be prompted by a variety of circumstances including, but not limited to:

(1) Approval of a new pharmaceutical agent by the U.S. Food and Drug Administration;

(2) Approval of a new indication for an existing pharmaceutical agent;

(3) Changes in the clinical use of existing pharmaceutical agents;

(4) New information concerning the safety, effectiveness or clinical outcomes of existing pharmaceutical agents;

(5) Price changes;

(6) Shifts in market share;

(7) Scheduled review of a therapeutic class; and

(8) Requests from Pharmacy and Therapeutics Committee members, military treatment facilities, or other Military Health System officials.

(g) *Administrative procedures for establishing and maintaining the uniform formulary*—(1) *Pharmacy and Therapeutics Committee determinations.* Determinations of the Pharmacy and Therapeutics Committee are by majority vote and recorded in minutes of Committee meetings. The minutes set forth the determinations of the committee regarding the pharmaceutical agents selected for inclusion in the uniform formulary and summarize the reasons for those determinations. For any pharmaceutical agent (including maintenance medications) for which a recommendation is made that the status of the agent be changed from the formulary tier to the non-formulary tier of the uniform formulary, or that the agent requires a pre-authorization, the Committee shall also make a recommendation as to effective date of such change that will not be longer than 180 days from the final decision date but may be less. The minutes will

include a record of the number of members voting for and against the Committee's action.

(2) *Beneficiary Advisory Panel.* Comments and recommendations of the Beneficiary Advisory Panel are recorded in minutes of Panel meetings. The minutes set forth the comments and recommendations of the Panel and summarize the reasons for those comments and recommendations. The minutes will include a record of the number of members voting for or against the Panel's comments and recommendations.

(3) *Uniform formulary final decisions.* The Director of the TRICARE Management Activity makes the final DoD decisions regarding the uniform formulary. Those decisions are based on the Director's review of the final determinations of the Pharmacy and Therapeutics Committee and the comments and recommendations of the Beneficiary Advisory Panel. No pharmaceutical agent may be designated as non-formulary on the uniform formulary unless it is preceded by such recommendation by the Pharmacy and Therapeutics Committee. The decisions of the Director of the TRICARE Management Activity are in writing and establish the effective date(s) of the uniform formulary actions.

(h) *Obtaining pharmacy services under the pharmacy benefits program*—(1) *Points of service.* There are four outpatient pharmacy points of service:

(i) Military Treatment Facilities (MTFs);

(ii) Retail network pharmacies: Those are non-MTF pharmacies that are a part of the network established for TRICARE retail pharmacy services;

(iii) Retail non-network pharmacies: Those are non-MTF pharmacies that are not part of the network established for TRICARE retail pharmacy services, and

(iv) the TRICARE Mail Order Pharmacy (TMOP).

(2) *Availability of formulary pharmaceutical agents*—(i) *General.* Subject to paragraph (h)(2)(ii) of this section, formulary pharmaceutical agents are available under the Pharmacy Benefits Program from all of the points of service identified in paragraph (h)(1) of this section.

(ii) *Availability of formulary pharmaceutical agents at military treatment facilities.* Pharmaceutical agents included on the uniform formulary are available through MTFs, consistent with the scope of health care services offered in such facilities. The Basic Core Formulary (BCF) is a subset of the uniform formulary and is a mandatory component of all MTF pharmacy formularies. The BCF contains the minimum set of pharmaceutical agents that each MTF pharmacy must have on its formulary to support the primary care scope of practice for Primary Care Manager enrollment sites. Additions to individual MTF formularies are determined by local Pharmacy and Therapeutics Committees based on the scope of health care services provided at the respective MTFs. All pharmaceutical agents on the local MTF formulary must be available to all categories of beneficiaries.

(3) *Availability of non-formulary pharmaceutical agents*—(i) *General.* Non-formulary pharmaceutical agents are generally available under the pharmacy benefits program from the retail network pharmacies, retail non-network pharmacies, and the TRICARE Mail Order Pharmacy (TMOP) at the non-formulary cost-share.

(ii) *Availability of non-formulary pharmaceutical agents at military treatment facilities.* Although not a beneficiary entitlement, non-formulary pharmaceutical agents may be made available to eligible covered beneficiaries through the MTF pharmacies for prescriptions approved through the non-formulary special order process that validates the medical necessity for use of the non-formulary pharmaceutical agent.

(iii) *Availability of clinically appropriate non-formulary pharmaceutical agents to members of the Uniformed Services.* The pharmacy benefits program is required to assure the availability of clinically appropriate pharmaceutical agents to members of the uniformed services, including, where appropriate, agents not included on the uniform formulary. Clinically appropriate pharmaceutical agents will be made available to members of the Uniformed Services, including, where medical necessity has been validated, agents not included on

the uniform formulary. MTFs shall establish procedures to evaluate the clinical necessity of prescriptions written for members of the uniformed services for pharmaceutical agents not included on the uniform formulary. If it is determined that the prescription is clinically necessary, the MTF will provide the pharmaceutical agent to the member.

(iv) *Availability of clinically appropriate pharmaceutical agents to other eligible beneficiaries at retail pharmacies or the TMOP.* Eligible beneficiaries will receive non-formulary pharmaceutical agents at the formulary cost-share when medical necessity has been established by the beneficiary and/or his/her provider. The peer review provisions of §199.15 shall apply to the clinical necessity pre-authorization determinations. TRICARE may require that the time for review be expedited under the pharmacy benefits program.

(i) *Cost-sharing requirements under the pharmacy benefits program*—(1) *General.* Under 10 U.S.C. 1074g(a)(6), cost-sharing requirements are established in this section for the pharmacy benefits program independent of those established under other provisions of this Part. Cost-shares under this section partially defray government costs of administering the pharmacy benefits program when collected by the government for prescriptions dispensed through the retail network pharmacies or the TRICARE Mail Order Pharmacy. The higher cost-share paid for prescriptions dispensed by a non-network retail pharmacy is established to encourage the use of the most economical venue to the government. Cost-sharing requirements are based on the classification of a pharmaceutical agent as generic, formulary, or non-formulary, in conjunction with the point of service from which the agent is acquired.

(2) *Cost-sharing amounts.* Active duty members of the uniformed services do not pay cost-shares. For other categories of beneficiaries, cost-sharing amounts are as follows:

(i) For pharmaceutical agents obtained from a military treatment facility, there is no co-payment.

(ii) For pharmaceutical agents obtained from a retail network pharmacy there is a:

(A) $9.00 co-payment per prescription required for up to a 30-day supply of a formularly pharmaceutical agent.

(B) $3.00 co-payment per prescription for up to a 30-day supply of a generic pharmaceutical agent.

(C) $22.00 co-payment per prescription for up to a 30-day supply of a non-formulary pharmaceutical agent.

(iii) For formulary and generic pharmaceutical agents obtained from a retail non-network pharmacy there is a 20 percent or $9.00 co-payment (whichever is greater) per prescription for up to a 30-day supply of the pharmaceutical agent.

(iv) For non-formulary pharmaceutical agents obtained at a retail non-network pharmacy there is a 20 percent or $22.00 co-payment (whichever is greater) per prescription for up to a 30-day supply of the pharmaceutical agent.

(v) For pharmaceutical agents obtained under the TMOP program there is a:

(A) $9.00 co-payment per prescription for up to a 90-day supply of a formulary pharmaceutical agent.

(B) $3.00 co-payment for up to a 90-day supply of a generic pharmaceutical agent.

(C) $22.00 co-payment for up to a 90-day supply of a non-formulary pharmaceutical agent.

(vi) For TRICARE Prime beneficiaries who obtain prescriptions from retail non-network pharmacies, the enrollment year deductible for outpatient claims is $300 per individual; $600 per family; and a point of service cost-share of 50 percent thereafter applies in lieu of the 20 percent co-payment.

(vii) Except as provided in paragraph (h)(2)(viii) of this section, for pharmaceutical agents acquired by TRICARE Standard beneficiaries from retail non-network pharmacies, beneficiaries are subject to the $150.00 per individual or $300.00 maximum per family annual fiscal year deductible.

(viii) Under TRICARE Standard, dependents of members of the uniformed services whose pay grade is E–4 or below are subject to the $50.00 per indiviudal or $100.00 maximum per family annual fiscal year deductible.

(ix) The TRICARE catastrophic cap limits apply to pharmacy benefits program cost-sharing.

(x) The per prescription co-payments established in this paragraph (i)(2) of this section may be adjusted periodically based on experience with the uniform formulary, changes in economic circumstances, and other appropriate factors. Any such adjustment may be made upon the recommendation of the Pharmacy and Therapeutics Committee and approved by the Assistant Secretary of Defense (Health Affairs). Any such adjusted amount will maintain compliance with the requirements of 10 U.S.C. 1074g(a)(6).

(3) *Special cost-sharing rule when there is a clinical necessity for use of a non-formulary pharmaceutical agent.* (i) When there is a clinical necessity for the use of a non-formulary pharmaceutical agent that is not otherwise excluded as a covered benefit, the pharmaceutical agent will be provided at the same co-payment as a formulary pharmaceutical agent can be obtained.

(ii) A clinical necessity for use of a non-formulary pharmaceutical agent is established when the beneficiary or their provider submits sufficient information to show that one or more of the following conditions exist:

(A) The use of formualry pharmaceutical agents is contraindicated;

(B) The patient experiences significant adverse effects from formulary pharmaceutical agents, or the provider shows that the patient is likely to experience significant adverse effects from formulary pharmaceutical agents;

(C) Formulary pharmaceutical agents result in therapeutic failure, or the provider shows that the formulary pharmaceutical agent is likely to result in therapeutic failure;

(D) The patient previously responded to a non-formulary pharmaceutical agent and changing to a formulary pharmaceutical agent would incur unacceptable clinical risk; or

(E) There is no alternative pharmaceutical agent on the formulary.

(iii) Information to establish clinical necessity for use of a non-formulary pharmaceutical agent should be provided to TRICARE for prescriptions submitted to a retail network pharmacy.

(iv) Information to establish clinical necessity for use of a non-formulary pharmaceutical agent should be provided as part of the claims processes for non-formulary pharmaceutical agents obtained through non-network points of service, claims as a result of other health insurance, or any other situations requiring the submission of a manual claim.

(v) Information to establish clinical necessity for use of a non-formulary pharmaceutical agent may be provided with the prescription submitted to the TMOP contractor.

(vi) Information to establish clinical necessity for use of a non-formulary pharmaceutical agent may also be provided at a later date, but no later than sixty days from the dispensing date, as an appeal to reduce the non-formulary co-payment to the same co-payment as a formulary drug.

(vii) The process of establishing clinical necessity will not unnecessarily delay the dispensing of a prescription. In situations where clinical necessity cannot be determined in a timely manner, the non-formulary pharmaceutical agent will be dispensed at the non-formulary co-payment and a refund provided to the beneficiary should clinical necessity be established.

(viii) Peer review and appeal and hearing procedures. All levels of peer review, appeals, and grievances established by the Contractor for internal review shall be exhausted prior to forwarding to TRICARE Management Activity for a formal review. Procedures comparable to those established under §§ 199.15 and 199.10 of this part shall apply. If it is determined that the prescription is clinically necessary, the pharmaceutical agent will be provided to the beneficiary at the formulary cost-share. TRICARE may require that the time periods for peer review or for appeal and hearing be expedited under the pharmacy benefits program. For purposes of meeting the amount in dispute requirement of § 199.10(a)(7), the relevant amount is the difference between the cost shares of a formulary versus non-formulary drug. The amount for each of multiple prescriptions involving the same drug to treat the same medical condition and filled

within a 12-month period may be combined to meet the required amount in dispute.

(j) *Use of generic drugs under the pharmacy benefits program.* (1) The designation of a drug as a generic, for the purpose of applying cost-shares at the generic rate, will be determined through the use of standard pharmaceutical references as part of commercial best business practices. Pharmaceutical agents will be designated as generics when listed with an ''A'' rating in the current Approved Drug Products with Therapeutic Equivalence Evaluations (Orange Book) published by the Food and Drug Administration, or any successor to such reference. Generics are multisource products that must contain the same active ingredients, are of the same dosage form, route of administration and are identical in strength or concentration.

(2) The pharmacy benefits program generally requires mandatory substitution of generic drugs listed with an ''A'' rating in the current Approved Drug Products with Therapeutic Equivalence Evaluations (Orange Book) published by the FDA and generic equivalents of grandfather or Drug Efficacy Study Implementation (DESI) category drugs for brand name drugs. In cases in which there is a clinical justification for a brand name drug in lieu of a generic equivalent, under the standards and procedures of paragraph (h)(3) of this section, the generic substitution policy is waived.

(3) When a blanket purchase agreement, incentive price agreement, Government contract, or other circumstances results in a brand pharmaceutical agent being the most cost effective agent for purchase by the Government, the Pharmacy and Therapeutics Committee may also designate that the drug be cost-shared at the generic rate.

(k) *Preauthorization of certain pharmaceutical agents.* (1) Selected pharmaceutical agents may be subject to prior authorization or utilization review requirements to assure medical necessity, clinical appropriateness and/or cost effectiveness.

(2) The Pharmacy and Therapeutics Committee will assess the need to prior authorize a given agent by considering the relative clinical and cost effectiveness of pharmaceutical agents within a therapeutic class. Pharmaceutical agents that require prior authorization will be identified by a majority vote of the Pharmacy and Therapeutics Committee. The Pharmacy and Therapeutics Committee will establish the prior authorization criteria for the pharamaceutical agent.

(3) Prescriptions for pharmaceutical agents for which prior authorization criteria are not met will not be cost-shared under the TRICARE pharmacy benefits program.

(4) The Director, TRICARE Management Activity, may issue policies, procedures, instructions, guidelines, standards or criteria to implement this paragraph (k).

(l) *TRICARE Senior Pharmacy Program.* Section 711 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106–398, 114 Stat. 1654A–175) established the TRICARE Senior Pharmacy Program for Medicare eligible beneficiaries effective April 1, 2001. These beneficiaries are required to meet the eligibility criteria as prescribed in §199.3 of this part. The benefit under the TRICARE Senior Pharmacy Program applies to prescription drugs and medicines provided on or after April 1, 2001.

(m) *Effect of other health insurance.* The double coverage rules of §199.8 of this part are applicable to services provided under the pharmacy benefits program. For this purpose, to the extent they provide a prescription drug benefit, Medicare supplemental insurance plans or Medicare HMO plans are double coverage plans and will be the primary payor. Beneficiaries who elect to use this pharmacy benefits shall provide DoD with other health insurance information.

(n) *Procedures.* The Director, TRICARE Management Activity shall establish procedures for the effective operation of the pharmacy benefits program. Such procedures may include restrictions of the quantity of pharmaceuticals to be included under the benefit, encouragement of the use of generic drugs, implementation of quality assurance and utilization management

activities, and other appropriate matters.

(o) *Preemption of State laws.* (1) Pursuant to 10 U.S.C. 1103, the Department of Defense has determined that in the administration of 10 U.S.C. chapter 55, preemption of State and local laws relating to health insurance, prepaid health plans, or other health care delivery or financing methods is necessary to achieve important Federal interests, including but not limited to the assurance of uniform national health programs for military families and the operation of such programs at the lowest possible cost to the Department of Defense, that have a direct and substantial effect on the conduct of military affairs and national security policy of the United States.

(2) Based on the determination set forth in paragraph (o)(1) of this section, any State or local law relating to health insurance, prepaid health plans, or other health care delivery or financing methods is preempted and does not apply in connection with TRICARE pharmacy contracts. Any such law, or regulation pursuant to such law, is without any force or effect, and State or local governments have no legal authority to enforce them in relation to the TRICARE pharmacy contracts. However, the Department of Defense may by contract establish legal obligations on the part of TRICARE contractors to conform with requirements similar or identical to requirements of State or local laws or regulations.

(3) The preemption of State and local laws set forth in paragraph (o)(1) of this section includes State and local laws imposing premium taxes on health or dental insurance carriers or underwriters or other plan managers, or similar taxes on such entities. Such laws are laws relating to health insurance, prepaid health plans, or other health care delivery or financing methods, within the meaning of the statutes identified in paragraph (o)(1) of this section. Preemption, however, does not apply to taxes, fees, or other payments on net income or profit realized by such entities in the conduct of business relating to DoD pharmacy services contracts, if those taxes, fees or other payments are applicable to a broad range of business activity. For purposes of assessing the effect of Federal preemption of State and local taxes and fees in connection with DoD pharmacy services contracts, interpretations shall be consistent with those applicable to the Federal Employees Health Benefits Program under 5 U.S.C. 8909(f).

(p) *General fraud, abuse, and conflict of interest requirements under TRICARE pharmacy benefits program.* All fraud, abuse, and conflict of interest requirements for the basic CHAMPUS program, as set forth in this part 199 (see applicable provisions of §199.9 of this part) are applicable to the TRICARE pharmacy benefits program. Some methods and procedures for implementing and enforcing these requirements may differ from the methods and procedures followed under the basic CHAMPUS program.

[69 FR 17048, Apr. 1, 2004]

§199.22 TRICARE Retiree Dental Program (TRDP).

(a) *Purpose.* The TRDP is a premium based indemnity dental insurance coverage program that will be available to retired members of the Uniformed Services, their dependents, and certain other beneficiaries, as specified in paragraph (d) of this section. The TRDP is authorized by 10 U.S.C. 1076c.

(b) *General provisions.* (1) At a minimum, benefits are the diagnostic services, preventive services, basic restorative services (including endodontics), oral surgery services, and emergency services specified in paragraph (f)(1) of this section. Additional services comparable to those contained in paragraph (e)(2) of §199.13 may be covered pursuant to benefit policy decisions made by the Director, OCHAMPUS, or designee.

(2) Premium costs for this coverage will be paid by the enrollee.

(3) The program is applicable to authorized providers in the 50 United States and the District of Columbia, Canada, Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

(4) Except as otherwise provided in this section or by the Assistant Secretary of Defense (Human Affairs) or designee, the TRDP is administered in a manner similar to the Active Duty

Dependents Dental Plan under §199.13 of this part.

(5) The TRDP shall be administered through a contract.

(c) *Definitions.* Except as may be specifically provided in this section, to the extent terms defined in §§199.2 and 199.13(b) of this part are relevant to the administration of the TRICARE Retiree Dental Program, the definitions contained in §§199.2 and 199.13(b) of this part shall apply to the TRDP as they do to CHAMPUS and the TRICARE Active Duty Dependents Dental Plan.

(d) *Eligibility and enrollment.*—(1) *Eligibility.* Enrollment in the TRICARE Retiree Dental Program is open to:

(i) Members of the Uniformed Services who are entitled to retired pay, or former members of the armed forces who are Medal of Honor recipients and who are not otherwise entitled to dental benefits;

(ii) Members of the Retired Reserve under the age of 60;

(iii) Eligible dependents of a member described in paragraph (d)(1)(i) or paragraph (d)(1)(ii) of this section who are covered by the enrollment of the member;

(iv) Eligible dependents of a member described in paragraph (d)(1)(i) or paragraph (d)(1)(ii) of this section when the member is not enrolled in the program and the member meets at least one of the conditions in paragraphs (d)(1)(iv)(A) through (C) of this section. Already enrolled members must satisfy any remaining enrollment commitment prior to enrollment of dependents becoming effective under this paragraph, at which time the dependent-only enrollment will continue on a voluntary, month-to-month basis as specified in paragraph (d)(4) of this section. Members must provide documentation to the TRDP contractor giving evidence of compliance with paragraphs (d)(1)(iv)(A), (B), or (C) of this section at the time of application for enrollment of their dependents under this paragraph.

(A) The member is enrolled under Section 1705 of Title 38, United States Code, to receive ongoing, comprehensive dental care from the Department of Veterans Affairs pursuant to Section 1712 of Title 38, United States Code, and 38 CFR 17.93, 17.161, or 17.166. Authorization of such dental care must be confirmed in writing by the Department of Veterans Affairs.

(B) The member is enrolled in a dental plan that is available to the member as a result of employment of the member that is separate from the Uniformed Service of the member, and the dental plan is not available to dependents of the member as a result of such separate employment by the member. Enrollment in this dental plan and the exclusion of dependents from enrollment in the plan must be confirmed by documentation from the member's employer or the dental plan's administrator.

(C) The member is prevented by a current and enduring medical or dental condition from being able to obtain benefits under the TRDP. The specific medical or dental condition and reason for the inability to use the program's benefits over time, if not apparent based on the condition, must be documented by the member's physician or dentist.

(v) The unremarried surviving spouse and eligible child dependents of a deceased member who died while in status described in paragraph (d)(1)(i) or paragraph (d)(1)(ii) of this section; the unremarried surviving spouse and eligible child dependents who receive a surviving spouse annuity; or the unremarried surviving spouse and eligible child dependents of a deceased member who died while on active duty for a period of more than 30 days and whose eligible dependents are not eligible or no longer eligible for the Active Duty Dependents Dental Plan.

Note to paragraphs (d)(1)(iii), (d)(1)(iv), and (d)(1)(v): Eligible dependents of Medal of Honor recipients are described in §199.3(b)(2)(i) (except for former spouses) and §199.3(b)(2)(ii) (except for a child placed in legal custody of a Medal of Honor recipient under §199.3(b)(2)(ii)(H)(*4*)).

(2) *Notification of eligibility.* The contractor will notify persons eligible to receive dental benefits under the TRICARE Retiree Dental Program.

(3) *Election of coverage.* In order to initiate dental coverage, election to enroll must be made by the member or eligible dependent. Enrollment in the TRICARE Retiree Dental Program is voluntary and will be accomplished by

submission of an application to the TRDP contractor.

(4) *Enrollment periods*—(i) *Enrollment period for basic benefits.* The initial enrollment for the basic dental benefits described in paragraph (f)(1) of this section shall be for a period of 24 months followed by month-to-month enrollment as long as the enrollee remains eligible and chooses to continue enrollment. An enrollee's disenrollment from the TRDP at any time for any reason, including termination for failure to pay premiums, is subject to a lockout period of 12 months. After any lockout period, eligible individuals may elect to reenroll and are subject to a new initial enrollment period. The enrollment periods and conditions stipulated in this paragraph apply only to the basic benefit coverage described in paragraph (f)(1) of this section. Effective with the implementation of an enhanced benefit program, new enrollments for basic coverage will cease. Enrollees in the basic program at that time may continue their enrollment for basic coverage, subject to the applicable provisions of this section, as long as the contract administering that coverage is in effect.

(ii) *Enrollment period for enhanced benefits.* The initial enrollment period for enhanced benefit coverage described in paragraph (f)(2) of this section shall be established by the Director, OCHAMPUS, or designee, when such coverage is offered, to be a period of not less than 12 months and not more than 24 months. The initial enrollment period shall be followed by renewal periods of up to 12 months as long as the enrollee chooses to continue enrollment and remains eligible. An enrollee's disenrollment from the TRDP during an enrollment period for any reason, including termination for failure to pay premiums, is subject to a lockout period of 12 months. This lockout provision does not apply to disenrollment during an enrollment grace period as defined in paragraph (d)(5)(ii) of this section or following completion of an initial or renewal enrollment period. Eligible individuals who elect to reenroll following a lockout period or a disenrollment after completion of an enrollment period are subject to a new initial enrollment period.

(5) *Termination of coverage*—(i) *Involuntary termination.* TRDP coverage is terminated when the member's entitlement to retired pay is terminated, the member's status as a member of the Retired Reserve is terminated, a dependent child loses eligible child dependent status, or a surviving spouse remarries.

(ii) *Voluntary termination.* Regardless of the reason, TRDP coverage shall be canceled, or otherwise terminated, upon written request from an enrollee if the request is received by the TRDP contractor within thirty (30) calendar days following the enrollment effective date and there has been no use of TRDP benefits by the enrolled member, enrolled spouse, or enrolled dependents during that period. If such is the case, the enrollment is voided and all premium payments are refunded. However, use of benefits during this 30-day enrollment grace period constitutes acceptance by the enrollee of the enrollment and the enrollment period commitment. In this case, a request for voluntary disenrollment before the end of the initial enrollment period will not be honored, and premiums will not be refunded.

(6) *Continuation of dependents' enrollment upon death of enrollee.* Coverage of a dependent in the TRDP under an enrollment of a member or surviving spouse who dies during the period of enrollment shall continue until the end of that period and may be renewed by (or for) the dependent, so long as the premium paid is sufficient to cover continuation of the dependent's enrollment. Coverage may be terminated when the premiums paid are no longer sufficient to cover continuation of the enrollment.

(e) *Premium payments.* Persons enrolled in the dental plan will be responsible for paying the full cost of the premiums in order to obtain the dental insurance.

(1) *Premium payment method.* The premium payment may be collected pursuant to procedures established by the Assistant Secretary of Defense (Health Affairs) or designee.

(2) *Effects of failure to make premium payments.* Failure to make monthly renewal premium payments will result in the enrollee's disenrollment from the TRDP and subject to a lock-out period of 12 months. Following this period of time, persons eligible will be able to reenroll if they so choose.

(3) *Member's payment of premiums.* The cost of the TRDP monthly premium will be paid by the enrollee. Interested beneficiaries may contact the dental contractor-insurer to obtain the enrollee premium cost.

(f) *Plan benefits.* The Director, OCHAMPUS, or designee, may modify the services covered by the TRDP to the extent determined appropriate based on developments in common dental care practices and standard dental programs. In addition, the Director, OCHAMPUS, or designee, may establish such exclusions and limitations as are consistent with those established by dental insurance and prepayment plans to control utilization and quality of care for the services and items covered by the TRDP.

(1) *Basic benefits.* The minimum TRDP benefit is basic dental care to include diagnostic services, preventive services, basic restorative services (including endodontics), oral surgery services, and emergency services. The following is the minimum TRDP covered dental benefit (using the American Dental Association's The Council on Dental Care Program's Code on Dental Procedures and Nomenclature):

(i) Diagnostic Periodic oral evaluation (00120); Comprehensive oral evaluation (limited to one exam per year in the same dental office) (00150), Intraoral-complete series (including bitewings) (00210); Intraoral-periapical-first film (00220); Intraoral-periapical-each additional film (00230); Intraoral-occlusal film (00240); Bitewings-single film (00270); Bitewings-two films (00272); Bitewings-four films (00274); Panoramic film (00330); Caries susceptibility tests, by report (00425); Pulp vitality tests (00460).

(ii) Preventive: Prophaylaxis-adult (limit-once per year) (01110); Prophylaxis-child (01120); Topical application of fluoride (excluding prophylaxis)-child (01203); Topical application of fluoride (excluding prophylaxis)-adult, by report, once per year (01204); Sealant-per tooth (01351); Space maintainer-fixed-unilateral (01510); Space maintainer-fixed-bilateral (01515); Space maintainer-removable-unilateral (01520); Space maintainer-removable-bilateral (01525); Recementation of space maintainer (01550).

(iii) Restorative: Amalgam-one surface, primary (02110); Amalgam-two surfaces, primary (02120); Amalgam-three surfaces, primary (02130); Amalgam-four or more surfaces, primary (02131); Amalgam-one surface, permanent (02140); Amalgam-two surfaces, permanent (02150); Amalgam-three surfaces, permanent (02160); Amalgam-four or more surfaces, permanent (02161); Resin-one surface, anterior (02330); Resin-two surfaces, anterior (02331); Resin-three surfaces, anterior (02332); Resin-four or more surfaces or involving incisal angle (anterior) (02335); Recement inlay (02910); Recement crown (02920); Prefabricated stainless steel crown-primary tooth (02930); Prefabricated stainless crown-permanent tooth (02931); Prefabricated resin crown (02932); Prefabricated stainless steel crown with resin window (02933); Pin retention-per tooth, in addition to restoration (02951); Temporary crown (fractured tooth) (02970).

(iv) Endodontic: Pulp cap-indirect (excluding final restoration) (03120); Therapeutic pulpotomy (excluding final restoration) (03220); Pulpal therapy (resorbable filling)-anterior, primary tooth (excluded final restoration) (03230); Pulpal therapy (resorbable filling)-posterior, primary tooth (excluded final restoration) (03240); Anterior root canal (excluding final restoration) (03310); Bicuspid root canal (excluding final restoration) (03320); Molar root canal (excluding final restoration) (03330); Retreatment-anterior, by report (03346); Retreatment-bicuspid, by report (03347); Retreatment-molar, by report (03348); Apexification/recalcification-initial visit (apical closure/calcific repair of perforations, root resorption, etc.) (03351); Apexification/recalcification-interim medication replacement (apical closure/calcific repair of perforations, root resorption, etc.) (03352); Apexification/recalcification-final visit (includes completed

root canal therapy-apical closure/calcific repair of perforations, root resorption, etc.) (03353); Apicoectomy/Periradicular surgery-anterior (03410); Apicoectomy/Periradicular surgery-bicuspid (first root) (03421); Apicoectomy/Periradicular surgery-molar (first root) (03425); Apicoectomy/Periradicular surgery (each additional root) (03426); Retrograde filling-per root (03430); Root amputation-per root (03450); Hemisection (including any root removal), not including root canal therapy (03920).

(v) Periodontic: Gingivectomy or gingivoplasty-per quadrant (04210); Gingivectomy or gingivoplasty-per tooth (04211); Gingival curettage, surgical, per quadrant, by report (04220); Gingival flap procedure, including root planing-per quadrant (04240); Mucogingival surgery-per quadrant (04250); Osseous surgery (including flap entry and closure)-per quadrant (04260); Bone replacement graft-single site (including flap entry and closure) (04263); Bone replacement graft-multiple sites (including flap entry and closure) (04264); Guided tissue regeneration—resorbable barrier (04266); Guided tissue regeneration—nonresorbable barrier (04267); Pedicle soft tissue graft procedure (04270); Free soft tissue graft procedure (including donor site) (04271); Periodontal scaling and root planing-per quadrant (04341); Periodontal maintenance procedures (following active therapy) (04910); Unscheduled dressing change (by someone other than treating dentist) (04920).

(vi) Oral Surgery: Single tooth (07110); Each additional tooth (07120); Root removal-exposed roots (07130) Surgical removal or erupted tooth requiring elevation of mucoperiosteal flap and removal of bone and/or section of tooth (07210); Removal of impacted tooth-soft tissue (07220); Removal of impacted tooth-partially bony (07230); Removal of impacted tooth-completely bony (07240); Surgical removal of residual tooth roots (cutting procudure) (07250); Oral antral fistula closure (07260); Tooth reimplantation and/or stabilization of accidentially evulsed or displaced tooth and/or alveolus (07270); Surgical exposure of impacted or unerupted tooth to aid eruption (07281); Biopsy of oral tissue-hard (07285); Biopsy of oral tissue-soft (07286); Surgical repositioning of teeth (074290); Alveoloplasty in conjunction with extractions-per quadrant (07310); Suture of recent small wounds up to 5 cm (07910); Complicated suture-up to 5 cm (07911); Complicated suture-greater than 5 cm (07912); Excision of pericoronal gingiva (07971).

(vii) Emergency: Limited oral evaluation—problem focused (00140); Palliative (emergency) treatment of dental pain-minor procedures (09110).

(viii) Drugs: Therapeutic drug injection, by report (09610); Other drugs and/or medications, by report (09630).

(ix) Postsurgical: Treatment of complications (post-surgical) unusual circumstances, by report (09930).

(2) *Enhanced benefits.* In addition to the minimum TRDP services in paragraph (f)(1) of this section, other services that are comparable to those contained in paragraph (e)(2) of §199.13 may be covered pursuant to TRDP benefit policy decisions made by the Director, OCHAMPUS, or designee. In general, these include additional diagnostic and preventive services, major restorative services, prosthodontics (removable and fixed), additional oral surgery services, orthodontics, and additional adjunctive general services (including general anesthesia and intravenous sedation). Enrollees in the basis plan will be given an enrollment option at the time the enhanced plan is implemented.

(3) *Alternative course of treatment policy.* The Director, OCHAMPUS, or designee, may establish, in accordance with generally accepted dental benefit practices, an alternative course of treatment policy which provides reimbursement in instances where the dentist and TRDP enrollee select a more expensive service, procedure, or course of treatment than is customarily provided. The alternative course of treatment policy must meet the following conditions:

(i) The service, procedure, or course of treatment must be consistent with sound professional standards of generally accepted dental practice for the dental condition concerned.

(ii) The service, procedure, or course of treatment must be a generally accepted alternative for a service or procedure covered by the TRDP for the dental condition.

(iii) Payment for the alternative service or procedure may not exceed the lower of the prevailing limits for the alternative procedure, the prevailing limits or dental plan contractor's scheduled allowance for the otherwise authorized benefit procedure for which the alternative is substituted, or the actual charge for the alternative procedure.

(g) *Maximum coverage amounts.* Each enrollee is subject to an annual maximum coverage amount for non-orthodontic dental benefits and, if an orthodontic benefit is offered, a lifetime maximum coverage amount for orthodontics as established by the Director, OCHAMPUS, or designee.

(h) *Annual notification of rates.* TRDP premiums will be determined as part of the competitive contracting process. Information on the premium rates will be widely distributed.

(i) *Authorized providers.* The TRDP enrollee may seek covered services from any provider who is fully licensed and approved to provide dental care in the state where the provider is located.

(j) *Benefit payment.* Enrollees are not required to utilize the special network of dental providers established by the TRDP contractor. For enrollees who do use these network providers, however, providers shall not balance bill any amount in excess of the maximum payment allowable by the TRDP. Enrollees using non-network providers may balance billed amounts in excess of allowable charges. The maximum payment allowable by the TRDP (minus the appropriate cost-share) will be the lesser of:

(1) Billed charges; or

(2) Usual, Customary and Reasonable rates, in which the customary rate is calculated at the 50th percentile of billed charges in that geographic area, as measured in an undiscounted charge profile in 1995 or later for that geographic area (as defined by three-digit zip code).

(k) *Appeal and hearing procedures.* All levels of appeals and grievances established by the Contractor for internal review shall be exhausted prior to forwarding to OCHAMPUS for a final review. Procedures comparable to those established under §199.13(h) of this part shall apply.

(l) *Preemption of State laws.* (1) Pursuant to 10 U.S.C. 1103, the Department of Defense has determined that in the administration of chapter 55 of title 10, U.S. Code, preemption of State and local laws relating to health insurance, prepaid health plans, or other health care delivery or financing methods is necessary to achieve important Federal interests, including but not limited to the assurance of uniform national health programs for military families and the operation of such programs at the lowest possible cost to the Department of Defense, that have a direct and substantial effect on the conduct of military affairs and national security policy of the United States. This determination is applicable to the dental services contracts that implement this section.

(2) Based on the determination set forth in paragraph (l)(1) of this section, any State or local law or regulation pertaining to health or dental insurance, prepaid health or dental plans, or other health or dental care delivery, administration, and financing methods is preempted and does not apply in connection with the TRICARE Retiree Dental Program contract. Any such law, or regulation pursuant to such law, is without any force or effect, and State or local governments have no legal authority to enforce them in relation to the TRICARE Retiree Dental Program contract. (However, the Department of Defense may, by contract, establish legal obligations on the part of the TRICARE Retiree Dental Program contractor to conform with requirements similar to or identical to requirements of State or local laws or regulations).

(3) The preemption of State and local laws set forth in paragraph (l)(2) of this section includes State and local laws imposing premium taxes on health or dental insurance carriers or underwriters or other plan managers, or similar taxes on such entities. Such laws are laws relating to health insurance, prepaid health plans, or other

health care delivery or financing methods, within the meaning of section 1103. Preemption, however, does not apply to taxes, fees, or other payments on net income or profit realized by such entities in the conduct of business relating to DoD health services contracts, if those taxes, fees or other payments are applicable to a broad range of business activity. For the purposes of assessing the effect of Federal preemption of State and local taxes and fees in connection with DoD health and dental services contracts, interpretations shall be consistent with those applicable to the Federal Employees Health Benefits Program under 5 U.S.C. 8909(f).

(m) *Administration.* The Assistant Secretary of Defense (Health Affairs) or designee may establish other rules and procedures for the administration of the TRICARE Retiree Dental Program.

[62 FR 66993, Dec. 23, 1997, as amended at 65 FR 48913, Aug. 10, 2000; 65 FR 49492, Aug. 14, 2000; 66 FR 9658, Feb. 9, 2001; 67 FR 4354, Jan. 30, 2002; 67 FR 15725, Apr. 3, 2002]

§ 199.23 Special Supplemental Food Program.

(a) *General provisions.* This section prescribes guidelines and policies for the delivery and administration of the Special Supplemental Food Program for Women, Infants, and Children Overseas (WIC Overseas Program). The purpose of the WIC Overseas Program is to provide supplemental foods and nutrition education, at no cost, to eligible persons and to serve as an adjunct to good health care during critical times of growth and development, in order to prevent the occurrence of health problems, including drug and other substance abuse, and to improve the health status of program participants. The benefit is similar to the benefit provided under the U.S. Department of Agriculture (USDA) administered Women, Infants, and Children (WIC) Program.

(b) *Definitions.* For most definitions applicable to the provisions of this section, refer to sec. 199.2. The following definitions apply only to this section:

(1) *Applicant.* Pregnant women, breastfeeding women, postpartum women, infants, and children who are applying to receive WIC Overseas benefits, and the breastfed infants of applicant breastfeeding women. This term also includes individuals who are currently participating in the Program but are re-applying because their certification is about to expire.

(2) *Breastfeeding women.* Women up to 1-year postpartum who are breastfeeding their infants. Their eligibility will end on the last day of the month of their infant's first birthday.

(3) *Certification.* The implementation of criteria and procedures to assess and document each applicant's eligibility for the Program.

(4) *Children.* Persons who have had their first birthday but have not yet attained their fifth birthday. Their eligibility will end on the last day of the month of their fifth birthday.

(5) *Competent Professional Authority (CPA).* An individual on the staff of the WIC Overseas office authorized to determine nutritional risk, prescribe supplemental foods, and design nutrition education programs. The following are authorized to serve as a competent professional authority: physicians, nutritionists, registered nurses, and dieticians may serve as a competent professional authority. Additionally, a CPA may be other persons designated by the regional program manager who meet the definition of CPA prescribed by the USDA as being professionally competent to evaluate nutritional risk. The definition also applies to an individual who is not on the staff of the WIC Overseas office but who is qualified to provide data upon which nutritional risk determinations are made by a competent professional authority on the staff of the local WIC Overseas office.

(6) *Contract brand.* The brand of a particular food item that has been competitively selected by the DoD to be the exclusive supplier of that type of food item to the program.

(7) *Date-to-use.* The date by which the drafts must be used to purchase food items.

(8) *Department.* The Department of Defense (DoD), unless otherwise noted.

(9) *Dependent.* (i) A spouse, or (ii) An unmarried child who is:

(A) Under 21 years of age; or

(B) Incapable of self-support because of mental or physical incapacity and is

in fact dependent on the member for more than ½ of the child's support; or

(C) Is under 23 years of age, is enrolled in a full-time course of study in an institution of higher education and is in fact dependent on the member for more than one-half of the child's support.

(10) *Drafts*. Paper food instruments, similar to vouchers, issued in the WIC Overseas offices to program participants. Participants may redeem their drafts at participating commissaries and NEXMARTs for the types and quantities of foods specified on the face of the draft.

(11) *Economic unit*. All individuals contributing to or subsidizing the income of a household, whether they physically reside in that household or not.

(12) *Eligible civilian*. An eligible civilian is a person who is not a member of the armed forces and who is:

(i) A dependent of a member of the armed forces residing with the member outside the United States, whether or not that dependent is command sponsored, or

(ii) An employee of a military department who is a national of the United States and is residing outside the United States in connection with such individual's employment or a dependent of such individual residing with the employee outside the United States; or

(iii) An employee of a Department of Defense contractor who is a national of the United States and is residing outside the United States in connection with such individual's employment or a dependent of such individual residing with the employee outside the United States.

(13) *Family*. A group of related or nonrelated individuals who are one economic unit.

(14) *Hematological test*. A test of an applicant's or participant's blood as described in 7 CFR part 246.7(e).

(15) *Income guidelines*. Income poverty guidelines published by the U.S. DHHS. These guidelines are adjusted annually by the Department of Health and Human Services (DHHS), with each annual adjustment effective July 1 of each year. For purposes of WIC Overseas Program income eligibility determinations, income guidelines shall mean the income guidelines published by the DHHS pertaining to the State of Alaska.

(16) *Infants*. Persons under 1 year of age.

(17) *National of the U.S*. A person who:

(i) Is a citizen of the U.S.; or

(ii) Is not a citizen of the United States, but who owes permanent allegiance to the United States, as determined in accordance with the Immigration and Nationality Act.

(18) *NEXMART*. Navy Exchange Market.

(19) *Nutrition education*. Individual or group sessions and the provision of materials designed to improve health status, achieve positive change in dietary habits, and emphasize relationships between nutrition and health, all in keeping with the individual's personal, cultural, and socioeconomic preferences.

(20) *Nutritional risk*. (i) The presence of detrimental or abnormal nutritional conditions detectable by biochemical, physical, developmental or anthropometric data, or

(ii) Other documented nutritionally related medical conditions, or

(iii) Documented evidence of dietary deficiencies that impair or endanger health, or

(iv) Conditions that directly affect the nutritional health of a person, such as alcoholism or drug abuse, or

(v) Conditions that predispose persons to inadequate nutritional patterns, habits of poor nutritional choices or nutritionally related medical conditions.

(21) *Participants*. Pregnant women, breastfeeding women, postpartum women, infants, and children who are receiving supplemental foods or food instruments under the WIC Overseas Program, and the breastfed infants of participant breastfeeding women.

(22) *Postpartum Women*. Women up to 6 months after the end of their pregnancy. Their eligibility will end on the last day of the sixth month after their delivery.

(23) *Pregnant Women*. Women determined to have one or more embryos or fetuses in utero. Pregnant women are eligible to receive WIC benefits through 6 weeks postpartum, at which time they reapply for the program as postpartum or breastfeeding women.

(24) *Rebate*. The amount of money refunded under cost containment procedures to the Department from the manufacturer of a contract brand food item.

(25) *Regional Lead Agent*. The designated major military medical center that acts as the regional lead agent, having tri-service responsibility for the development and execution of a single, integrated health care network.

(26) *Supplemental foods*. Foods containing nutrients determined by nutritional research to be lacking in the diets of certain pregnant, breastfeeding, and postpartum women, infants, and children. WIC Overseas may substitute different foods providing the nutritional equivalent of foods prescribed by Domestic WIC programs, as required by 10 U.S.C. 1060a(c)(1)(B).

(27) *Verification*. Verification of drafts is a review before payment out of Defense Health Program funds to determine whether the commissary or NEXMART complied with applicable date-to-use, food specification, and other redemption criteria.

(c) *Certification of eligibility*. (1) to the extent practicable, participants shall be certified as eligible to receive Program benefits according to income and nutritional risk certification guidelines contained in regulations published by the USDA pertaining to the Women, Infants, and Children program required under 7 CFR 246.7(d)(2)(iv)(B). Applicants must meet the following eligibility criteria:

(i) Meet one of the participant type requirements: be a member of the armed forces on duty overseas; a family member/dependent of a member of the armed forces on duty overseas; a U.S. national employee of a military department serving overseas; a family member of a U.S. national employee of a DoD contractor serving overseas; a family member of a U.S. national employee of a DoD contractor serving overseas;

(ii) Reside in the geographic area served by the WIC Overseas office;

(iii) Meet the income criteria specified in this section; and

(iv) Meet the nutrition risk criteria specified in this section.

(2) In terms of income eligibility, the following apply:

(i) The Department of Defense shall use the Alaska income poverty guidelines published by the DHHS for making determinations regarding income eligibility for the Program.

(ii) Program income eligibility guidelines shall be adjusted annually to conform to annual adjustments made by the DHHS.

(iii) For income eligibility, the Program may consider the income of the family during the past 12 months and the family's current rate of income to determine which indicator accurately reflects the family's status.

(iv) A pregnant woman who is ineligible for participation in the Program because she does not meet income criteria shall be deemed eligible if the criteria would be met by increasing the number of individuals in her family (economic unit) by the number of children in utero.

(v) The Program shall define income according to USDA regulations with regard to the USDA-administered WIC Program. In particular—

(A) A basic allowance for housing is excluded from income as required by section 674 of the National Defense Authorization Act for Fiscal Year 2000.

(B) The value of in-kind housing benefits is excluded from income as required under USDA regulations.

(C) Cost of living allowances for duty outside the continental U.S. (OCONUS) is excluded from income as required under 7 CFR 246.7(d)(2)(iv)(A)(*2*).

(D) Public assistance and welfare payments are included in income.

(3) Participants must be found to be at nutritional risk to be eligible for program benefits.

(i) A Competent Professional Authority (CPA) shall determine if an applicant is at nutritional risk.

(ii) At the request of the program, applicants shall provide, according to schedules set by the USDA in 7 CFR 246.7(e) (unless deemed impracticable), nutritional risk data as a condition of certification in the Program. Such data includes:

(A) Anthropometric measurements,

(B) The results of hematological tests,

(C) Physical examination,

(D) Dietary information, or

(E) Developmental testing

(iii) A pregnant woman who meets all other eligibility criteria and for whom a nutritional risk assessment cannot immediately be completed will be considered presumptively eligible to participate in the Program for a period up to 60 days.

(iv) Infants under 6 months of age may be deemed to be at nutritional risk if the infant's mother was a Program participant during pregnancy or if medical records document that the mother was at nutritional risk during pregnancy.

(v) Unless otherwise specified herein or in 7 CFR 246.7(e), required nutritional risk data shall be provided to, or obtained by, the WIC Overseas Program office within 90 days of enrollment.

(4) In the event that it is impracticable for the WIC Overseas Program to adhere to the income and nutritional risk eligibility guidelines contained in USDA regulations, the Director, TRICARE Management Activity (TMA) may waive the Department's use of USDA WIC Program eligibility criteria by determining that it is impracticable to use these standards to certify participants in the WIC Overseas Program.

(i) Such determination shall consider relevant practical, administrative, national security, financial factors and existing Department policies and their application to the population served by the WIC Overseas Program.

(ii) Absent a written finding of impracticability described in section 199.23(c)(4), the eligibility criteria for the WIC program, contained in USDA regulations shall apply.

(5) An applicant for the WIC Overseas Program who presents a valid WIC Program Verification of Certification card, which is issued to participants in the domestic WIC Program when they intend to move, shall be considered eligible for participation in the WIC Overseas Program for the duration of the individual's current domestic WIC certification period, as long as he/she is an eligible service/family member or eligible civilian/family member.

(d) *Program benefits.* (1) Drafts. WIC participants shall be issued drafts that may be redeemed for supplemental food prescribed under the program.

(i) Drafts shall at a minimum list the food items to be redeemed and the date-to-use.

(ii) Food items listed on the draft must be approved for use under the Program.

(iii) Drafts generally shall allow for a three-month supply of food items for each participant, unless the participant's nutritional status necessitates more frequent contacts with the WIC Overseas office.

(iv) Participating commissaries and NEXMARTS shall accept the drafts in exchange for approved food items.

(v) Commissary and NEXMART personnel shall be trained on verification and processing of drafts.

(vi) Program guidelines shall provide for training of new participants in how to redeem drafts.

(2) *Supplemental Food.* Participants shall redeem drafts for appropriate food packages at intervals determined in accordance with the USDA regulations.

(i) The Director, TMA shall identify to the Defense Commissary Agency (DeCA) and NEXCOM a list of food items approved for the WIC Overseas Program. This list shall be developed in consultation with the USDA and shall include information regarding the appropriate package and/or container sizes and quantities available for participants, as well as the frequency with which food items can be acquired. Additions and/or deletions of food items from this list shall be communicated to the commissaries and NEXMARTS on an ongoing basis.

(ii) A CPA shall prescribe appropriate foods from among the approved list to be included in food packages.

(iii) A CPA shall coordinate documentation of medical need when such documentation is a prerequisite for prescribing certain food items.

(iv) The Director, TMA may authorize changes regarding the supplemental foods to be made available in the WIC Overseas Program when local conditions preclude strict compliance or when such compliance is impracticable.

(3) *Nutrition Education*. Nutrition education shall be provided to all participants at intervals prescribed in USDA regulations at 7 CFR Part 246.11.

(i) The WIC Overseas nutrition education program shall be locally overseen by a CPA based on guidance and materials provided by TMA.

(ii) Nutrition education and its means of delivery be tailored to the greatest extent practicable to the specific nutritional, cultural, practical, and other needs of the participant. Participant profiles created during certification may be used in designing appropriate nutrition education. A CPA may develop individual care plans, as necessary, consistent with USDA regulations.

(iii) Nutrition education shall consist of sessions wherein individual participants or groups of participants meet with a CPA in an interactive setting such that participants can ask, and the CPA can answer, questions related to nutrition practices. In addition, nutrition education shall utilize prepared educational materials and/or Internet sites. Both the sessions and the information materials shall be designed to improve health status, achieve positive change in dietary habits, and emphasize relationships between nutrition and health. Individual and group sessions can be accomplished through, among other things, face-to-face meetings, remote tele-videoconferencing, real-time computer-based distance learning, or other means.

(iv) Nutrition education services shall generally be provided to participants twice during each 6-month certification period, unless a different schedule is specified in USDA regulations.

(v) The nutrition education program shall promote breastfeeding as the optimal method of infant nutrition, encourage pregnant participants to breastfeed unless contraindicated for health reasons, and educate all participating women about the harmful effects of substance abuse.

(vi) Individual participants shall not be denied supplemental food due to the failure to attend scheduled nutrition education sessions.

(e) *Financial management*. The Department shall establish procedures to provide for the verification of drafts prior to payment.

(i) Verification may utilize sampling techniques.

(ii) Payment of drafts shall be made out of Defense Health Program funds.

(f) *Rebate agreements*. (1) DoD is authorized to enter into an agreement with a manufacturer of a particular brand of a food item that provides for the exclusive supply to the program of the same or similar types of food items by that manufacturer.

(i) The agreement shall identify a contract brand of food item.

(ii) Under the agreement, the manufacturer shall rebate to the Department an agreed portion of the amounts paid by DoD for the procurement of the contract brand.

(2) The DoD shall use competitive procedures under title 10, chapter 137 to select the contract brand.

(3) Amounts rebated shall be credited to the appropriation available for carrying out the program and shall be applied against expenditures for the program in the same period as the other sums in the appropriation.

(g) *Administrative appeals and civil rights*. (1) Applicants who are denied certification or participants that are denied recertification shall be provided with a notice of ineligibility. The notice shall include information on the applicant's right to appeal the determination and instructions on doing so.

(2) Benefits shall not be provided while an appeal is pending when an applicant is denied benefits, a participant's certification has expired or a participant becomes categorically ineligible.

(3) A request for appeal shall be submitted in writing within five working days. If the decision is an adverse one it shall include notice to the applicant of his further appeal rights as reflected in (iii) below, and that he/she has five working days to effect any such appeal.

(4) Appeal reviews shall be conducted in the first instance by the CPA or team leader in charge of the local WIC Overseas office.

(i) Written notice of a decision shall be provided to the applicant within five working days.

(ii) If the appeal is upheld, retroactive benefits shall not be provided.

(iii) At an applicant's request a denied appeal may be forwarded to the regional program manager for review, who will provide a decision on the appeal within 5 working days.

(iv) If the regional program manager denies the appeal, there shall be no further right of appeal.

(5) Complaints about discriminatory treatment shall be handled in accordance with procedures established at each local WIC Overseas site.

(h) *Operations and Administration.* (1) Information collected about WIC Overseas applicants and participants shall be collected, maintained, and disclosed in accordance with applicable laws and regulations.

(2) Information and personnel security requirements shall be consistent with applicable laws and regulations.

[69 FR 15678, Mar. 26, 2004]

§ 199.24 TRICARE Reserve Select.

(a) *Establishment.* TRICARE Reserve Select is established for the purpose of offering TRICARE Standard and Extra health coverage to qualified members of the Selected Reserve and their immediate family members.

(1) *Purpose.* TRICARE Reserve Select is a premium-based health plan that will be available to members of the Selected Reserve and their immediate family members as specified in paragraph (c) of this section.

(2) *Statutory Authority.* TRICARE Reserve Select is authorized by 10 U.S.C. 1076b and 1076d.

(3) *Scope of the Program.* TRICARE Reserve Select is applicable in the 50 United States, the District of Columbia, Puerto Rico, and, to the extent practicable, other areas where members of the Selected Reserve serve. In locations other than the 50 states of the United States and the District of Columbia, the Assistant Secretary of Defense may authorize modifications to the program rules and procedures as may be appropriate to the area involved.

(4) *Terminology.* Certain terminology is introduced for TRICARE Reserve Select intended to reflect critical elements that distinguish it from other long-established TRICARE health programs. For instance, the effective date of eligibility for TRICARE has long been understood to mean that the eligible individual may obtain care under the military health system as of that date. However, that is not what it means in the context of TRICARE Reserve Select. To avoid the inevitable misunderstanding, this regulation uses the term ''qualify'' to mean that the member's reserve component has validated that the member has satisfied all the ''qualifications'' that must be met before the member is authorized to purchase coverage under a particular premium tier. Only then may the member purchase coverage by taking further action to submit a completed application along with payment of a one month premium. The term ''coverage'' indicates the benefit of TRICARE covering claims submitted for payment of covered services, supplies, and equipment furnished by TRICARE authorized providers, hospitals, and suppliers.

(5) *Major Features of TRICARE Reserve Select.* The major features of the program include the following:

(i) *TRICARE rules applicable.* (A) Unless specified in this section or otherwise prescribed by the ASD(HA), provisions of 32 CFR Part 199 apply to TRICARE Reserve Select.

(B) Certain special programs established in 32 CFR Part 199 are not available to members covered under TRICARE Reserve Select. These include the Extended Health Care Option Program (see §199.5), and the Special Supplemental Food Program (see §199.23), and the Supplemental Health Care Program (see §199.16) except when referred by a Medical Treatment Facility (MTF) provider for incidental consults and the MTF provider maintains clinical control over the episode of care. The TRICARE Dental Program (see §199.13) is independent of this program and is otherwise available to all members of the Selected Reserve and their eligible family members whether or not they purchase TRICARE Reserve Select coverage.

(ii) *Premium Tiers.* TRICARE Reserve Select coverage is available for 261 purchase by any Selected Reserve member if the member fulfills all of the statutory qualifications for one of the three premium tiers. The percentage of the total amount of the premium that

members pay in each of the three premium tiers is prescribed by law: 28% for Tier 1, 50% for Tier 2, and 85% for Tier 3. Within each tier there is one premium rate for self-only coverage and one premium rate for self and family coverage.

(iii) *Enrollment system.* Under TRICARE Reserve Select, Reserve component members who have been validated as fulfilling all of the statutory qualifications for one of the three premium tiers may purchase either the self-only type of coverage or the self and family type of coverage by submitting a completed application form along with the appropriate monthly premium at the time of enrollment. Rules and procedures for purchasing coverage and paying applicable premiums are prescribed in this section.

(iv) *Benefits.* When their coverage becomes effective, TRICARE Reserve Select beneficiaries receive the TRICARE Standard (and Extra) benefit including access to military treatment facility services and pharmacies, as described in §199.17 of this part. TRICARE Reserve Select coverage features the deductible and cost share provisions of the TRICARE Standard (and Extra) plan for active duty family members for both the member and the member's covered family members. The TRICARE Standard (and Extra) plan is described in section §199.17 of this part.

(b) *TRICARE Reserve Select premium tiers.* A member of the Selected Reserve covered under TRICARE Reserve Select shall be required to pay a portion of the total amount that the ASD(HA) determines on an appropriate actuarial basis as being appropriate for that coverage. The member's monthly share of the premium is one-twelfth of the annual portion. The particular share of the premium to be paid by the member is determined by the particular tier for which a member qualifies as established in paragraphs (c)(2) of this section. The member's share of the premium is to be paid monthly, except as otherwise provided through administrative implementation, pursuant to procedures established by the ASD(HA).

(1) *Member's Share of the Total Premium.* (i) *Tier 1.* Selected Reserve members who qualify to purchase TRICARE Reserve Select coverage under paragraph (c)(2)(i) of this section shall pay 28% of the total cost of the premium as determined above. In the event of the death of a member of the Selected Reserve who is covered by TRICARE Reserve Select at the time of death, the premium amount shall be at the self-only rate if there is only one surviving family member to be covered by TRICARE Reserve Select and at the self and family rate if there are two or more survivors to be covered by TRICARE Reserve Select.

(ii) *Tier 2.* Selected Reserve members who qualify to purchase TRICARE Reserve Select coverage under paragraph (c)(2)(ii) of this section shall pay 50% of the total cost of the premium as determined paragraph (c) of this section.

(iii) *Tier 3.* Selected Reserve members who qualify to purchase TRICARE Reserve Select coverage under paragraph (c)(2)(iii) of this section shall pay 85% of the total cost of the premium as determined paragraph (c) of this section.

(2) *Annual establishment of rates.* (i) TRICARE Reserve Select monthly premium rates shall be established and updated annually on a calendar year basis by the ASD(HA) for each of the two types of coverage, self-only and self and family as described in paragraphs (d)(2) of this section, within each of the premium tiers.

(ii) Annual rates for the first year TRICARE Reserve Select was offered (calendar year 2005) were based on the annual premiums for the Blue Cross and Blue Shield Standard Service Benefit Plan under the Federal Employees Health Benefits Program, a nationwide plan closely resembling TRICARE Standard (and Extra) coverage, with adjustments based on estimated differences in covered populations, as determined by the ASD(HA).

(A) For calendar year 2005, the total annual premium for self-only coverage was $3,214 and the total annual premium for self and family coverage was $9,985. The member's portion of the annual premium for self-only coverage under TRICARE Reserve Select in Tier 1 was $900 ($75 monthly). The member's portion of the annual premium for self and family coverage under TRICARE Reserve Select in Tier 1 was $2,796 ($233 monthly).

(B) For calendar year 2006, the total annual premium for self-only coverage is $3,487 and the total annual premium for self and family coverage is $10,834 (rounded to the nearest dollar).

(*1*) In Tier 1, the member's portion is 28% of the annual premium. Self-only coverage is $972 ($81 monthly). Self and family coverage is $3,036 ($253 monthly).

(*2*) In Tier 2, the member's portion is 50% of the annual premium. Self-only coverage is $1,743.48 ($145.29 monthly). Self and family coverage is $5,417.04 ($451.42 monthly).

(*3*) In Tier 3, the member's portion is 85% of the annual premium. Self-only coverage is $2,964.00 ($247.00 monthly). Self and family coverage is $9,208.92 ($767.41 monthly).

(3) *Premium adjustments*. In addition to the determinations described in paragraph (b)(2)(i) of this section, premium adjustments may be made prospectively for any calendar year to reflect any significant program changes or any actual experience in the costs of administering the TRICARE Reserve Select Program.

(c) *Eligibility for (qualifying to purchase) TRICARE Reserve Select coverage*. (1) General—The law authorizing the TRICARE Reserve Select program uses the term ''eligibility'' to identify conditions under which a Reserve component member may purchase coverage. For purposes of program administration, the terms ''qualifying'' or ''qualified'' shall generally be used in lieu of such terms as ''eligibility'' or ''eligible'' to refer to a Reserve component member who meets the program requirements allowing purchase of TRICARE Reserve Select coverage.

(*2*) Reserve component members who meet the qualifications defined in paragraphs (c)(2)(i), (c)(2)(ii), or (c)(2)(iii), and have their qualifications validated under procedures in paragraph (c)(2)(iv) of this section may purchase TRICARE Reserve Select coverage as defined in this section. The Reserve components of the Armed Forces have the responsibility to determine and validate a member's qualifications to purchase TRICARE Reserve Select coverage and identify the premium tier for which the member qualifies.

(i) *Tier 1*. (A) *Members released from active duty on or before April 26, 2005*. A member or former member of a Reserve component of the Armed Forces who was released from active duty on or before April 26, 2005, qualifies to purchase TRICARE Reserve Select coverage in Tier 1 if the member meets all of the following conditions:

(*1*) Was called or ordered to active duty for a period of more than 30 days on or after September 11, 2001 under a provision of law referred to in 10 U.S.C. 101(a)(13)(B);

(*2*) Served continuously on active duty for 90 days or more pursuant to such call or order to active duty (unless such continuous service on active duty is less than 90 days solely due to an injury, illness, or disease incurred or aggravated while deployed, as provided in 10 U.S.C. 1076d(b)(2)(A);

(*3*) Was released from active duty on or before April 26, 2005;

(*4*) Executed a service agreement with his or her Reserve component to serve continuously in the Selected Reserve for a period of 1 or more years prior to purchasing TRICARE Reserve Select coverage, but no later than October 28, 2005; and

(*5*) Is in a Selected Reserve status on the first day of coverage for TRICARE Reserve Select and maintains continued membership in the Selected Reserve.

(B) *Members released from active duty after April 26, 2005*. A member released from active duty after April 26, 2005, who is a member of a Reserve component of the Armed Forces qualifies to purchase TRICARE Reserve Select coverage in Tier 1 if the member meets all of the following conditions:

(*1*) Is called or ordered to active duty for a period of more than 30 days on or after September 11, 2001 under a provision of law referred to in 10 U.S.C. 101(a)(13)(B);

(*2*) Serves continuously on active duty for 90 days or more pursuant to such call or order to active duty (unless such continuous service on active duty is less than 90 days solely due to an injury, illness, or disease incurred or aggravated while deployed, as provided in 10 U.S.C. 1076d(b(2)(A));

(*3*) Is released from active duty after April 26, 2005;

(*4*) Executed a service agreement with his or her Reserve component to serve continuously in the Selected Reserve for a period of 1 or more years on or before the date of release from active duty if released from active duty before January 6, 2006, or not later than 90 days after release from active duty if released from active duty on or after January 6, 2006, except in the case of a member of the Individual Ready Reserve described in paragraph (c)(2)(i)(B)(*5*) of this section, with the effective date of the Service agreement coinciding with the TRS coverage begin date; and

(*5*) If not already a member of the Selected Reserve, the member shall be in the Selected Reserve on the first day of coverage for TRICARE Reserve Select and shall maintain continued membership in the Selected Reserve. A member of the Individual Ready Reserve released from active duty on or after January 6, 2006, who is unable to find a position in the Selected Reserve and qualifies for TRICARE Reserve Select coverage, except for membership in the Selected Reserve, has one year from the expiration of the member's entitlements to care and benefits following a qualifying period of active duty to execute a service agreement with his or her Reserve component and become a member of the Selected Reserve. A member of the Selected Reserve released from active duty on or after January 6, 2006, who loses his or her position in the Selected Reserve before the end of the Transitional Assistance Management Program (TAMP) shall have one year from the expiration of TAMP period to execute a service agreement with his or her Reserve component and again become a member of the Selected Reserve.

(ii) *Tier 2.* A member who is a member of a Reserve component of the Armed Forces qualifies to purchase TRICARE Reserve Select coverage in Tier 2 if the member meets all of the following conditions:

(A) Executes a service agreement with his or her Reserve component to serve continuously in the Selected Reserve for a period of time that extends through the period of coverage;

(B) Maintains continued membership in the Selected Reserve; and

(C) Submits certification in accordance with procedures established by the Under Secretary of Defense for Personnel and Readiness that is appropriate to substantiate the Reserve component member's assertion that the member is one of the following:

(*1*) An eligible unemployment compensation recipient. This is a member who, with respect to any month, is determined eligible for any day of such month for unemployment compensation under State law (as defined in section 205(9) of the Federal-State Extended Unemployment Compensation Act of 1970), including Federal unemployment compensation laws administered through the State;

(*2*) An employee ineligible for health care benefits under an employer-sponsored health benefits plan. A Reserve component member shall be considered ineligible for health care benefits under an employer-sponsored health benefits plan only if the member is an employee and either:

(*i*) Is employed by an employer that does not offer a health benefits plan to anyone working for the employer; or

(*ii*) Is in a category of employees to which the member's employer does not offer a health benefits plan, if such category is designated by the employer based on hours, duties, employment agreement, or such other characteristic, other than membership in the Selected Reserve, as the regulations administering this section prescribe (such as part-time employees).

(*3*) *Self-employed.* A Reserve component member shall be considered to be self-employed if the income earned from such self-employment is the member's primary source of annual income, as reported to the IRS, other than service in the Selected Reserve.

(iii) *Tier 3.* A member who is a member of a Reserve component of the Armed Forces qualifies to purchase TRICARE Reserve Select coverage in Tier 3 if the member meets all of the following conditions:

(A) Executes a service agreement with his or her Reserve component to serve continuously in the Selected Reserve for a period of time that extends through the period of coverage;

(B) Maintains continued membership in the Selected Reserve; and

(C) Does not qualify under paragraphs (c)(2)(i) or (c)(2)(ii).

(iv) *Procedures validating qualifications for TRS coverage.* (A) The Reserve components are responsible for determining the member's Reserve category, details of potentially qualifying active duty periods, periods of obligation, and other military personnel matters that are pertinent to validating the member's qualifications and identification of the premium tier for which a member may purchase coverage. An executed service agreement does not guarantee Selected Reserve status for the full time period covered by the service agreement. Further, the member shall submit certification appropriate to substantiate the member's assertion of qualifying under paragraph (c)(2)(ii) of this section in accordance with procedures established by the Under Secretary of Defense for Personnel and Readiness.

(B) Documentation required to support the certifications referred to in paragraph (c)(2)(ii)(C) of this section includes supplementation covering the full period of qualification. In the event that documentation fails to support qualification or continued qualification or the condition of qualification otherwise ceases to exist and the member fails to report such event to the TRICARE contractor servicing the member's coverage, the member's coverage under Tier 2 will terminate, effective on the date the required condition ceased to exist. In that case, the member's coverage will be in Tier 3 and the member will be responsible for the additional premiums required for Tier 3, effective from that date.

(d) *TRICARE Reserve Select enrollment procedures*—(1) *Application procedures.* To purchase TRICARE Reserve Select coverage, qualified Reserve component members must complete and submit the applicable TRICARE enrollment application, along with an initial payment of the appropriate monthly premium share required by paragraph (b)(3) of this section to the appropriate TRICARE contractor in accordance with deadlines and other procedures established by the ASD(HA). (i) *Tier 1.* For qualified members, the decision to purchase TRICARE Reserve Select coverage in Tier 1 is a one-time opportunity. If not purchased in a timely manner, if coverage is taken for a period less than the maximum period of qualification, or if coverage is terminated for any reason, coverage may not be initiated or extended later, nor may any period of qualification be saved to be used later. Members qualified under paragraph (c)(2)(i)(A) of this section are required to submit the required application and premium payment as soon as practicable after entering into a Service Agreement with their respective Reserve component. Members qualified under paragraph (c)(2)(i)(B) of this section are required to submit the required application and premium payment for receipt by the appropriate TRICARE contractor not later than 30 days before the last day of qualifying active duty or the last day of coverage under the Transition Assistance Management Program, whichever is later, unless the otherwise qualified member is a member of the Individual Ready Reserve at that time. In that case, the member shall submit the required application and premium payment as soon as practicable after entering into a Service Agreement with his or her respective Reserve component.

(ii) *Open Season for Tiers 2 and 3.* Open Season is the time period during which a member who qualifies for coverage under either paragraph (c)(2)(ii) or paragraph (c)(2)(iii) of this section may purchase new coverage, renew existing coverage with or without a change in type of coverage, or terminate coverage. One open season will be offered each year in accordance with procedures established by the ASD(HA). Before a member's coverage may be renewed, the service agreement must be valid through December 31st of the renewed year of coverage and all other qualifications under either paragraph (c)(2)(ii) or paragraph (c)(2)(iii) of this section must be validated by the member's Reserve component. Actions requested during an open season will take effect January 1st of the year following the open season. Existing coverage that is not renewed will be terminated no later than December 31st of that year. A one-time special open season will be offered in 2006 for members to purchase coverage.

(iii) *New Selected Reservists.* Upon assignment to the Selected Reserves, members who qualify for coverage under either paragraph (c)(2)(ii) or paragraph (c)(2)(iii) of this section may purchase coverage in accordance with deadlines and other procedures established by the ASD(HA).

(iv) *Qualifying Life Events.* TRS members may request certain changes to their TRS coverage in connection with certain events called qualifying life events in accordance with deadlines and other procedures established by the ASD(HA). The first type of qualifying life event is associated with changes in immediate family composition. The second type of qualifying life event is associated with changes in family employment or health coverage status. If a member who is covered under Tier 1 experiences a qualifying life event, the only action a member may request is a change in type of coverage. (The member may request termination of coverage at any time; however, the member will not be allowed to purchase coverage again under Tier 1, unless he or she qualifies again after the date of termination for Tier 1 coverage). If a member who is covered under either Tier 2 or Tier 3 experiences a qualifying life event, the member may apply to purchase coverage, request changes in type of coverage, or terminate coverage.

(2) *Type of coverage.* A member of a Reserve component who qualifies to purchase coverage under paragraph 272(c) of this section may elect self-only or self and family coverage. Immediate family members as defined in §§199.3(b)(2)(i) (except former spouses) and 199.3 (b)(2)(ii) of this part may be included in such family coverage.

(i) *Tier 1.* After purchasing coverage, members who qualified under paragraph (c)(2)(i)(A) or (c)(2)(i)(B) of this section may change type of coverage only in conjunction with a qualifying life event described in paragraph (d)(1)(iv) of this section. The change will become effective in accordance with procedures established by the ASD(HA).

(ii) *Tiers 2 and 3.* After purchasing coverage, members who qualified under either paragraph (c)(2)(ii) or paragraph (c)(2)(iii) of this section may change type of coverage either during an open season described in paragraph (d)(1)(ii) of this section or in conjunction with a qualifying life event described in paragraph (d)(1)(iv) of this section. The change will become effective in accordance with procedures established by the ASD(HA).

(3) *Period of coverage*—(i) *Tier 1.* (A) The period of coverage for members who qualify under (c)(2)(i) of this section shall be equal to the lesser of—

(*1*) one year, in the case of a member who otherwise qualifies but does not serve continuously on active duty for 90 days because of an injury, illness, or disease incurred or aggravated while deployed;

(*2*) one year for each consecutive period of 90 days of continuous active duty described in paragraph (c)(2)(i)(A)(*1*) or (c)(2)(i)(B)(*1*); or

(*3*) the number of whole years for which the member agrees under paragraph (c)(2)(i)(A)(4) or (c)(2)(i)(B)(4) to continue to serve in the Selected Reserve after the coverage begins.

(B) The number of years established by the service agreement that was entered into prior to beginning coverage in TRICARE Reserve Select under paragraph (c)(2)(i)(A)(*4*) or (c)(2)(i)(B)(*4*) of this section may not later be changed, even if that number of years was fewer than the maximum number of years that the member could have established in the service agreement. The number of years of coverage may only be changed if the member is recalled to active duty and qualifies again for a new period of coverage under paragraph (c)(2)(i) of this section. When coverage is terminated for any reason, a member may not purchase coverage again under paragraph (c)(2)(i)(B) unless recalled to active duty and the member qualifies again for a new period of coverage under paragraph (c) of this section.

(C) The period of coverage for members who qualify under paragraph (c)(2)(i)(A) of this section begins on the date that is the later of the expiration of TAMP benefits under §199.3(e) of this part or the effective date of the service agreement referred to in paragraph (c)(2)(i)(A)(*4*) of this section, but in no

case later than October 28, 2005. The period of coverage for members who qualify under (c)(2)(i)(B) of this section begins the later of the day after the last day of active duty; the day after the expiration of TAMP benefits under §19(e) of this part; or the date that a member of the Individual Ready Reserve finds and occupies a position in the Selected Reserve, up to one year after either the last day of active duty or the expiration of TAMP benefits, whichever is later.

(D) If a member of the Selected Reserves dies while in a period of TRICARE Reserve Select coverage under Tier 1, the family member(s) may purchase new or continuing TRICARE Reserve Select coverage under Tier 1 for up to six months beyond the date of the member's death upon payment of monthly premiums. The premium amount payable shall be as determined in accordance with paragraph (b)(1)(i) of this section.

(ii) *Tiers 2 and 3.* The maximum duration for any period of coverage purchased by members who qualify for TRICARE Reserve Select under either paragraph (c)(2)(ii) or paragraph (c)(2)(iii) is one year and will coincide with the calendar year. The period of coverage begins in accordance with procedures established by the ASD(HA) and ends December 31st of the same year in which the current period of coverage began.

(4) *Enrollment processing.* Following validation, upon receipt of a completed TRICARE Reserve Select application, along with an initial payment of the appropriate monthly premium share required by paragraph (b) of this section, the appropriate TRICARE contractor will process enrollment actions into DEERS in accordance with deadlines and other procedures established by the ASD(HA).

(5) *Termination.* Coverage will terminate whenever a member ceases to meet any of the qualifications for the particular tier under which coverage was purchased or a request for termination for Tier 1 coverage is received in accordance with procedures established by the ASD(HA). However, unless the member's Reserve component terminates the member's service in the Selected Reserve, the service agreement described in paragraph (c) of this section remains in force and the end date is unchanged. Termination of coverage for the member will result in termination of coverage for the member's family members in TRICARE Reserve Select, except as described in paragraphs (d)(3)(i)(D). The termination will become effective in accordance with procedures established by the ASD(HA).

(i) *Tier 1.* Members whose coverage under Tier 1 terminates will not be allowed to purchase coverage again under Tier 1, unless the member qualifies again for Tier 1 coverage under (c)(2)(i)(B) of this section after the date of termination. However, the member may qualify for coverage under conditions identified either in paragraphs (c)(2)(ii) or (c)(2)(iii) of this section.

(A) Members who qualify under paragraph (c)(2)(i) of this section may request to terminate coverage at any time.

(B) Coverage shall terminate for members who no longer qualify for TRICARE Reserve Select as specified in paragraph (c) of this section, including when the member's service in the Selected Reserve terminates.

(C) Coverage may terminate for members who fail to make a premium payment in accordance with procedures established by the ASD(HA).

(D) Coverage for survivors as described in paragraph (d)(3)(i)(D) shall terminate six months after the date of death of the covered Reserve component member.

(ii) *Tiers 2 and 3.* (A) Members who qualify under either paragraph (c)(2) or paragraph (c)(3) in this section may request to terminate coverage only during an open season by notifying the appropriate TRICARE office.

(B) Coverage shall terminate for members who no longer qualify for TRICARE Reserve Select as specified under either paragraph (c)(2) or paragraph (c)(3) of this section, including when the member's service in the Selected Reserve terminates. However, members whose coverage under Tier 2 terminates may be able to purchase continued coverage under Tier 3 outside of open season if they qualify under paragraph (c)(2)(iii).

(C) Coverage may terminate for members who fail to make a premium payment in accordance with procedures established by the ASD(HA).

(D) During the month that a Reserve component member qualified for coverage under paragraph (c)(2)(ii) of this section ceases to qualify, the Reserve component member must submit a request to terminate coverage under Tier 2. Failure to do so will result with the member being retroactively enrolled in Tier 3 as of the date the member no longer qualified for Tier 2. Such member will be responsible for the payment of Tier 3 premiums.

(6) *Effect of Other TRICARE Benefits on TRICARE Reserve Select.* During any period in which members covered by TRICARE Reserve Select receive full TRICARE medical benefits (except the certain special programs listed in paragraph (a)(5)(i)(B) of this section), no premium payments for TRICARE Reserve Select are due.

(i) *Tier 1.* (A) Before January 6, 2006, when a member who was covered by TRICARE Reserve Select under Tier 1 serves on active duty for a period of more than 30 days and either is released from active duty or whose TAMP benefits under §199.3(e) of this part end before January 6, 2006, receives other TRICARE benefits; TRICARE Reserve Select coverage is superseded for the member and any covered family members, but the period of coverage continues to run and the end date of coverage remains unchanged. If applicable, such TRICARE coverage includes early TRICARE benefits based on delayed-effective-date orders under §199.3(b)(5) of this part. If the original end date of TRICARE Reserve Select coverage has not been reached by the time the other TRICARE benefits terminate, TRICARE Reserve Select coverage will resume with the same type of coverage in effect on the date coverage was suspended. TRICARE Reserve Select coverage will continue until the original end date of coverage or until coverage is otherwise terminated. The service agreement in effect as described in paragraphs (c)(2)(i)(A)(*4*) or (c)(2)(i)(B)(*4*) of this section remains in force and the end date is unchanged. In addition, TRICARE Reserve Select coverage is also superseded by a new period of coverage established as a result of qualifying again under paragraph (c)(2)(1)(B) of this section.

(B) On or after January 6, 2006, when a member who was covered by TRICARE Reserve Select under Tier 1 serves on active duty for a period of more than 30 days and either is released from active duty or whose TAMP benefits under §199.3(e) of this part end on or after January 6, 2006, receives other TRICARE benefits; TRICARE Reserve Select coverage is suspended for the member and any covered family members. If such coverage was in effect on January 6, 2006, the effective date of the suspension is January 6, 2006. If applicable, such TRICARE coverage includes early TRICARE coverage based on delayed-effective-date orders under §199.3(b)(5) of this part and TAMP benefits under §199.3(e) of this part. The end date of the TRICARE Reserve Select period of coverage will be extended for a period of time equal to the period of time that TRS coverage was suspended. TRICARE Reserve Select coverage will continue until the adjusted end date, or until coverage is otherwise terminated. The service agreement in effect as described in paragraphs (c)(2)(i)(A)(*4*) or (c)(2)(i)(B)(*4*) of this section remains in force and the end date is unchanged. In addition, the end date of the TRICARE Reserve Select period of coverage will be extended for a period of time equal to any new period of coverage established as a result of qualifying again under paragraph (c)(2)(i)(B) of this section.

(ii) *Tiers 2 and 3.* When a member covered by TRICARE Reserve Select under either Tier 2 or Tier 3 receives other TRICARE coverage, TRICARE Reserve Select coverage is superseded for the member and any covered family members, but the period of coverage continues to run and the end date of coverage remains unchanged. The service agreement described in paragraphs (c)(2)(ii) and (c)(2)(iii) of this section remains in force and the end data remains unchanged.

(7) *Periodic revision.* Periodically, certain features, rules or procedures of

TRICARE Reserve Select may be revised. If such revisions will have a significant effect on members' costs or access to care, members may be given the opportunity to change their type of coverage or terminate coverage coincident with the revisions.

(e) *Relationship to Continued Health Care Benefits Program.* Coverage under TRICARE Reserve Select counts as coverage under a health benefit plan for purposes of individuals qualifying for the Continued Health Care Benefits Program (CHCBP) under §199.20(d)(1)(ii)(B) or §199.2(d)(1)(iii)(B) of this part.

(1) *Tier 1.* If at the time a member who qualifies under (c)(2)(i) of this section purchases coverage in TRICARE Reserve Select, or resumes TRICARE Reserve Select coverage after a period in which coverage was superseded under paragraph (d)(6)(i)(A) or suspended under paragraph (d)(6)(i)(B) of this section, the member was also eligible to enroll in the Continued Health Care Benefits Program (CHCBP) under §199.20(d)(1)(i) of this part (except to the extent eligibility in CHCBP was affected by enrollment in TRICARE Reserve Select), enrollment in TRICARE Reserve Select will be deemed to also constitute preliminary enrollment in CHCBP. If for any reason the member's coverage under TRICARE Reserve Select terminates before the date that is 18 months after discharge or release from the most recent period of active duty upon which CHCBP eligibility was based, the member or the member's family members eligible to be included in CHCBP coverage may, within 30 days of the effective date of the termination of TRICARE Reserve Select coverage, begin CHCBP coverage by following the applicable procedures to purchase CHCBP coverage. The period of coverage will be as provided in 199.20(d)(6) of the part.

(2) *Tiers 2 and 3.* Coverage for TRICARE Reserve Select under either paragraph (c)(2)(ii) or paragraph (c)(2)(iii) of this section has no effect on eligibility for the CHCBP.

(f) *Preemption of State laws.* (1) Pursuant to 10 U.S.C. 1103, the Department of Defense has determined that in the administration of chapter 55 of title 10, U.S. Code, preemption of State and local laws relating to health insurance, prepaid health plans, or other health care delivery or financing methods is necessary to achieve important Federal interests, including but not limited to the assurance of uniform national health programs for military families and the operation of such programs at the lowest possible cost to the Department of Defense, that have a direct and substantial effect on the conduct of military affairs and national security policy of the United States. This determination is applicable to contracts that implement this section.

(2) Based on the determination set forth in paragraph (f)(1) of this section, any State or local law or regulation pertaining to health insurance, prepaid health plans, or other health care delivery, administration, and financing methods is preempted and does not apply in connection with TRICARE Reserve Select. Any such law, or regulation pursuant to such law, is without any force or effect, and State or local governments have no legal authority to enforce them in relation to TRICARE Reserve Select. (However, the Department of Defense may, by contract, establish legal obligations on the part of DoD contractors to conform with requirements similar to or identical to requirements of State or local laws or regulations with respect to TRICARE Reserve Select).

(3) The preemption of State and local laws set forth in paragraph (f)(2) of this section includes State and local laws imposing premium taxes on health insurance carriers or underwriters or other plan managers, or similar taxes on such entities. Such laws are laws relating to health insurance, prepaid health plans, or other health care delivery or financing methods, within the meaning of 10 U.S.C. 1103. Preemption, however, does not apply to taxes, fees, or other payments on net income or profit realized by such entities in the conduct of business relating to DoD health services contracts, if those taxes, fees or other payments are applicable to a broad range of business activity. For the purposes of assessing the effect of Federal preemption of

State and local taxes and fees in connection with DoD health services contracts, interpretations shall be consistent with those applicable to the Federal Employees Health Benefits Program under 5 U.S.C. 8909(f).

(g) *Administration.* The ASD(HA) may establish other rules and procedures for the effective administration of TRICARE Reserve Select, and may authorize exceptions to requirements of this section, if permitted by law, based on extraordinary circumstances.

[71 FR 35532, June 21, 2006]

APPENDIX A TO PART 199—ACRONYMS

AFR—Air Force Regulation
AR—Army Regulation
ASD (HA)—Assistant Secretary of Defense (Health Affairs)
CCLR—Claims Collection Litigation Report
CEOB—CHAMPUS Explanation of Benefits
CFR—Code of Federal Regulations
CHAMPUS—Civilian Health and Medical Program of the Uniformed Services
CRD—Chronic Renal Disease
CT—Computerized Tomography
DASD (A)—Deputy Assistant Secretary of Defense (Administration)
D.D.S.—Doctor of Dental Surgery
DEERS—Defense Enrollment Eligibility Reporting System
DHHS—Department of Health and Human Services
D.M.D.—Doctor of Dental Medicine
DME—Durable Medical Equipment
D.O.—Doctor of Osteopathy
DoD—Department of Defense
DSM-III—Diagnostic and Statistical Manual of Mental Disorders (Third Edition)
ECHO—Extended Care Health Option
EEG—Electroencephalogram
EST—Electroshock Therapy
FAR—Federal Acquisition Regulation
FEHBP—Federal Employees Health Benefits Program
FMCRA—Federal Medical Care Recovery Act
FR—Federal Register
HBA—Health Benefits Advisor
HL—Hearing Threshold Level
Hz—Hertz
ICD–9–CM—International Classification of Diseases, 9th Revision, Clinical Modification
ICU—Intensive Care Unit
IQ—Intelligence Quotient
JCAH—Joint Commission on Accreditation of Hospitals
L.P.N.—Licensed Practical Nurse
L.V.N.—Licensed Vocational Nurse
MBD—Minimal Brain Dysfunction
MCO—Marine Corps Order
M.D.—Doctor of Medicine
MIA—Missing in Action
NATO—North Atlantic Treaty Organization
NAVMILPERSCOMINST—Navy Military Personnel Command Instruction
NAVPERS—Navy Personnel
NOAA—National Oceanic and Atmospheric Administration
OCHAMPUS—Office of Civilian Health and Medical Program of the Uniformed Services
OCHAMPUSEUR—Office of Civilian Health and Medical Program of the Uniformed Services for Europe
OCHAMPUSPAC—Office of Civilian Health and Medical Program of the Uniformed Services for the Pacific Area
OCHAMPUSSO—Office of Civilian Health and Medical Program of the Uniformed Services for the Southern Hemisphere
OMB—Office of Management and Budget
PKU—Phenylketonuria
R.N.—Registered Nurse
RTC—Residential Treatment Center
SNF—Skilled Nursing Facility
STF—Specialized Treatment Facility
U.S.C.—United States Code
USPHS—U.S. Public Health Service

[51 FR 24008, July 1, 1986, as amended at 62 FR 35097, June 30, 1997; 63 FR 48448, Sept. 10, 1998; 69 FR 44952, July 28, 2004; 69 FR 51569, Aug. 20, 2004]

PART 202—RESTORATION ADVISORY BOARDS

Subpart A—General Requirements

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Subpart C—Administrative Support, Funding, and Reporting Requirements

202.12 Administrative support and eligible expenses.
202.13 Technical assistance for public participation.
202.14 Documenting and reporting activities and expenses.

AUTHORITY: 5 U.S.C. 551 *et seq* and 10 U.S.C. 2705

SOURCE: 71 FR 27618, May 12, 2006, unless otherwise noted.

Subpart A—General Requirements

§ 202.1 Purpose, scope, definitions, and applicability.

(a) *Purpose*. The purpose of this part to establish regulations regarding the scope, characteristics, composition, funding, establishment, operation, adjournment, and dissolution of Restoration Advisory Boards (RABs).

(b) *Purpose and scope of responsibilities of RABs*. The purpose of a RAB is to provide:

(1) An opportunity for stakeholder involvement in the environmental restoration process at Department of Defense (DoD) installations. Stakeholders are those parties that may be affected by environmental restoration activities at the installation.

(2) A forum for the early discussion and continued exchange of environmental restoration program information between DoD installations, regulatory agencies, tribes, and the community.

(3) An opportunity for RAB members to review progress, participate in a dialogue with, and provide comments and advice to the installation's decision makers concerning environmental restoration matters. Installations shall give careful consideration to the comments provided by the RAB members.

(4) A forum for addressing issues associated with environmental restoration activities under the Defense Environmental Restoration Program (DERP) at DoD installations, including activities conducted under the Military Munitions Response program (MMRP) to address unexploded ordnance, discarded military munitions, and the chemical constituents of munitions. Environmental groups or advisory boards that address issues other than environmental restoration activities are not governed by this regulation.

(c) *Definitions*. In this section:

(1) *Community RAB member* shall mean those individuals identified by community members and appointed by the Installation Commander to participate in a RAB who live and/or work in the affected community or are affected by the installation's environmental restoration program.

(2) *Environmental restoration* shall include the identification, investigation, research and development, and cleanup of contamination from hazardous substances, including munitions and explosives of concern, and pollutants and contaminants.

(3) *Installation* shall include active and closing DoD installations and formerly used defense sites (FUDS).

(4) *Installation Commander* shall include the Commanding Officer or the equivalent of a Commanding Officer at active installations; the Installation Commander or other Military Department officials who close the facility and are responsible for its disposal at Base Realignment and Closure (BRAC) installations; or the U.S. Army Corps of Engineers Project Management District Commander at FUDS.

(5) *Public participants* shall include anyone else who may want to attend the RAB meetings, including those individuals that may not live and/or work in the affected community or may not be affected by the installation's environmental restoration program but would like to attend and provide comments to the RAB.

(6) *Stakeholders* are those parties that may be affected by environmental restoration activities at an installation, including family members of military personnel and civilian workers, local and state governments and EPA for NPL properties, tribal community members and indigenous people, and current landowners, as appropriate.

(7) *Tribes* shall mean any Federally-recognized American Indian and Alaska Native government as defined by the most current Department of Interior/Bureau of Indian Affairs list of tribal entities published in the FEDERAL REGISTER pursuant to Section 104 of the Federally Recognized Tribe Act.

(8) *RAB adjournment* shall mean when an Installation Commander, in consultation with the Environmental Protection Agency (EPA), state, tribes, RAB members, and the local community, as appropriate, close the RAB based on a determination that there is no longer a need for a RAB or when community interest in the RAB declines.

(9) *RAB dissolution* shall mean when an Installation Commander, with the appropriate Military Component's Environmental Deputy Assistant Secretary's approval, disbands a RAB that is no longer fulfilling the intended purpose of advising and providing community input to an Installation Commander and decision makers on environmental restoration projects. Installation Commanders are expected to make every reasonable effort to ensure that a RAB performs its role as effectively as possible and a concerted attempt is made to resolve issues that affect the RAB's effectiveness. There are circumstances, however, that may prevent a RAB from operating effectively or fulfilling its intended purpose.

(d) *Other public involvement activities.* A RAB should complement other community involvement efforts occurring at an installation; however, it does not replace other types of community outreach and participation activities required by applicable laws and regulations.

(e) *Applicability of regulations to existing RABs.* The regulations in this part apply to all RABs regardless of when the RAB was established.

(f) *Guidance.* The Office of the Deputy Under Secretary of Defense for Environment shall issue guidance regarding the scope, characteristics, composition, funding, establishment, operation, adjournment, and dissolution of RABs pursuant to this rule. The issuance of any such guidance shall not be a precondition to the establishment of RABs or the implementation of this part.

[71 FR 27617, May 12, 2006; 71 FR 30719, May 30, 2006]

§ 202.2 Criteria for establishment.

(a) *Determining if sufficient interest warrants establishing a RAB.* A RAB should be established when there is sufficient and sustained community interest, and any of the following criteria are met:

(1) The closure of an installation involves the transfer of property to the community,

(2) At least 50 local citizens petition the installation for creation of a RAB,

(3) Federal, state, tribal, or local government representatives request the formation of a RAB, or

(4) The installation determines the need for a RAB. To determine the need for establishing a RAB, an installation should:

(i) Review correspondence files,

(ii) Review media coverage,

(iii) Consult local community members,

(iv) Consult relevant government officials, and

(v) Evaluate responses to communication efforts, such as notices placed in local newspapers and, if applicable, announced on the installation's Web site.

(b) *Responsibility for forming or operating a RAB.* The installation shall have lead responsibility for forming and operating a RAB.

(c) *Converting existing Technical Review Committees (TRCs) to RABs.* In accordance with 10 U.S.C. 2705(d)(1), a RAB may fulfill the requirements of 10 U.S.C. 2705(c), which directs DoD to establish TRCs. DoD recommends that, where TRCs or similar advisory groups already exist, the TRC or similar advisory group be considered for conversion to a RAB, provided there is sufficient and sustained interest within the community.

[71 FR 27617, May 12, 2006; 71 FR 30719, May 30, 2006]

§ 202.3 Notification of formation of a Restoration Advisory Board.

Prior to establishing a RAB, an installation shall notify potential stakeholders of its intent to form a RAB. In announcing the formation of a RAB, the installation should describe the purpose of a RAB and discuss opportunities for membership.

§ 202.4 Composition of a RAB.

(a) *Membership.* At a minimum, each RAB shall include representatives from DoD and the community. RAB community membership shall be well balanced and reflect the diverse interests within the local community.

(1) *Government representation.* The RAB may also include representatives from the EPA at the discretion of the Regional Administrator of the appropriate EPA Regional Office, and state,

tribal, and local governments, as appropriate. At closing installations where BRAC Cleanup Teams (BCT) exist, representatives of the BCT may also serve as the government representative(s) of the RAB. The Department encourages individuals and agencies involved with BRAC to participate in RABs at closing installations.

(2) *Community representation.* Community RAB members should live and/or work in the affected community or be affected by the installation's environmental restoration program. While DoD encourages individual tribal members to participate on RABs, RABs in no way replace or serve as a substitute forum for the government-to-government relationship between DoD and Federally-recognized tribes.

(i) To support the objective selection of community RAB members, installations will use a selection panel comprised of community members to nominate community RAB members. The Installation Commander, in consultation with the state, tribal, and local governments and EPA, as appropriate, will identify community interests and solicit names of individuals who can represent these interests on the selection panel. The panel will establish the procedures for nominating community RAB members, the process for reviewing community interest, and criteria for selecting community RAB members. The panel will transmit the list of RAB nominees to the Installation Commander for appointment.

(ii) Following the panel nominations, the Installation Commander, in consultation with the state and EPA, as appropriate, will review the nominations to ensure the panel fairly represents the local community. The Installation Commander will accept or reject the entire list of RAB nominees for appointment.

(b) *Chairmanship.* Each RAB established shall have two co-chairs, one representing the DoD installation and the other the community. Co-chairs shall be responsible for directing and managing the RAB operations.

(c) *Compensation for community members of the RAB.* The community co-chair and community RAB members serve voluntarily. DoD will not compensate them for their participation.

[71 FR 27617, May 12, 2006; 71 FR 30719, May 30, 2006]

Subpart B—Operating Requirements

§ 202.5 Creating a mission statement.

The installation and community co-chair, in conjunction with the RAB members, shall determine the RAB mission statement in accordance with guidance provided by the DoD Components.

§ 202.6 Selecting co-chairs.

(a) *DoD installation co-chair.* The DoD installation co-chair shall be selected by the Installation Commander or equivalent, or in accordance with Military Component-specific guidance.

(b) *Community co-chair.* The community co-chair shall be selected by the community RAB members.

[71 FR 27617, May 12, 2006; 71 FR 30719, May 30, 2006]

§ 202.7 Developing operating procedures.

Each RAB shall develop a set of operating procedures and the co-chairs are responsible for carrying them out. Areas that should be addressed in the procedures include:

(a) Clearly defined goals and objectives for the RAB, as determined by the co-chairs in consultation with the RAB,

(b) Meeting announcements,

(c) Attendance requirements of members at meetings,

(d) Development, approval and distribution procedures for the minutes of RAB meetings,

(e) Meeting frequency and location,

(f) Rules of order,

(g) The frequency and procedures for conducting training,

(h) Procedures for selecting or replacing co-chairs and selecting, replacing, or adding RAB members,

(i) Specifics on the size of the RAB, periods of membership, and co-chair length of service,

(j) Review of public comments and responses,

(k) Participation of the general public,

(l) Keeping the public informed about proceedings of the RAB,

(m) Discussing the agenda for the next meeting and issues to be addressed, and

(n) Methods for resolving disputes.

§ 202.8 Training RAB members.

Training is not required for RAB members. It may be advisable, however, to provide RAB members with some initial orientation training regarding the purpose and responsibilities of the RAB, familiarization on cleanup technologies, chemicals of concern, and sampling protocols, as well as informing them of the availability of independent technical advice and document review through EPA's Technical Assistant Grant program and DoD's Technical Assistance for Public Participation (TAPP) program, to enable them to fulfill their responsibilities. Training should be site-specific and beneficial to RAB members. The DoD installation may also provide in-house assistance to discuss technical issues. Funding for training activities must be within the scope of administrative support for RABs, as permitted in § 202.12.

§ 202.9 Conducting RAB meetings.

(a) *Public participation.* RAB meetings shall be open to the public.

(1) The installation co-chair shall prepare and publish a timely public notice in a local newspaper of general circulation announcing each RAB meeting. If applicable, it is recommended that the meeting also be announced on the installation's Web site.

(2) Each RAB meeting shall be held at a reasonable time and in a manner or place reasonably accessible to and usable by all participants, including persons with disabilities.

(3) Presentation materials and readable maps should be provided to all meeting participants as appropriate.

(4) Interested persons shall be permitted to attend, appear before, or file statements with any RAB, subject to such reasonable rules or regulations as may be prescribed. Open solicitation of public comments shall be permitted and members of the public will have a designated time on the agenda to speak to the RAB committee as a whole.

(b) *Nature of discussions.* The installation shall give careful consideration to all comments provided by individual RAB members. Group consensus is not a prerequisite for RAB input. Each member of the RAB may provide advice as an individual; however, when a RAB decides to vote or poll for consensus, only community members should participate.

(c) *Meeting minutes.* The installation co-chair, in coordination with the community co-chair, shall prepare the minutes of each RAB meeting.

(1) The RAB meeting minutes shall contain a record of the persons present; a complete and accurate description of matters discussed and comments received; and copies of all reports received, issued, or approved by the RAB. The accuracy of all minutes shall be certified by the RAB co-chairs. RAB minutes should be kept in the information repository; however, if the RAB minutes reflect decision-making, copies should also be documented in the Administrative Record.

(2) The records, reports, minutes, appendixes, working papers, drafts, studies, agenda, or other documents that were made available to or prepared for or by each RAB shall be available for public inspection and copying at a publicly accessible location, such as the information repositories established under the installation's Community Relations Plan, a public library, or in the offices of the installation to which the RAB reports, until the RAB ceases to exist.

[71 FR 27617, May 12, 2006; 71 FR 30719, May 30, 2006]

§ 202.10 RAB adjournment and dissolution.

(a) *RAB adjournment.*—(1) *Requirements for RAB adjournment.* An Installation Commander may adjourn a RAB with input from the community when there is no longer a need for a RAB or when community interest in the RAB no longer exists. An Installation Commander may consider adjourning the RAB in the following situations:

(i) A record of decision has been signed for all DERP sites on the installation,

(ii) An installation has achieved response complete at all sites and no further environmental restoration decisions are required,

(iii) An installation has all remedies in place,

(iv) The RAB has achieved the desired end goal as defined in the RAB Operating Procedures,

(v) There is no longer sufficient, sustained community interest, as documented by the installation with RAB community members and community-at-large input, to sustain the RAB. The installation shall continue to monitor for any changes in community interest that could warrant reactivating or re-establishing the RAB, or

(vi) The installation has been transferred out of DoD control and day-to-day responsibility for making restoration response decisions has been assumed by the transferee.

(2) *Adjournment procedures.* If the Installation Commander is considering adjourning the RAB, the Installation Commander shall:

(i) Consult with EPA, state, tribes, RAB members, and the local community, as appropriate, regarding adjourning the RAB and consider all responses before making a final decision.

(ii) Document the rationale for adjournment in a memorandum in a memorandum for inclusion in the Administrative Record, notify the public of the decision through written notice to the RAB members and through publication of a notice in a local newspaper of general circulation, and describe other ongoing public involvement opportunities that are available if the Installation Commander decides to adjourn the RAB.

(b) *RAB dissolution*—(1) *Requirements for RAB dissolution.* An Installation Commander may recommend dissolution of a RAB when a RAB is no longer fulfilling the intended purpose of advising and providing community input to an Installation Commander and decision makers on environmental restoration projects as described in § 202.1(b).

(2) *Dissolution procedures.* If the Installation Commander is considering dissolving the RAB, the Installation Commander shall:

(i) Consult with EPA, state, tribal and local government representatives, as appropriate, regarding dissolving the RAB.

(ii) Notify the RAB community co-chair and members in writing of the intent to dissolve the RAB and the reasons for doing so and provide the RAB members 30 days to respond in writing. The Installation Commander shall consider RAB member responses, and in consultation with EPA, state, tribal and local government representatives, as appropriate, determine the appropriate actions.

(iii) Notify the public of the proposal to dissolve the RAB and provide a 30-day public comment period on the proposal, if the Installation Commander decides to proceed with dissolution. At the conclusion of the public comment period, the Installation Commander will review the public comments, consult with EPA, state, tribal and local government representatives, as appropriate, and, if the Installation Commander still believes dissolution is appropriate, render a recommendation to that effect.

(iv) Send the recommendation, responsiveness summary, and all supporting documentation via the chain-of-command to the Military Component's Environmental Deputy Assistant Secretary (or equivalent) for approval or disapproval. The Military Component's Environmental Deputy Assistant Secretary (or equivalent) shall notify the Office of the Deputy Under Secretary of Defense (Installations & Environment) (or equivalent) of the decision to approve or disapprove the request to dissolve the RAB and the rationale for that decision.

(v) Document the recommendation, responsiveness summary, and the rationale for dissolution in a memorandum for inclusion in the Administrative Record, notify the public of the decision through written notice to the RAB members and through publication of a notice in a local newspaper of general circulation and describe other ongoing public involvement opportunities that are available, once the Military Component's Environmental Deputy Assistant Secretary (or equivalent) makes a final decision.

(c) *Reestablishing an adjourned or dissolved RAB.* An Installation Commander may reestablish an adjourned or dissolved RAB if there is sufficient and sustained community interest in doing so, and there are environmental restoration activities still ongoing at the installation or that may start up again. Where a RAB is adjourned or dissolved and environmental restoration activities continue, the Installation Commander should reassess community interest at least every 24 months. When all environmental restoration decisions have been made and required remedies are in place and are properly operating at an installation, reassessment of the community interest for reestablishing the RAB is not necessary. When additional environmental restoration decisions have to be made resulting from subsequent actions, such as long-term management and five-year reviews, the installation will reassess community interest for reestablishing the RAB. Where the reassessment finds sufficient and sustained community interest at previously adjourned or dissolved RABs, the Installation Commander should reestablish a RAB. Where the reassessment does not find sufficient and sustained community interest in reestablishing the RAB, the Installation Commander shall document in a memorandum for the record the procedures followed in the reassessment and the findings of the reassessment. This document shall be included in the Administrative Record for the installation. If there is interest in reestablishment at a previously dissolved RAB, but the Installation Commander determines that the same conditions exist that required the original dissolution, he or she will request, through the chain-of-command to the Military Component's Deputy Assistant Secretary, an exception to reestablishing the RAB. If those conditions no longer exist at a previously dissolved RAB, and there is sufficient and sustained interest in reestablishment, the Installation Commander should recommend to the Deputy Assistant Secretary that the RAB be reestablished. The Deputy Assistant Secretary will take the Installation Commander's recommendation under advisement and may approve that RAB for reestablishment.

(d) *Public comment.* If the Installation Commander intends to recommend dissolution of a RAB or reestablish a dissolved RAB, the Installation Commander shall notify the public of the proposal to dissolve or reestablish the RAB and provide a 30-day public comment period on the proposal. At the conclusion of the public comment period, the Installation Commander shall review public comments; consult with EPA and state, tribal, or local government representatives, as appropriate; prepare a responsiveness summary; and render a recommendation. The recommendation, responsiveness summary, and all supporting documentation should be sent via the chain-of-command to the Military Component's Environmental Deputy Assistant Secretary (or equivalent) for approval or disapproval. The Installation Commander shall notify the public of the decision.

§ 202.11 Documenting RAB activities.

(a) The installation shall document information on the activities of a RAB in the Information Repository. These activities shall include, but are not limited to:

(1) Installation's efforts to survey community interest in forming a RAB,

(2) Steps taken to establish a RAB where there is sufficient and sustained community interest,

(3) How the RAB relates to the overall community involvement program, and

(4) Steps taken to adjourn, dissolve, or reestablish the RAB.

(b) When RAB input has been used in decision-making, it should be documented as part of the Administrative Record.

[71 FR 27617, May 12, 2006; 71 FR 30719, May 30, 2006]

Subpart C—Administrative Support, Funding, and Reporting Requirements

§ 202.12 Administrative support and eligible expenses.

(a) *Administrative support.* Subject to the availability of funding, the installation shall provide administrative support to establish and operate a RAB.

(b) *Eligible administrative expenses for a RAB.* The following activities specifically and directly associated with establishing and operating a RAB shall qualify as an administrative expense of a RAB:

(1) RAB establishment.

(2) Membership selection.

(3) Training if it is:

(i) Site specific and benefits the establishment and operation of a RAB.

(ii) Relevant to the environmental restoration activities occurring at the installation.

(4) Meeting announcements.

(5) Meeting facilities.

(6) Meeting facilitators, including translators.

(7) Preparation of meeting agenda materials and minutes.

(8) RAB-member mailing list maintenance and RAB materials distribution.

(c) *Funding.* Subject to the availability of funds, administrative support to RABs may be funded as follows:

(1) At active installations, administrative expenses for a RAB shall be paid using funds from the Military Component's Environmental Restoration accounts.

(2) At BRAC installations, administrative expenses for a RAB shall be paid using BRAC funds.

(3) At FUDS, administrative expenses for a RAB shall be paid using funds from the Environmental Restoration account for the Formerly Used Defense Sites program.

§ 202.13 Technical assistance for public participation.

Community members of a RAB or TRC may request technical assistance for interpreting scientific and engineering issues with regard to the nature of environmental hazards at the installation and environmental restoration activities conducted, or proposed to be conducted, at the installation in accordance with 10 U.S.C. 2705(e) and the TAPP regulations located in 32 CFR Part 203.

§ 202.14 Documenting and reporting activities and expenses.

The installation at which a RAB is established shall document the activities and meeting minutes and record the administrative expenses associated with the RAB in the information repository at a publicly accessible location. Installations shall use internal department and Military Component-specific reporting mechanisms to submit required information on RAB activities and expenditures.

PART 203—TECHNICAL ASSISTANCE FOR PUBLIC PARTICIPATION (TAPP) IN DEFENSE ENVIRONMENTAL RESTORATION ACTIVITIES

Sec.

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APPENDIX A TO PART 203—TECHNICAL ASSISTANCE FOR PUBLIC PARTICIPATION APPLICATION REQUEST FORM

AUTHORITY: 10 U.S.C. 2705.

SOURCE: 63 FR 5261, Feb. 2, 1998, unless otherwise noted.

§ 203.1 Authority.

Part 203 is issued under the authority of section 2705 of Title 10, United

States Code. In 1994, Congress authorized the Department of Defense (DoD) to develop a program to facilitate public participation by providing technical assistance to local community members of Restoration Advisory Boards (RABs) and Technical Review Committees (TRCs) (section 326 of the National Defense Authorization Act for Fiscal Year 1995, Pub.L. 103–337). In 1996, Congress revised this authority (section 324 of the National Defense Authorization Act for Fiscal Year 1996, Pub.L. 104–112). It is pursuant to this revised authority, which is codified as new subsection (3) of section 2705, that the Department of Defense issues this part.

§ 203.2 Purpose and availability of referenced material.

(a) This part establishes the Technical Assistance for Public Participation (TAPP) program for the Department of Defense. It sets forth policies and procedures for providing technical assistance to community members of TRCs and RABs established at DoD installations in the United States and its territories. This part sets forth the procedures for the Department of Defense to accept and evaluate TAPP applications, to procure the assistance desired by community members of RABs and TRCs, and to manage the TAPP program. These provisions are applicable to all applicants/recipients of technical assistance as discussed in § 203.4 of this part.

(b) Any reference to documents made in this part necessary to apply for TAPP (e.g., the Office of Management and Budget (OMB) Circulars or DoD forms) are available through the DoD installations, the military department headquarters, or from the Department of Defense, Office of the Deputy Under Secretary of Defense for Environmental Security (DUSD(ES)), 3400 Defense Pentagon, Washington, DC 20301–3400.

§ 203.3 Definitions.

As used in this part, the following terms shall have the meaning set forth:

Affected. Subject to an actual or potential health or environmental threat arising from a release or a threatened release at an installation where the Secretary of Defense is planning or implementing environmental restoration activities including a response action under the Comprehensive Environmental Response Compensation and Liability Act as amended (CERCLA), corrective action under the Resource Conservation and Recovery Act (RCRA), or other such actions under applicable Federal or State environmental restoration laws. This would include actions at active, closing, realigning, and formerly used defense installations. Examples of affected parties include individuals living in areas adjacent to installations whose health is or may be endangered by the release of hazardous substances at the facility.

Applicant. Any group of individuals that files an application for TAPP, limited by this part to community members of the RAB or TRC.

Application. A completed formal written request for TAPP that is submitted to the installation commander or to the identified decision authority designated for the installation. A completed application will include a TAPP project description.

Assistance provider. An individual, group of individuals, or company contracted by the Department of Defense to provide technical assistance under the Technical Assistance for Public Participation program announced in this part.

Assistance provider's project manager. The person legally authorized to obligate the organization executing a TAPP purchase order to the terms and conditions of the DoD's regulations and the contract, and designated by the provider to serve as the principal contact with the Department of Defense.

Community Co-chair. The individual selected by the community members of the RAB/TRC to represent them.

Community member. A member of the RAB or TRC who is also a member of the affected community. For the purpose of this part, community members do not include local, State, or Federal government officials acting in any official capacity.

Community point of contact. The community member of the RAB or TRC designated in the TAPP application as the focal point for communications

with the Department of Defense regarding the TAPP procurement process. The community point of contact is responsible for completing the reporting requirements specified in §203.14 of this part.

Contact. A written agreement between the installation or other instrumentality of the Department of Defense and another party for services or supplies necessary to complete the TAPP project. Contracts include written agreements and subagreements for professional services or supplies necessary to complete the TAPP projects, agreements with consultants, and purchase orders.

Contracting officer. The Federal official designated to manage the contract used to fulfill the TAPP request by the RAB or TRC.

Contractor. Any party (e.g., Technical Assistance Provider) to whom the installation or other instrumentality of the Department of Defense awards a contract. In the context of this part, it is synonymous with assistance provider.

Cost estimate. An estimate of the total funding required for the assistance provider to complete the TAPP project.

DoD Component. The military services including the Army, Navy, Marine Corps, and Air Force and those defense agencies with an environmental restoration program.

DoD Component Deputy Assistant Secretary. The individual in the office of the Secretary of the Army, Navy, Air Force responsible for making environmental decisions for their component or the director of the Defense Agencies.

DoD Installation. A facility that is controlled or operated or otherwise possessed by a department, or agency of the United States Department of Defense within the United States and its territories. In the context of this part, formerly used defense sites (FUDS) are included within the definition of a DoD Installation.

DoD RAB Co-chair. The individual selected by the installation commander, or equivalent, to serve as the installation co-chair of the RAB, represent DoD's interests, serve as liaison with community RAB members, and advocate RAB concerns within the installation staff.

EPA. The United States Environmental Protection Agency.

Firm fixed price contract. A contract wherein funding is fixed, prior to the initiation of a contract, for an agreed upon service or product.

Formerly Used Defense Site (FUDS). A site that has been owned by, leased to, possessed by, or otherwise under the jurisdiction of the Department of Defense. The FUDS program does not apply to those sites outside U.S. jurisdiction.

Purchase order. An offer by the Government to buy supplies or services from a commercial source, upon specified terms and conditions, the total cost of which cannot exceed the small purchase limit of $100,000. Purchase orders are governed by Federal Acquisition Regulations (FAR) (48 CFR part 13), and the Simplified Acquisition Procedures (SAP).

Restoration Advisory Board (RAB). The RAB is a forum for representatives of the Department of Defense, local community, and EPA and/or State, local, and tribal officials to discuss and exchange information about the installation's environmental restoration program. The RAB provides stakeholders an opportunity make their views known, review progress and participate in dialogue with the decision makers.

Statement of Work. That portion of a contract which describes the actual work to be done by means of specifications or minimum requirements, quantities, performance dates, time and place of performance, and quality requirements. It is key to any procurement because it is the basis for the contractor's response and development of proposed costs.

TAPP approval. Signifies that the Department of Defense has approved the eligibility of the proposed TAPP project and will, subject to the availability of funds, undertake an acquisition to obtain the services specified in the TAPP application submitted by the RAB or TRC. The government will conduct the acquisition in accordance with all of the applicable rules and requirements of the FAR and the SAP. Approval does not constitute an agreement to direct an award to a specific source if such an action would be contrary to the FAR.

TAPP project description. A discussion of the assistance requested that includes the elements listed in Section 203.10 of this part. The project description should contain sufficient detail to enable the Department of Defense to determine the nature and eligibility of the project, identify potential providers and estimate costs, and prepare a statement of work to begin the procurement process.

Technical assistance. Those activities specified in § 203.10 of this part that will contribute to the public's ability to provide input to the decision-making process by improving the public's understanding of overall conditions and activities. Technical assistance may include interpreting technical documents; assessing technologies; participating in relative risk evaluations, understanding health implications; and, training.

Technical assistance does not include those activities prohibited under Section 203.11 of this part, such as litigation or underwriting legal actions; political activity; generation of new primary data such as well drilling and testing, including split sampling; reopening final DoD decisions or conducting disputes with the Department of Defense; or epidemiological or health studies, such as blood or urine testing.

Technical Review Committee (TRC). A group comprised of the Department of Defense, EPA, State, and local authorities and a public representative of the community formed to meet the requirements of 10 U.S.C. 2705(c), the Department of Defense Environmental Restoration Program. Primarily functioning to review installation restoration documents, these committees are being expanded and modified at installations where interest or need necessitates the creation of a RAB.

§ 203.4 Major components of the TAPP process.

(a) The Department of Defense will issue purchase orders to technical assistance, facilitation, training, and other public participation assistance providers subject to the purchase limit per order as resources continue to be available. If multiple purchase orders are needed to assist community members of a particular RAB or TRC, the combined sum of these purchase orders cannot exceed $100,000 or, during any one year, the lesser of $25,000 or 1 percent of the installation's total projected environmental restoration cost-to-complete. Note that these limitations refer to the maximum allowable technical assistance funding per RAB/TRC. Resources available within a given year may vary. These limitations apply unless a waiver is granted by the DoD Component Secretary or equivalent for the installation in question. The $100,000 total and $25,000 annual limitations may be waived, as appropriate, to reflect the complexity of response action, the nature and extent of contamination at the installation, the level of activity at the installation, projected total needs as identified by the TAPP recipient, the size and diversity of the affected population, and the ability of the TAPP recipient to identify and raise funds from other sources.

(b) Community members of the RAB/TRC will provide a description of the services requested (TAPP Project Description) and, if desired, the names of one or more proposed technical assistance providers to the DoD RAB Co-Chair, who will ensure the application is submitted to the installation commander or other designated authority and to the appropriate DoD contracting office. Technical assistance providers proposed by the community members of a RAB or TRC at each DoD installation that meets the minimum set of organizational qualifications guidelines provided by the Department of Defense in § 203.12 of this part will be added to the governments list of bidders for the proposed procurement.

§ 203.5 TAPP process.

This section provides an overview of the TAPP process. Specific details referred to in this section can be found in subsequent sections of this part.

(a) *TAPP funding.* Funding for this TAPP program will come from the Environmental Restoration Accounts established for Army, Navy, and Air Force for operational installations. The funding for Defense Agencies' operating installations will be from the Defense-Wide Environmental Restoration Account. Funding will be from the

component's base closure account for transferring or closing installations. Funding for Formerly Used Defense Sites will come from the Environmental Restoration Account established for Formerly Used Defense Sites. After justification of the TAPP proposal, each DoD Component will make funds available from their individual installation's environmental restoration or BRAC accounts, considering a number of factors related to the restoration program at the installation and its impact upon the community. These factors include, but are not limited to:

(1) Closure status.

(2) Budget.

(3) Installation restoration program status.

(4) Presence (or absence) of alternate funding.

(5) Relative risk posed by sites at the installation.

(6) Type of task to be funded.

(7) Community concern.

(8) Available funding.

(b) *Identification of proposed TAPP project.* Eligible applicants of RABs and TRCs, established in § 203.7 of this part, should determine whether a TAPP project is required to assist the community members of the RAB or TRC to interpret information regarding the nature and extent of contamination or the proposed remedial actions. Eligibility requirements for TAPP projects are described in §§ 203.10 and 203.11 of this part. In keeping with the requirements of 10 U.S.C. 2705(e), the RAB or TRC must be able to demonstrate that the technical expertise necessary for the proposed TAPP project is not available through the Federal, State, or local agencies responsible for overseeing environmental restoration at the installation, or that the selection of an independent provider will contribute to environmental restoration activities and the community acceptance of such activities. In addition, the Department of Defense encourages the RAB or TRC to seek other available sources of assistance prior to submitting a request for TAPP in order to preserve limited resources. These sources include DoD's installation restoration contractor, or other DoD contractors or personnel, EPA or state regulatory personnel, volunteer services from local universities or other experts, or assistance from state and local health and environmental organizations.

(c) *TAPP project request.* The RAB or TRC should notify the installation of its intent to pursue TAPP upon the determination that other sources of assistance are unavailable or unlikely to contribute to the community acceptance of environmental restoration activities at the installation and should prepare a formal request specifying the type of assistance required and, if desired, one or more sources for this assistance. Details concerning this request are stated in § 203.9 of this part. The RAB or TRC must certify to the Department of Defense that the TAPP request represents a request by a majority of the community members of the RAB or TRC. The RAB or TRC should ensure that the request meets the eligibility requirements specified in §§ 203.10 and 203.11 of this part. Furthermore, the RAB or TRC may outline additional criteria for the Department of Defense to consider in the selection of a provider (such as knowledge of local environmental conditions or specific technical issues, a prior work history within the study area which has relevant specific circumstances or unique challenges, or other relevant expertise or capabilities), keeping in mind that providers must meet the minimum technical qualifications outlined in § 203.12 of this part. The formal request should be submitted to the installation commander or designated decision authority, either directly, or through the DoD RAB Co-chair. The installation commander, or other designated decision authority, will review the proposed project to determine whether the proposed project conforms to the eligibility requirements. If the installation commander, or other designated authority, fails to approve the project request, the rationale for that decision will be provided to the RAB/TRC in writing.

(d) *Purchase orders.* Upon receipt of a completed TAPP request, the installation will begin the procurement process necessary to obtain the desired services by means of a purchase order

or will forward the request to the contracting authority designated by the DoD Component to act for that installation. The government is required to follow the rules and regulations for purchase orders as outlined in the FAR (48 CFR part 13). As a result, the government cannot direct awards to a specified supplier unless the procurement is under $2,500, and then only if the cost is comparable to other suppliers. For procurements over $2,500 but under $100,000, the acquisition is reserved for small businesses, unless there is a reasonable expectation that small businesses could not provide the best scientific and technological sources consistent with the demands of the proposed acquisition for the best mix of cost, performance, and schedules. Furthermore, the award must be on a competitive basis. In addition to proposing potential providers, the application for technical assistance may indicate specific criteria or qualifications that are deemed necessary by the RAB/TRC for the completion of the project to their satisfaction. This information will be used to assist the Department of Defense in preparing a bidders list. The Department of Defense will solicit bids from those providers meeting the criteria and will select a provider offering the best value to the government. Should the procurement process identify a qualified respondent other than the proposed provider(s) identified by the RAB/TRC or fail to identify any qualified respondents, the RAB/TRC will be consulted prior to the award of a purchase order. If the Department of Defense determines that the TAPP request represents an eligible project for which no funds are available, it will ask the RAB or TRC to specify whether the project should be reconsidered upon the availability of additional funds.

(e) *Reporting requirements.* The applicant must assure that copies of delivered reports are made available to the Department of Defense and must comply with the reporting requirements established in § 203.14 of this part.

§ 203.6 Cost principles.

(a) Non-profit contractors must comply with the cost principles in OMB Circular A–122. Copies of the circular may be obtained from EOP Publications, 725 17th NW, NEOB, Washington, DC 20503.

(b) For-profit contractors and subcontractors must comply with the cost principles in the FAR (48 CFR part 31).

§ 203.7 Eligible applicants.

Eligible applicants are community members of RABs or TRCs. Furthermore, the RABs or TRCs must be comprised of at least three community members to ensure community interests are broadly represented. The applicant must certify that the request represents the wishes of a simple majority of the community members of the RAB or TRC. Certification includes, but is not limited to, the results of a roll call vote of community members of the RAB or TRC documented in the meeting minutes. Other requirements of the application are detailed in § 203.9 of this part.

§ 203.8 Evaluation criteria.

The Department of Defense will begin the TAPP procurement process only after it has determined that all eligibility and responsibility requirements listed in §§ 203.6, 203.7, and 203.9 of this part are met, and after review of the specific provider qualifications as submitted in the narrative section of the application. In addition, the proposed TAPP project must meet the eligibility criteria as specified in §§ 203.10 and 203.11 of this part. Projects that fail to meet those requirements relating to the relevance of the proposed project to the restoration activities at the installation will not be approved.

§ 203.9 Submission of application.

The applicant must submit a TAPP application to begin the TAPP procurement process. The application form is included as appendix A of this part and can be obtained from the DoD installation, the DoD Component headquarters, or directly from the Department of Defense, Office of the Deputy Under Secretary of Defense for Environmental Security, 3400 Defense Pentagon, Washington, D.C. 20301–3400. The applications will not be considered complete until the following data elements have been entered into the form:

(a) Installation.

(b) Source of TAPP request (names of RAB or TRC).
(c) Certification of majority request.
(d) RAB/TRC contact point for TAPP project.
(e) Project title.
(f) Project type (e.g. data interpretation, training, etc.).
(g) Project purpose and description (descriptions, time and locations of products or services desired).
(h) Statement of eligibility of project.
(i) Proposed provider, if known.
(j) Specific qualifications or criteria for provider.

§ 203.10 Eligible activities.

(a) TAPP procurements should be pursued by the RAB or TRC only to the extent that Federal, State, or local agencies responsible for overseeing environmental restoration at the facility do not have the necessary technical expertise for the proposed project, or the proposed technical assistance will contribute to the efficiency, effectiveness, or timeliness of environmental restoration activities at the installation and is likely to contribute to community acceptance of those activities.

(b) TAPP procurements may be used to fund activities that will contribute to the public's ability to provide advice to decision-makers by improving the public's understanding of overall conditions and activities. Categories of eligible activities include the following:

(1) *Interpret technical documents.* The installation restoration program documents each stage of investigation and decision-making with technical reports that summarize data and support cleanup decisions. Technical assistance may be provided to review plans and interpret technical reports for community members of RABs and TRCs. These reports include, but are not limited to:

(i) Installation restoration program site studies, engineering documents, such as site inspections, remedial investigations, feasibility studies, engineering evaluation and cost analyses, and decision documents (including records of decision);

(ii) Risk assessments, including baseline and ecological risk assessments conducted by the installation; and

(iii) Health assessments, such as those conducted by the Agency for Toxic Substances and Disease Registry (ATSDR).

(2) *Assess technologies.* Technical assistance may be provided to help RAB/TRC community members understand the function and implications of those technologies selected to investigate or clean up sites at the installation.

(3) *Participate in relative risk site evaluations.* Technical assistance may be provided to help RAB/TRC community members contribute to the relative risk evaluation process for specific sites.

(4) *Understand health implications.* Technical assistance may be provided to help RAB/TRC community members interpret the potential health implications of cleanup levels or remedial technologies, or to explain the health implications of site contaminants and exposure scenarios.

(5) *Training, where appropriate.* Technical trainers on specific restoration issues may be appropriate in circumstances where RAB/TRC members need supplemental information on installation restoration projects.

§ 203.11 Ineligible activities.

The following activities are ineligible for assistance under the TAPP program:

(a) Litigation or underwriting legal actions, such as paying for attorney fees or paying for a technical assistance provider to assist an attorney in preparing legal action or preparing for and serving as an expert witness at any legal proceeding regarding or affecting the site.

(b) Political activity and lobbying as defined by OMB Circular A–122.

(c) Other activities inconsistent with the cost principles stated in OMB Circular A–122, ''Cost Principles for Non-Profit Organizations.''

(d) Generation of new primary data, such as well drilling and testing, including split sampling.

(e) Reopening final DoD decisions, such as the Records of Decision (see limitations on judicial review of remedial actions under the Comprehensive

Environmental Response, Compensation and Liability Act (CERCLA) Section 113(h)) or conducting disputes with the Department of Defense).

(f) Epidemiological or health studies, such as blood or urine testing.

(g) Community outreach efforts, such as renting a facility and conducting public meetings, or producing and distributing newsletters.

§ 203.12 Technical assistance for public participation provider qualifications.

(a) A technical assistance provider must possess the following credentials:

(1) Demonstrated knowledge of hazardous or toxic waste issues and/or laws.

(2) Academic training in a relevant discipline (e.g., biochemistry, toxicology, environmental sciences, engineering).

(3) Ability to translate technical information into terms understandable to lay persons.

(b) A technical assistance provider should possess the following credentials:

(1) Experience working on hazardous or toxic waste problems.

(2) Experience in making technical presentations.

(3) Demonstrated writing skills.

(4) Previous experience working with affected individuals or community groups or other groups of individuals.

(c) The technical assistance provider's qualifications will vary according to the type of assistance to be provided. Community members of the RAB/TRC may suggest additional provider qualifications as part of the application for technical assistance. These additional qualifications may be used by the Department of Defense to target the most appropriate providers during the procurement process. Examples of such criteria could include prior work in the area, knowledge of local environmental conditions or laws, specific technical capabilities, or other relevant expertise.

§ 203.13 Procurement.

Procurements will be conducted as purchase orders in accordance with the FAR (48 CFR part 13). Under these procedures, procurements not exceeding $100,000 are reserved exclusively for small businesses, and will be conducted as competitive procurements. Procurements below a value of $2,500 are considered ''micro-purchases.'' These procurements do not require the solicitation of bids and may be conducted at the discretion of the contracting officer.

§ 203.14 RAB/TRC reporting requirements.

The community point of contact of the RAB or TRC must submit a report, to be provided to the installation and to DUSD(ES), to enable the Department of Defense to meet DoD reporting requirements to Congress. This report should include a description of the TAPP project, a summary of services and products obtained, and a statement regarding the overall satisfaction of the community member of the RAB or TRC with the quality of service and/or products received.

§ 203.15 Method of payment.

The SAP set forth in FAR (48 CFR part 13) require purchase orders to be conducted on a firm-fixed-price basis, unless otherwise authorized by agency procedures. The Department of Defense anticipates all TAPP awards to be firm-fixed-price procurements.

§ 203.16 Record retention and audits.

The recipient technical assistance providers shall keep and preserve detailed records in connection with the contract reflecting acquisitions, work progress, reports, expenditures and commitments, and indicate the relationship to established costs and schedules.

§ 203.17 Technical assistance provider reporting requirements.

Each technical assistance provider shall submit progress reports, financial status reports, materials prepared for the RAB/TRC, and a final report to the DoD installation for the TAPP project as specified by the specific purchase order agreement. The final report shall document TAPP project activities over the entire period of support and shall describe the achievements with respect to stated TAPP project purposes and objectives.

§ 203.18 Conflict of interest and disclosure requirements.

The Department of Defense shall require each prospective assistance provider on any contract to provide, with its bid or proposal:

(a) Information on its financial and business relationship with the installation, RAB/TRC members, or any/all potentially responsible parties (PRPs) at the site, and with their parent companies, subsidiaries, affiliates, subcontractors, contractors, and current clients or attorneys and agents. This disclosure requirement encompasses past and anticipated financial and business relationships, including services related to any proposed or pending litigation, with such parties.

(b) Certification that, to the best of its knowledge and belief, it has disclosed such information or no such information exists.

(c) A statement that it shall disclose immediately any such information discovered after submission of its bid or after award. The contracting officer shall evaluate such information and shall exclude any prospective contractor if the contracting officer determines the prospective contractor has a potential conflict of interest that is both significant and cannot be avoided or otherwise resolved. If, after award, the contracting officer determines that a conflict of interest exists that is both significant and cannot be avoided or resolved, the contract will be terminated for cause.

(d) Contractors and subcontractors may not be technical assistance providers to community members of RABs/TRCs at an installation where they are performing cleanup activities for the Federal or State government or any other entity.

§ 203.19 Appeals process.

DoD Components will establish an appeals process to settle potential disputes between the Department of Defense and the public regarding certain decisions arising out of the TAPP process. The Department of Defense recognizes that the RAB/TRC may disagree with the findings of the installation commander that a proposed TAPP project is ineligible, either because of the availability of alternate sources of assistance or because the project does not meet the eligibility criteria established in this part. It is in the best interests of the Department of Defense and the community members of RABs and TRCs to anticipate and avoid disputes and to work cooperatively to resolve potential differences of opinion. However, in certain circumstances, the RAB/TRC community members may feel that their needs were not adequately served by the decisions of the Department of Defense. In this instance, the hierarchical structure and chain-of-command within each DoD Component will serve as the avenue for appeal. Appeals will be considered within the chain-of-command, and, in general, will be resolved at the lowest level possible. The highest level of appeal will be at the DoD Component Deputy Assistant Secretary level with authority over the DERP and BRAC environmental programs. Inherently governmental functions, such as the procurement process governed by the FAR, are not subject to appeal.

APPENDIX A TO PART 203—TECHNICAL ASSISTANCE FOR PUBLIC PARTICIPATION REQUEST FORM

APPENDIX A TO PART 203 - Technical Assistance for Public Participartion Request Form

TECHNICAL ASSISTANCE FOR PUBLIC PARTICIPATION (TAPP) APPLICATION	*Form Approved OMB No. 0704-0392 Expires Dec 31, 1999*

The public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0392), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS. RETURN COMPLETED FORM TO INSTALLATION LISTED IN SECTION I, BLOCK 1.

SECTION I - TAPP REQUEST SOURCE IDENTIFICATION DATA	
1. INSTALLATION	
2. SOURCE OF TAPP REQUEST *(Name of Restoration Advisory Board (RAB) or Technical Review Committee (TRC)*	
3. CERTIFICATION OF MAJORITY REQUEST	**4. DATE OF REQUEST** *(YYYYMMDD)*
5. RAB POINT OF CONTACT	
a. NAME *(Last, First, Middle Initial)*	**b. ADDRESS** *(Street, Apt. or Suite Number, City, State, ZIP Code)*
c. TELEPHONE NUMBER *(Include Area Code)*	
SECTION II - TAPP PROJECT DESCRIPTION	
6. PROJECT TITLE	
7. PROJECT TYPE *(Data Interpretation, Training, etc.)*	
8. PROJECT PURPOSE AND DESCRIPTION *(State anticipated goals of project and relate to increased understanding/participation in restoration process at the installation. Include descriptions, locations, and timetables of products or services requested.)*	
9. STATEMENT OF ELIGIBILITY *(Refer to eligibility criteria in S203.10 and S203.11 of TAPP rule. Note other sources that were considered for this support and state reasons why these sources are inadequate.)*	
10. ADDITIONAL QUALIFICATIONS OR CRITERIA TO BE CONSIDERED *(Additional qualifications (beyond those specified in S203.12) a provider should demonstrate to perform the project to the satisfaction of the RAB/TRC. Attach separate statement, if necessary.)*	

SECTION III - INSTALLATION COMMANDER/DESIGNATED DECISION AUTHORITY APPROVAL			
☐ **APPROVED** ☐ **NOT APPROVED**	**11. SIGNATURE**	**12. TITLE**	**13. DATE** *(YYYYMMDD)*

DD FORM 2749, DEC 1997 (EG) PREVIOUS EDITION IS OBSOLETE. Designed using Perform Pro, WHS/DIOR, Dec 97

APPENDIX A TO PART 203 - Technical Assistance for Public Participation Request Form

SECTION IV - PROPOSED PROVIDER DATA			
14. PROPOSED PROVIDER			
a. NAME		b. ADDRESS *(Street, Apt. or Suite Number, City, State, ZIP Code)*	
c. TELEPHONE NUMBER *(Include Area Code)*			
15. PROVIDER QUALIFICATIONS *(Attach separate statement, if necessary. A statement of qualifications from the proposed technical assistance provider will be acceptable.)*			
16. ALTERNATE PROPOSED PROVIDER *(If known. Attach additional pages as required.)*			
a. NAME		b. ADDRESS *(Street, Apt. or Suite Number, City, State, ZIP Code)*	
c. TELEPHONE NUMBER *(Include Area Code)*			
17. ALTERNATE PROVIDER QUALIFICATIONS *(Attach separate statement, if necessary. A statement of qualifications from the proposed technical assistance provider will be acceptable.)*			
SECTION V - CONTRACTING OFFICE APPROVAL			
☐ APPROVED ☐ NOT APPROVED	18. SIGNATURE	19. TITLE	20. DATE *(YYYYMMDD)*

DD FORM 2749 (BACK), DEC 1997

PART 204—USER CHARGES

Sec.

204.1 Reissuance and purpose.
204.2 Applicability.
204.3 Definitions.
204.4 Policy.
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204.6 Charges and fees.
204.7 Collections.
204.8 Legislative proposals.
204.9 Examples of benefits not to be charged under provisions of §204.4(c)(4) of this part.
204.10 Schedule of fees and rates.

AUTHORITY: 31 U.S.C. 483a.

SOURCE: 51 FR 16024, Apr. 23, 1986, unless otherwise noted. Redesignated at 56 FR 64482, Dec. 10, 1991.

§ 204.1 Reissuance and purpose.

This part reissues 32 CFR part 204 and implements the DoD program under 31 U.S.C. 9701, and OMB Circular A–25 for establishing appropriate charges for authorized services provided by DoD organizations.

[51 FR 16024, Apr. 23, 1986. Redesignated and amended at 56 FR 64482, Dec. 10, 1991]

§ 204.2 Applicability.

This part applies to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies (hereafter referred to collectively as ''DoD Components''). None of the provisions in this part should be construed as providing authority for the sale or lease of property, or the rendering of special services. Actions to convey such special benefits must be authorized by separate authority. The user charge policy is applicable except when other statutes or directives specifically direct other practices or procedures.

§ 204.3 Definitions.

Recipient. One who requests or receives the benefits of the service(s) provided.

§ 204.4 Policy.

(a) *General*. It is DoD policy not to compete with available commercial facilities (see 32 CFR part 169a) in providing special services or in the sale or lease of property to private parties and agencies outside the Federal Government. However, when a service or sale is made that conveys special benefits to recipients, above and beyond those accruing to the public at large, a reasonable charge shall be made to each identifiable recipient, except as otherwise authorized by the Secretary of Defense. A special benefit will be considered to accrue, and a charge shall be imposed when the service rendered:

(1) Enables the recipient to obtain more immediate or substantial gain or values (which may or may not be measurable in monetary terms) than those which accrue to the general public; or

(2) Is performed at the request of the recipient and is above and beyond the services regularly received by or available without charge to the general public.

(b) *Costing*. (1) A charge shall be imposed to recover the full cost to the Federal Government of rendering a service or the fair market value of such service, whichever is higher. Fair market value shall be determined in accordance with commercial rates in the local geographical area. In the absence of a known market value, charges shall be made based on recovery of full costs to the Federal Government.

(2) When federally owned resources or property are leased or sold, a fair market value shall be obtained. Fair market value shall be determined by the application of sound business management principles and, so far as practicable and feasible, in accordance with comparable commercial practices. Charges based on fair market value need not be limited to the recovery of costs; they may produce net revenues to the Government.

(c) *Exclusions and exceptions*. (1) The provisions of this part do not apply when other statutes or directives require different practices or procedures such as for:

(i) Morale, welfare, and recreation services to military personnel and civilian employees of the Department of Defense and other services provided in accordance with §204.9.

(ii) Sale or disposal of surplus property under approved programs (See DoD Instruction 7310.1[1]).

(iii) Services furnished the general public relating to, or in furtherance of, the U.S. Armed Forces recruiting program.

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

(iv) Services furnished to representatives of the public information media in the interest of public understanding of the U.S. Armed Forces.

(v) U.S. Armed Forces participation in public events. Charges for such participation are governed by the provisions of 32 CFR part 238.

(vi) Records made available to the public, under the Freedom of Information Act, pursuant to 32 CFR part 286. Charges for such record searches and copies of records are governed by § 286.61.

(vii) Services furnished to non-Federal audio-visual media Charges for such services are governed by the provisions of DoD Instruction 5410.15.[2]

(viii) Government-developed computer programs released to non-Federal customers. Charges for software packages are governed by DoD Instruction 7930.2.[3]

(ix) Pricing of performance by industrial fund activities which shall be in accordance with DoD Directive 7410.4.[4]

(2) Charges may be waived or reduced when:

(i) The recipient of the benefits is engaged in nonprofit activity designed for public safety, health, or welfare.

(ii) Payment of the full fee by a state, local government, or nonprofit group would not be in the interest of the program.

(iii) Furnishing of the service without charge is an appropriate courtesy to a foreign country or international organization, or comparable fees are set on a reciprocal basis with a foreign country.

(iv) The incremental cost of collecting the fees would be an unduly large part of the receipts from the activity.

[51 FR 16024, Apr. 23, 1986. Redesignated and amended at 56 FR 64482, Dec. 10, 1991; 63 FR 33248, June 18, 1998; 63 FR 36992, July 8, 1998]

§ 204.5 Responsibilities.

Head of DoD Components, or designees, shall:

(a) Identify each service or activity covered by this part.

(b) Determine the extent of the special benefit provided.

(c) Determine applicable cost and fair market value.

(d) Establish appropriate charges and collect from recipients of special services.

(e) Grant cost waivers or reductions consistent with guidance in this part.

(f) Recommend to the Comptroller of the Department of Defense necessary additions and revisions to § 204.10.

[51 FR 16024, Apr. 23, 1986. Redesignated and amended at 56 FR 64482, Dec. 10, 1991]

§ 204.6 Charges and fees.

(a) *General.* (1) All charges and fees shall be based on total cost to the U.S. Government or fair market value, whichever is higher. Total cost shall be based on actual cost or replacement cost when property is to be replaced and expense data accumulated in accordance with DoD 7220.9–M.[5] Estimates from the best available records may be used if actual cost or expense data is not available.

(2) Cost accounting systems shall not be established solely for the purpose of determining charges, but the results of existing cost accounting systems shall be used. Total cost shall include all direct and indirect costs (see Chapter 71, DoD 7220.9–M).

(3) Charges and fees established in advance must be projected to the midpoint of the future period. Projected amounts shall be reviewed annually or whenever significant changes in cost or value occur.

(4) Internal management controls (see DoD Directive 5010.38[6] must be established to ensure that charges and fees are developed and adjusted, using current, accurate, and complete data, to provide reimbursement conforming to statutory requirements. Such controls also must ensure compliance with cash management and debt collection policies (see DoD Directive 7045.13[7]).

(b) *Services*—(1) *Basic requirements.* The maximum charge for a special service shall be governed by its total cost or fair market value, whichever is higher, and not by the value of the service, to the recipient. The cost computation shall include the direct and indirect costs to the Government of

[2,3,4] See footnote 1 to § 204.4(c)(1)(ii).

[5,6,7] See footnote 1 to § 204.4(c)(1)(ii).

carrying out the activity. Typically, a service may involve the following:

(i) Civilian salaries or wages, including the full cost of benefits, such as leave, retirement, and medical and life insurance.

(ii) The full cost of military personnel services, including retirement, other personnel support, leave, and permanent change of station factors.

(iii) The cost of materials, supplies, travel expenses, communications, utilities, equipment and property rental, and maintenance of property and equipment.

(iv) Depreciation expense and interest of investment (currently at a 10 percent annual rate) (OMB Circular No. A–94) in DoD-owned, fixed assets.

(v) Other operational, administrative, and accessorial (DoD Instruction 7510.4[8] costs incurred by the activity while establishing standards and regulations and research in support of the service performed, for example.

(2) *Fees and rates.* Fees and rates shall be based on actual costs. The charges for services provided by data processing activities shall be determined by using the costs accumulated pursuant to OMB Circular No. A–121 and Federal Government accounting Pamphlet No. 4 requirements. Fees and rates for recurring services shall be established in advance, when feasible. Recurring services include, but are not limited to, copying, certifying, and researching records, except when those services are excluded or exempted from charges under § 204.4(c) or § 204.9.

(3) *DoD-wide fees and rates.* Section 204.10 provides a schedule of fees and rates for certain services for use throughout the Department of Defense. Recommendations for additions and revisions to the schedule will be made to the Comptroller of the Department of Defense.

(c) *Lease or sale of property.* Charges for lease or sale of property shall be based on a determination of fair market value.

(1) In cases involving the lease or rental of military equipment, when there is no commercial counterpart, fair market value will be based on the computation of an annual rent which will be the sum of the annual depreciation plus interest on investment. The amount of interest on investment is determined by applying the interest rate to the net book value; that is, acquisition cost plus additions less depreciation. The current interest rate in OMB Circular No. A–94 shall be used. Support, if furnished, and applicable general administration expenses will be extra. In determining the value, consideration may be given to the responsibility of the lessee to assume the risk of loss or damage to the property and to hold the Government harmless against claims or liabilities by the lessee or third parties.

(2) In cases involving the sale of property when there is no known fair market value, costs shall be based on the total of the standard price of the item carried in inventory, or the reduced price when so authorized for sale within the Department of Defense and the accessorial and administrative costs computed under DoD Instruction 7510.4.

[51 FR 16024, Apr. 23, 1986. Redesignated and amended at 56 FR 64482, Dec. 10, 1991; 63 FR 33248, June 18, 1998; 63 FR 36992, July 8, 1998]

§ 204.7 Collections.

(a) Collections of charges and fees shall be made in advance of rendering the service, except when preservation of life or property is involved, performance is authorized by law without advance payment, or advance payment is impractical because multiple requests for services are received on a continuing basis from a reliable requester (i.e., consistently prompt payments for services received). When an advance collection exception is approved, an accounts receivable will be established to control collections. The policies in DoD 7220.9–M, DoD Directive 5010.38, and DoD Directive 7045.13 shall be used in accounting, controlling, and managing cash and debt collections.

(1) Collections of fees and charges normally will be deposited to Miscellaneous Receipts of the Treasury unless otherwise authorized by law or regulation.

(2) Collections for utilities and services in connection with the lease of

[8] See footnote 1 to § 204.4(c)(1)(iii).

property will be deposited to the appropriation or fund responsible for financing the operations of the equipment or facility.

§ 204.8 Legislative proposals.

In cases where collections of fees and charges for services or property are limited or restricted by provisions of existing law, the DoD Component(s) concerned will submit appropriate remedial legislative proposals under applicable legislative procedures. (See DoD Instruction 5500.4.[9]

[51 FR 16024, Apr. 23, 1986. Redesignated and amended at 56 FR 64482, Dec. 10, 1991; 63 FR 33248, June 18, 1998; 63 FR 36992, July 8, 1998]

§ 204.9 Examples of benefits not to be charged under provisions of § 204.4(c)(4) of this part.

(a) Services requested by members of the U.S. Armed Forces in their capacity as Service members.

(b) Services requested by members of the U.S. Armed Forces who are in a casualty status, or requested by their next of kin or legal representative, or requested by any source, when it relates to a casualty.

(c) The address of record of a member or former member of the U.S. Armed Forces when the address is available readily through a directory (locator) service, and when the address is requested by a member of the U.S. Armed Forces or by a relative or a legal representative of a member of the U.S. Armed Forces or when the address of record is requested by any source for the purpose of paying monies or forwarding property to a member or former member of the U.S. Armed Forces.

(d) Services requested by or on behalf of a member or former member of the U.S. Armed Forces or, if deceased, his or her next of kin or legal representative that pertain to the following:

(1) Information required to obtain financial benefits regardless of the terms of separation from the Service.

(2) Document showing membership and military record in the Armed Forces if discharge or release was under honorable conditions, except as provided in paragraphs (1) and (2) of this section.

(3) Information relating to a decoration or award or required for memorilization purposes.

(4) Review or change in type of discharge or correction of records.

(5) Personal documents, such as birth certificates, when such documents are required to be furnished by the member.

(e) Services that are furnished free in accordance with statutes or executive orders.

(f) Information from or copies of medical and dental records or X-ray films of patients or former patients of military medical or dental facilities, when such information is required and requests for such data are (1) submitted by an accredited medical facility, physician, or dentist; or (2) requested by the patient, his or her next of kin, or legal representative.

(g) Services involving confirmation of employment, disciplinary or other records, and salaries of active or separated civilian or military personnel, when requested by prospective employers or recognized sources of inquiry for credit or financial purposes.

(h) Services requested by and furnished to a Member of Congress for official use.

(i) Services requested by state, territorial, county, or municipal government, or an agency thereof, that is performing a function related to or furthering of a DoD objective.

(j) Services requested by a court, when the service will serve as a substitute for personal court appearance of a military or civilian employee of the Department of Defense.

(k) Services requested by a nonprofit organization that is performing a function related to or furthering an objective of the Federal Government or that is in the interest of public health and welfare, including education.

(l) Services requested by an individual or corporation that is performing a function related to or furthering an objective of the Federal Government, when the cost of such services would be chargeable to a Federal Government contract or grant held by the individual or corporation.

[9] See footnote 1 to § 204.4(c)(1)(ii).

(m) Services requested by donors with respect to their gifts.

(n) Requests for occasional and incidental services (including requests from residents of foreign countries), that are not requested often, when it is determined administratively that a fee would be inappropriate for the occasional and incidental services.

(o) Requests from Federal employees for the completion of claims for reimbursement under the Federal Employees Health Benefit Act of 1959.

(p) Administrative services provided by reference or reading rooms to inspect public records, excluding copies of records or documents furnished.

(q) Requests for military locator service by financial organizations that are located on DoD installations.

(r) Requests for military locator service by financial organizations that are engaged in the direct deposit program and that are not located on DoD installations. Requests for an address of record shall include the following:

(1) A statement that the financial organization is listed as a direct deposit recipient in the current U.S. Treasury Bureau of Accounts, ''Financial Organizations Directory.''

(2) A statement that the individual, whose address is being requested, has his or her pay forwarded as a direct deposit by a DoD disbursing officer.

(3) The individual's financial organization's account number.

(s) Services rendered in response to requests for classification review of DoD classified records, submitted under Executive Order 12065 and implemented by 32 CFR part 159. Such services consist of the work performed in conducting the classification review or in granting and completing an appeal from a denial of declassification following such review.

(t) Services of a humanitarian nature performed in such emergency situations as life-saving transportation for non-U.S. Armed Forces patients, search and rescue operations, and airlift of personnel and supplies to a disaster site. This does not mean that inter- and intra-Governmental agreements to recover all or part of costs should not be negotiated. Rather, it means the recipient or beneficiary will not be assessed a ''user charge.''

[51 FR 16024, Apr. 23, 1986. Redesignated and amended at 56 FR 64482, Dec. 10, 1991]

§ 204.10 Schedule of fees and rates.

This schedule applies to authorized services related to copying, certifying, and searching records rendered to the public by DoD Components, except when those services are excluded or excepted from charges under subsection D.3. of the basic Instruction, or § 204.9. Except as provided in special cases prescribed below, a minimum fee of $3.50 will be levied for processing any chargeable case. Normally only one copy of any record or document will be provided.

Requests Involving

(a) *Training and education (copies of documents required for other than official purposes):*

	Fee
(1) Transcripts:	
First copy	$3.50
Each additional copy (includes requests for transcripts of graduation from military academies and schools)	.45
(2) Certificates:	
First copy	3.50
Each additional copy (includes all requests for certificates, verification of attendance, and course completion from service schools and other facilities	.45

(b) *Medical and dental records of patients and former patients (when requested for purposes other than further medical treatment).* Covers requests for information from or copies of medical records, including clinical records (inpatient records of military and nonmilitary patients), health records (military outpatient records), outpatient records (non-Military outpatient records), dental records, and loan of x-rays.

(1) Searching and processing (per hour)	$13.25
Minimum charge	8.30
(2) Each typewritten page	3.50
(3) Office copy reproductions (per image)	0.10
(4) Copy or loan of each x-ray	8.50

(c) *Military membership and record (excluding medical and dental records).*

(1) Address of record, each $3.50

(2) Copies of releasable military personnel records (e.g., effectiveness reports for officers and enlisted personnel) reproduced for the personal use of active, retired, and former members, next of kin of missing-in-action or deceased members of the Armed Forces.

Minimum charge (up to six reproduced images)	$3.50
Each additional image	.10
Statement of verification of Service or report of separation for individuals with other than honorable discharges	5.20

(d) *Photography*—(1) *Still pictorial or documentary photographic prints.* Unlisted standard sizes of prints may be furnished, if available, at prevailing contract or activity rates.

	Price per print (quantity)			
	1 to 9	10 to 20	21 to 50	50+
Single weight (RC type) paper:				
8″×10″	$4.50	$3.25	$2.50	$1.75
11″×14″	9.00	7.00	5.00	4.00
16″×20″	19.00	15.00	12.00	9.50
20″×24″	30.00	25.00	20.00	15.00
Single weight color paper:				
8″×10″	11.00	7.50	3.50	3.00
11″×14″	17.00	9.00	6.50	5.50
16″×20″	35.00	25.00	14.00	11.50
35mm color transparency slide made from color negative	5.00	3.50	3.00	3.00
35mm duplicate from 35mm slide	1.00	.60	.50	.45
Print mounted on 16″×20″ cardboard + unit price of print	8.00	.....	.....	.....
Print mounted on 20″×24″ cardboard + unit price of print	12.00	.....	.....	.....
Color transparencies (first); 16.00 each additional:				
8″×10″	20.00	.....	.....	.....
4″×5″	4.50	.....	.....	.....
4″×5″ B&W negative	2.00	.....	.....	.....
70mm color negative	7.50	.....	.....	.....

NOTE: Prices may vary by 20% of these average charges based on local inhouse labor, equipment, and supply (raw stock) costs.

(2) *Motion Picture:*

	Price per foot contact
Color:	
16mm work print (positive work print from an original negative)	$0.20
16mm reversal work print	.20
16mm color master (“A” roll)	.60
16mm duplicate negative (from master positive)	.60
16mm reversal duplicate negative	.85
16mm internegative (from reversal original)	.70
16mm short rolls (under 100 ft) + basic price	.10
16mm tab-to-tab printing + basic price	.20
Black and white:	
16mm work print (negative/positive)	.10
16mm master positive (fine grain)	.25
16mm duplicate negative	.25
16mm short rolls (under 200 ft) + basic price	.10
16mm tab-to-tab printing + basic price	.10

(3) *Miscellaneous:*

Magnetic tape—dub from 16mm film + raw stock	$65.00
Searching (per hour or fraction thereof)	18.00
Minimum charge per film order (including search)	35.00
16mm film to videotape (broadcast quality tape format per hour) + raw stock	275.00
Minimum charge for film to videotape transfer + raw stock	140.00

Aerial photographic print processing prices will be determined by the local DoD-operated lab due to limited availability.

35mm film processing for motion pictures is not done in-house by the DoD. Charges for this type of processing will be at prevailing contract rates on a case-by-case basis.

(e) *Construction and engineering information.* Copies of aerial photograph maps, specifications, permits, charts, blueprints, and other technical engineering documents.

(1) Searching, per hour or fraction thereof (including overhead costs)	$13.25
(2) First print	2.50
(3) Each additional print of same document	0.85

(f) *Copies of medical articles and illustrations.* Standards contained in the basic Instruction will be utilized in computing costs.

(g) *Claims, litigation.* Copies of documents required for other than official purposes. (Includes court-martial records furnishing information from

Report of Claims Investigations; e.g., automobile collision investigations and safety reports.) Requests pertaining to private litigation and to cases in which the United States is a party and where court rules provide for reproduction of records without cost to the Government (if not covered in 2. or 3., above).

(1) Searching and processing (per hour).....$13.25
Minimum charge 8.30

NOTE: Charges for professional search or research will be made in accordance with 10.b., below.

(2) Office copy reproduction (minimum for six pages or less) $3.50
(3) Each additional image 0.10
(4) Certification and validation with seal, each.....5.20

(h) *Publications and forms.* A search and/or processing fees, as described in 10.a., below, will be made for requests requiring extensive time (one hour or more).

(1) *Shelf stock.* (Requesters may be furnished more than one copy of publication or form if it does not deplete stock levels below projected planned usage.)

(i) Minimum fee per request (six pages or less) $3.50

Plus:

(A) Form, per copy .....$.10
(B) Publications, per printed page 02
(C) Microfiche, per fiche 10

(ii) (Examples: Cost of 20 forms, $5.50; cost of a publication with 100 pages, $5.50; cost of microfiche publication consisting of 10 fiches, $4.50)

(2) Office copy reproduction (when shelf stock is not available):

(i) Minimum fee per request (six pages or less) $3.50
(ii) Each additional page 10
(iii) Minimum charge first fiche 8.70
(iv) Each additional fiche 20

(i) *Engineering data (microfilm)*—(1) *Aperture cards.*

(i) Silver duplicate negative, per card $0.75
When keypunched and verified, per card.....85
(ii) Diazo duplicate negative, per card 65
When keypunched and verified, per card.....75
(2) 35mm roll film, per frame.....0.50
(3) 16mm roll film, per frame.....0.45
(4) Paper prints (engineering drawings), each 1.50
(5) Paper reprints of microfilm indices, each 0.10

(j) *General.* Charges for any additional services not specifically provided above, consistent with the provisions of the basic Instruction, will be made by the respective DoD Components at the following rates:

(1) Clerical search and processing, per hour.....$13.25
Minimum charge 8.30
(2) Professional search or researching (To be established at actual hourly rate prior to search. A minimum charge will be established at ½-hourly rates.).....
(3) Minimum charge for office copy reproduction (up to six images).....3.50
(4) Each additional image 0.10
(5) Each typewritten page 3.50
(6) Certification and validation with seal, each.....5.20
(7) Hand-drawn plots and sketches, each hour or fraction thereof.....12.00

[51 FR 16024, Apr. 23, 1986. Redesignated and amended at 56 FR 64482, Dec. 10, 1991]

PART 205—END USE CERTIFICATES (EUCs)

Sec.
205.1 Purpose.
205.2 Applicability.
205.3 Definitions.
205.4 Background and policy.
205.5 Responsibilities.
205.6 Procedures.

AUTHORITY: 10 U.S.C. 131.

SOURCE: 56 FR 64194, Dec. 9, 1991, unless otherwise noted.

§ 205.1 Purpose.

This part:

(a) Supersedes the Deputy Secretary of Defense Memorandum, ''End Use Certificates,'' April 9, 1991.

(b) Establishes policies, assigns responsibilities, and prescribes procedures for signing EUCs on foreign defense items.

§ 205.2 Applicability.

This part applies to the Office of the Secretary of Defense; the Military Departments; the Chairman of the Joint Chiefs of Staff and the Joint Staff; the Unified and Specified Commands; the

Office of the Inspector General, Department of Defense; the Defense Agencies; and the DoD Field Activities (hereafter referred to collectively as ''DoD Components'').

§ 205.3 Definitions.

(a) *End Use Certificate (EUC).* For the purposes of this part, a written agreement in connection with the transfer of military equipment or technical data to the United States that restricts the use or transfer of that item by the United States.

(b) *Use for defense purposes.* Includes direct use by or for the U.S. Government in any part of the world and transfer by means of grant aid, International Military Education and Training (IMET) programs, Foreign Military Sales (FMS), and other security assistance and armaments cooperation authorities.

§ 205.4 Background and policy.

This part is intended to authorize the execution of EUCs when such a certificate is necessary to facilitate purchases of foreign products when the purchase of such products is in the best interest of the United States.

(a) The Military Departments and other DoD Components purchase products produced by allies and friendly countries and participate in cooperative development programs to promote interoperability, standardization, and an expanded procurement base, and to obtain products that best meet U.S. needs at the lowest cost.

(b) U.S. worldwide security responsibilities are extensive and recognition of these special circumstances has resulted in long-time acceptance in international agreements, by allies and friends, of the need for flexibility in the authorized uses or transfer of purchased or co-developed articles and data. In various circumstances, international agreements have recognized that permissible use of an item or data for U.S. ''defense purposes'' as defined in § 205.3(b).

(c) Consistent with paragraphs (a) and (b) of this section, DoD Components may sign EUCs, in accordance with the policy and procedures outlined below. While most EUCs requested by foreign governments use general language, their effects may be divided into three categories, as described in the following paragraphs. Authority to approve their execution is limited as follows:

(1) Category I. Secretaries of the Military Departments and Directors of Defense Agencies may authorize EUCs:

(i) For acquisition of items classified for security purposes by a foreign government.

(ii) For the acquisition of items covered by the nonproliferation agreements to which the United States is a party, such as missile technology, or

(iii) That permit the item to be ''used for defense purposes'' as defined in § 205.3(b), by the United States.

(2) Category II. EUCs that are not Category I or III are Category II. Secretaries of the Military Departments and Directors of Defense Agencies may authorize Category II EUCs only after a determination is made through the coordination procedures set forth in § 205.6(a)(1) that, notwithstanding the use or transfer limitations, the purchase is in the U.S. national interest. The least restrictive provisions possible should be negotiated.

(3) Category III. Secretaries of Military Departments and Directors of Defense Agencies may not authorize the signature of EUCs which limit the right:

(i) For use by or for the U.S. Government in any part of the world, or

(ii) To provide the item to allies engaged together with the United States in armed conflict with a common enemy. Waivers to this prohibition may be granted by the Under Secretary of Defense (Acquisition) (USD(A)). Procedures for requesting such waivers are at § 205.6(a)(1).

§ 205.5 Responsibilities.

(a) The Under Secretary of Defense (Acquisition) shall:

(1) Monitor compliance with this part.

(2) Develop procedures to ensure timely review of Category II and III items with the Under Secretary of Defense for Policy (USD(P)).

(3) Upon obtaining the concurrence of the USD(P), waive the restrictions in § 205.4(c)(3) when purchase of the item is in the national interest.

(4) When requested, and in coordination with the USD(P), assist the Military Departments and Defense Agencies in negotiating the elimination or amelioration of an EUC's restrictive language.

(b) The Under Secretary of Defense for Policy shall:

(1) Consult with the USD(A) on waivers authorized by this part and, if appropriate, coordinate with the Department of State.

(2) When requested, and in coordination with the USD(A), assist the Military Departments and Defense Agencies in negotiating the elimination or amelioration of the EUC's restrictive language.

(3) Develop procedures for coordination and review of EUC's internally and with the Department of State.

(4) Establish, with the concurrence of the USD(A), specific acceptable end use restrictions in addition to those set forth in Category I, which shall be added immediately to Category I and a corresponding administrative change made to § 205.4(c)(1).

(c) The Secretaries of the Military Departments and the Directors of the Defense Agencies shall:

(1) Authorize the execution of Category I and II EUCs in accordance with the procedures outlined in § 205.6. This responsibility may not be delegated by the Directors of Defense Agencies; it may be delegated by Secretaries of the Military Departments to civilian officers of their respective departments appointed by the President with the advice and consent of the Senate. Once EUC execution is authorized, the Director of a Defense Agency, or Military Department civilian official who has been delegated authorization authority may delegate the authority to sign individual EUCs.

(2) Establish procedures to ensure compliance with this part. These procedures should ensure compliance, for the life of the purchased item, with the transfer or use restrictions agreed to in signing an EUC. They should also ensure 21-calendar day notification to USD(A) before authorizing the execution of a Category II EUC.

§ 205.6 Procedures.

(a) Procedures for the three categories of EUCs established in § 205.4(c) are:

(1) Category I. Secretaries of the Military Departments and Directors of Defense Agencies may authorize Category I EUCs.

(2) Category II. Not less than 21 calendar days before authorizing the execution of a Category II EUC, Military Departments and Defense Agencies shall provide notification to the USD(A). The notification will contain a description of the item and the limitations to be imposed by the exporting government. The USD(A) shall coordinate with the USD(P), providing at least 14 days for review. If appropriate, the USD(P) shall coordinate with the Department of State. The USD(A) shall notify the submitting DoD Component of any further action required before final authorization of the EUC; otherwise, concurrence may be assumed after expiration of the 21-day period.

(3) Category III. To acquire an item requiring a Category III EUC, the Secretary of a Military Department or Director of a Defense Agency must request a waiver from the USD(A). Requests for waivers should specify:

(i) Why it is in the interest of the U.S. Government to procure the item.

(ii) The limitations to be imposed by the exporting government and a justification for acceptance of those limitations by the U.S. Government.

(iii) A statement that no satisfactory alternative to the item, considering cost, schedule, or operational requirements, is available from domestic or foreign sources without equivalent limitations.

The USD(A) shall coordinate the waiver with the USD(P), who, if appropriate, shall then coordinate with the Department of State. USD(A) shall notify the submitting DoD Component of the results.

(b) Copies of signed EUCs of all three categories shall be provided promptly to USD(A).

(c) A record of any waivers or modifications of this policy shall be maintained by the USD(A).

PART 206—NATIONAL SECURITY EDUCATION PROGRAM (NSEP) GRANTS TO INSTITUTIONS OF HIGHER EDUCATION

Sec.
206.1 Major characteristics of the NSEP institutional grants program.
206.2 Eligibility.
206.3 Overall program emphasis.
206.4 Proposal development and review.
206.5 Final proposal process.

AUTHORITY: 20 U.S.C. 1141(a).

SOURCE: 71 FR 28267, May 16, 2006, unless otherwise noted.

§ 206.1 Major characteristics of the NSEP institutional grants program.

(a) The Institutional Grants Program provides support in the form of grants to U.S. institutions of higher education. During the 1994–95 and 1995–96 academic years, a program of pilot grants is being initiated with an annual competition for grants held during the spring of each year. Grants to institutions will complement NSEP scholarship and fellowship programs. NSEP encourages the development of programs and curricula which:

(1) Improves the quality and infrastructure of international education;

(2) Addresses issues of national capacity; and

(3) Defines innovative approaches to issues not addressed by NSEP scholarship and fellowship programs.

(b) The NSEP Grants Program is designed to address a number of important objectives critical to the United States:

(1) To equip Americans with an understanding of less commonly taught languages and cultures and enable them to become integrally involved in global issues.

(2) To build a critical base of future leaders in the marketplace and in government service who have cultivated international relationships and worked and studied along-side foreign experts.

(3) To develop a cadre of professionals with more than the traditional knowledge of language and culture who can use this ability to help the U.S. make sound decisions and deal effectively with global issues; and

(4) To enhance institutional capacity and increase the number of faculty who can educate U.S. citizens toward achieving these goals.

(c) Grants will be awarded for initial 1- or 2-year periods. Potential follow-on commitments will be based on a rigorous evaluation and assessment process. Between 15 and 25 awards are expected to be made in the first year ranging from approximately $25,000 to $250,000. These are only estimates and do not bind the NSEP to a specific number of grants or to the amount of the grant.

(d) The following key characteristics will be emphasized in the NSEP Institutional Grants Program:

(1) *Programmatic in emphasis.* The purpose of the grants is to address weaknesses and gaps in programs and curricula. The grants should be used to strengthen the national capacity in international education. While ''operational'' support for already existing centers and projects may be a component of a grant, NSEP emphasizes commitment of its limited resources to projects that establish and improve educational programs available to students and teachers.

(2) *Demand and requirements oriented.* Grants are designed to address national needs. These needs must be clearly articulated and defended in a grant proposal. It must be clear that the following questions are addressed:

(i) Who will benefit from the program funded by the grant?

(ii) What need does the program address?

(iii) How will this program augment the capacity of the Federal Government or of the field of education in areas consistent with the objectives of the NSEP? How does it fit the national requirement?

(3) Cooperation and collaboration among institutions is mandated in order to ensure that a wider cross-section of colleges and universities benefit from a program funded under NSEP. NSEP is committed to providing opportunities to the widest cross-section of the higher education population as is feasible. Cooperation can be in the form of formal consortia arrangements or less formal but equally effective agreements among institutions. Both

vertical (among different types of institutions) and horizontal (among similar institutions across functional areas) integration are encouraged. Outreach to institutions that do not normally benefit from such programs is also strongly favored.

(4) Complementary to other Federal programs such as Title VI of the Higher Education Act. NSEP is designed to address gaps and shortfalls in Higher Education and to build and expand national capacity. NSEP recognizes that base capacity currently exists in some foreign languages and area studies. It also recognizes that funding shortfalls and other factors have contributed to tremendous gaps and weaknesses. Funding for expansion of the international education infrastructure remains limited. Duplication of effort is not affordable. NSEP encourages new initiatives as well as expansion of existing programs to increase supply in cases where the demand cannot be met and encourages efforts that increase demand.

(5) NSEP encourages proposals that address two categories of issues relating to the mission of NSEP:

(i) Programs in specific foreign languages, countries or areas; and/or

(ii) Programs addressing professional, disciplinary and/or interdisciplinary opportunities involving international education.

(6) NSEP views student funding as portable and hopes that universities will develop ways to move students to programs and to provide credit with these programs. NSEP believes that programs need to be developed that are available to a wider cross-section of students. Thus, they need to be ''open'' to students from other institutions. Programs might also be ''transportable'' from one institution to another.

(7) NSEP emphasizes leveraging of funds and cost-sharing in order to maximize the impact of NSEP funding. It encourages institutions to seek other sources of funding to leverage against NSEP funding and to commit institutional resources in support of the program as well. NSEP also emphasizes burden sharing between the institution and the Program. NSEP encourages institutions to demonstrate a commitment to international education and to present a plan for how funding for the proposed program will be achieved over a 3–5 year period so that NSEP can reduce its financial commitment to programs. The funds requested from NSEP should minimize costs allocated to unassigned institutional ''overhead.'' NSEP institutional grants are assumed to be for training programs. Consequently, university/college indirect costs associated with training programs should be used as a general benchmark for determining appropriate overhead rates.

(8) NSEP encourages creativity and is responsive to the needs of higher education to expand the capacity to provide more opportunities for quality international education. We do not suggest that the guidelines presented in the grant solicitation will cover all problems and issues. Quite to the contrary, we encourage careful consideration of issues confronting international education in the U.S. and thoughtful proposals that address these issues, consistent with the overall mission of the NSEP.

§ 206.2 Eligibility.

Any accredited U.S. institution of higher education, as defined by section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)), may apply for and receive a grant. This includes 2- and 4-year colleges and universities, both public and private. Other organizations, associations, and agencies may be included in proposals but may not be direct recipients of a grant. Foreign institutions may also be included in a proposal but may not be direct recipients of a grant. Only U.S. citizens and U.S. institutions may receive funds through a grant awarded by the NSEP.

§ 206.3 Overall program emphasis.

(a) The NSEP grants to institutions program focuses on two broad program areas that reflect the challenges to building the infrastructure for international education in U.S. higher education:

(1) Development and expansion to quality programs in overseas locations.

(i) Programs that offer important opportunities for U.S. students, both undergraduate and graduate, to study in

critical areas under-represented by U.S. students, and

(ii) Development of meaningful competencies in foreign languages and cultures.

(2) Development and implementation of programs and curricula on U.S. campuses that provide more opportunities for study of foreign languages and cultures and the integration of these studies into overall programs of study.

(b) *Addressing the need for improving study abroad infrastructure.* The NSEP encourages the study of foreign cultures and languages typically neglected or under-represented in higher education. In the foreign language field these are generally referred to as less commonly taught languages. In area studies, these are generally defined as non-Western European in focus. An integral part of any student's international education is a quality study abroad experience that includes a significant portion devoted to gaining functional competence in an indigenous language and culture. Unfortunately, there are only limited opportunities to study abroad in many foreign areas. In addition, many programs lack a quality foreign language component as well as significantly experiential components. Historically, more attention has been paid to the development of programs in Western Europe where the student demand has been greater. NSEP hopes to encourage, through institutional grants, the development and/or expansion of infrastructure for study abroad in critical areas of the world where capacity does not currently exist. Programs are encouraged that:

(1) Expand program opportunities in critical countries where limited opportunities currently exist.

(2) Establish program opportunities in critical countries where no opportunities exist.

(3) Enhance meaningful opportunities for foreign language and foreign culture acquisition in conjunction with study abroad.

(4) Create and expand study abroad opportunities for students from diverse disciplines. In all cases, grants to develop study abroad infrastructure must address issues of demand (how to increase demand for study in the proposed countries or regions) and diversity (how to attract a diverse student population to study in the proposed countries or regions). Grants may support start-up of programs or the expansion of a program's capacity to benefit more and/or different student or to improve the quality of study abroad instruction. Proposals can address issues concerning either or both issues. of undergraduate and graduate education.

(c) Addressing the infrastructure for international education in U.S. higher education. While studying abroad is an integral part of becoming more proficient in one's understanding of another culture and in becoming more functionally competent in another language, the NSEP also emphasizes the development and expansion of programs that address serious shortfalls that provide a stronger domestic program base in areas consistent with the NSEP mission. The NSEP encourages grant proposals that address infrastructure issues. While not limited to these areas, programs might address the following issues:

(1) Enhancing foreign language skill acquisition through innovative curriculum development efforts. Such efforts may involve intensive language study designed for different types of students. Less traditional approaches should be considered as well as ways to provide foreign language instruction for the student who may not otherwise have an opportunity to pursue such instruction. Functional competency should be stressed but defined as meaningful for the particular discipline or field.

(2) Expanding opportunities for international education in diverse disciplines and fields and in issues that are cross-area or cross-national in character. Efforts are encouraged that offer opportunities for meaningful international education for those in fields where opportunities are not generally available. There are many fields and disciplines that are rapidly becoming international in scope, yet the educational process does not include a meaningful international component. In many cases this is due to a rigid structure in the field itself that cannot accommodate additional requirements, such as language and culture study.

There are also issues that involve cross-area or cross-national education or are studied in comparative terms. Students in these areas also need quality opportunities in international education.

(3) Provide opportunities for programmatic studies throughout an undergraduate or graduate career. Students frequently study a foreign language or pursue study abroad opportunities as adjuncts to their overall program of study. Innovations in curriculum are needed to more thoroughly integrate aspects of international education into curriculum throughout a student's undergraduate or graduate career. The NSEP encourages institutions to address these overall international education curriculum issues in their proposals.

(4) Provide opportunities to increase demand for study of foreign areas and languages. Efforts to develop educational programs that offer innovative approaches to increasing demand to include a meaningful international component are encouraged. Proposals are encouraged to address issues of diversity: How to attract students who have historically not pursued opportunities involving international education. Diversity includes geographical, racial, ethnic, and gender factors.

(5) Improve faculty credentials in international education. Efforts to create more opportunities for teachers to become competent in foreign cultures and languages are encouraged. While NSEP is a higher education program, it is interested in the potential dynamics of collaborative efforts that recognize the shared responsibility of all educational levels for promoting international education.

(6) Uses of new technologies. During the last decade tremendous advances have been made in the application of new educational technologies. Such technologies have enhanced our capacity to improve instruction, broaden access, and assess student learning. NSEP's objective is not to support large technology oriented projects. However, NSEP encourages efforts that integrate innovative uses of technology emphasizing how proposed programs will have significance beyond a local setting. Proposals that include proposed uses of technology will be required to demonstrate detailed knowledge of the technology, how it is to be developed and applied and how student learning will be impacted.

§ 206.4 Proposal development and review.

The purpose of this section is to explain the NSEP review process. [Note: A number of important approaches to proposal development and review have been adapted from guidelines developed by the Department of Education's Office of Postsecondary Education for its ''Fund for the Improvement of Postsecondary Education (FIPSE)''.] This information if intended to aid institutions in the development of proposals and to provide guidance concerning the criteria that may be used in reviewing and evaluating proposals.

(a) The grants to institutions program will be administered by the National Security Education Program Office (NSEPO). However, the NSEPO will function as an administrative office much in the same manner as the Institute of International Education and the Academy for Educational Development function in administering NSEP scholarship and fellowship programs, respectively. The NSEPO will not review or evaluate proposals. The proposals will be reviewed and evaluated by national screening panels.

(b) The NSEP will use a two-stage review process in order to evaluate a broad range of proposal ideas. In the first stage, applicants will submit a five-page summary (double-spaced) of their proposal. An institution may submit more than one proposal, but each proposal should be submitted and will be evaluated separately and independently.

(c) NSEP expects competition for grants to be intense. By implementing a two-stage process, potential grantees are given an opportunity to present their ideas without creating a paperwork burden on both the proposal authors and the reviewers.

(d) *The preliminary review process.* The review of preliminary proposals will be undertaken by panels of external reviewers, not members of the NSEPO.

Panels of not less than three will be assembled to review preliminary proposals. Panel members will be drawn primarily from faculty and administration in higher education but might also include representatives from the research, business, and government communities. Every effort will be made to ensure balance (geographical, ethnic, gender, institutional type, subject matter) across the entire competition.

(e) Panel members will reflect the nature of the grants program. Each panel will include a recognized expert in a field of international education. Other panelists may include experts in area studies, foreign language education, and other fields and disciplines with an international focus.

(f) Preliminary proposals will be reviewed according to a set of criteria developed in consultation with representatives from higher education, and provided to the panels. The applicant shall, at a minimum, deal with the following issues in the preliminary proposal:

(1) How the proposal addresses issues of national capacity in international education.

(2) What area(s), language(s), and discipline(s) the proposal addresses and the importance of these to U.S. national capacity.

(3) What the applicant is proposing to do.

(4) How the proposal deals with the key characteristics of the NSEP.

(5) Demonstration of thorough knowledge of the state of the art in the particular area of the proposal and how this proposal develops or builds capacity, not duplicates existing capacity.

(g) The applicant must also include a budget estimate. This budget estimate, for the first year of the proposal, must include the following:

(1) A summary of anticipated direct costs including professional salaries, funds for students, travel, materials and supplies, consultants, etc., and how or why these costs are needed.

(2) An estimate of institutional indirect costs. The budget estimate must also indicate whether funding is also being requested for a second year and, if so, an estimate of the amount to be requested.

(h) Panelists will review and rank proposals and forward their recommendations to the NSEPO. NSEPO will review and analyze these recommendations and inform all applicants of decisions.

§ 206.5 Final proposal process.

NSEPO will provide detailed comments on proposals to all applicants who are invited to prepare a final proposal.

(a) Final proposals should be limited to no more than 25 double-spaced pages. Proposals will be reviewed by national panels constructed similarly to those designed to review preliminary proposals. In addition to a field review process, panelists will be assembled in Washington D.C. to discuss and review the independent and competing merits of proposals.

(b) Proposals will be evaluated in two basic categories:

(1) Proposals that address study abroad infrastructure and

(2) Proposals that address domestic infrastructure. Should proposals deal with both of these issues, they will be evaluated in a third category. This grouping of proposals will ensure that all categories of proposals receive funding consideration.

(c) In general, final proposals will be considered on the following selection criteria:

(1) *Importance of the problem.* Each proposal will be evaluated according to the merit of how it addresses issue(s) of national capacity. The proposal must articulate the importance of the problem it addresses, how the proposal addresses issues of national capacity in international education, and how it is consistent with the objectives of the NSEP.

(2) *Importance of proposed foreign language(s), foreign area(s), field(s) or discipline(s).* The proposal will be evaluated according to how well it articulates the need for programs in the proposed areas, languages, fields, or disciplines.

(3) *Identification of need and gaps/shortfalls.* The proposal will be evaluated according to its persuasiveness in identifying where the needs exist and where serious shortfalls exist in the capacity to fill the need. The proposal

should clearly identify why these gaps exist and provide a strong indication of familiarity with the state of the field in the proposal area.

(4) *Cost effectiveness.* Proposals will be evaluated on the basis of ''educational value for the dollar.'' NSEP is interested in funding proposals in areas where other funding is limited or in areas where NSEP funding can significantly augment or complement other sources. NSEP is not interested in replacing funds available from other sources or in duplicating other efforts. Also, NSEP is interested in projects whose dollar levels and long-range budget plans provide for realistic continuation by the grantee institution and adaptation by other institutions. NSEP is interested in proposed approaches to leveraging other funds against the proposed project.

(5) *Evaluation plans.* Proposals will be evaluated on their approach to measuring impact. What impact will the proposed program have on national capacity? How will the proposed program deal with assessing language and foreign cultural competency? In the case of study abroad programs, how will the success and impact of study abroad experiences be assessed. Proposals should not defer the consideration of these issues to a latter stage of the effort. Evaluation and assessment should be an integral part of the entire proposal effort.

(6) *Prospects for wider impact.* Proposals must address national needs and will be evaluated according to how well they are likely to address these needs. What component of the higher education community does the proposal address? How diverse a student population will the proposed program address? What applications to other institutions will be made available, either directly or indirectly, because of the proposed program?

(7) *Capacity and commitment of the applicant.* The proposal will be evaluated according to the evidence provided on the commitment of the institution, and other institutions, to the proposed project. What other institutions are involved and what is their commitment? If there are commitments from foreign institutions, what is the evidence of this commitment? Are their plans for the institution to integrate the efforts of the proposed program into the educational process? What plans are there for eventual self-support? As with many other similar programs, NSEP is particularly interested in the degree to which the institution is willing to bear a reasonable share of the direct and indirect costs of the proposed project.

(d) Applicants should also indicate if they currently receive or are seeking support from other sources. Applicants should indicate why support from NSEP is appropriate, if other sources are also being sought.

PARTS 208–209 [RESERVED]

PART 210—ENFORCEMENT OF STATE TRAFFIC LAWS ON DoD INSTALLATIONS

Sec.
210.1 Purpose.
210.2 Applicability and scope.
210.3 Policy.
210.4 Responsibilities.

AUTHORITY: 63 Stat. 377, as amended, 18 U.S.C. 13; 40 U.S.C. 318a through d., 40 U.S.C. 612.

SOURCE: 46 FR 58306, Dec. 1, 1981, unless otherwise noted.

§ 210.1 Purpose.

This part establishes policies pursuant to the requirements of DoD Directive 6055.4,[1] ''Department of Defense Traffic Safety Program,'' November 7, 1978, and to authority delegated to the Secretary of Defense under Enclosure 1 for the enforcement, on DoD military installations, of those state vehicular and pedestrian traffic laws that cannot be assimilated under U.S.C., Title 18, section 13.

[46 FR 58306, Dec. 1, 1981, as amended at 56 FR 13285, Apr. 1, 1991]

§ 210.2 Applicability and scope.

(a) The provisions of this part apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

Staff, the Unified and Specified Commands, and the Defense Agencies.

(b) The provisions encompass all persons who operate or control a motor vehicle or otherwise use the streets of a military installation over which the United States exercises exclusive or concurrent legislative jurisdiction.

(c) The provisions govern only vehicular and traffic offenses or infractions that cannot be assimilated under 18 U.S.C. 13, thereby precluding application of state laws to traffic offenses committed on military installations.

§ 210.3 Policy.

(a) It is the policy of the Department of Defense that an effective, comprehensive traffic safety program be established and maintained at all military installations as prescribed in DoD Directive 6055.4.[1]

(b) State vehicular and pedestrian traffic laws that are now or may hereafter be in effect shall be expressly adopted and made applicable on military installations to the extent provided by this part. All persons on a military installation shall comply with the vehicular and pedestrian traffic laws of the state in which the installation is located.

(c) Pursuant to the authority established in the Enclosure 1 to DoD Directive 5525.4[2], installation commanders of all DoD installations in the United States and over which the United States has exclusive or concurrent legislative jurisdiction are delegated the authority to establish additional vehicular and pedestrian traffic rules and regulations for their installations. All persons on a military installation shall comply with locally established vehicular and pedestrian traffic rules and regulations.

(d) A person found guilty of violating, on a military installation, any state vehicular or pedestrian traffic law or local installation vehicular or pedestrian traffic rule or regulation made applicable to the installation under the provisions of this part is subject to a fine of not more than $50 or imprisonment for not more than 30 days, or both, for each violation (40 U.S.C. 318c).

[2] See footnote 1 to § 210.1.

(e) A copy of this part shall be posted in an appropriate place on the DoD installation concerned.

[46 FR 58306, Dec. 1, 1981, as amended at 56 FR 13285, Apr. 1, 1991; 56 FR 42939, Aug. 30, 1991]

§ 210.4 Responsibilities.

(a) The Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) shall modify this part as appropriate.

(b) Secretaries of the Military Departments shall comply with this part.

PART 212—PRIVATE ORGANIZATIONS ON DoD INSTALLATIONS

Sec.

212.1 Reissuance and purpose.
212.2 Applicability.
212.3 Definitions.
212.4 Policy.
212.5 Responsibilities.
212.6 Procedures.

AUTHORITY: 5 U.S.C. 301.

SOURCE: 63 FR 32616, June 15, 1998, unless otherwise noted.

§ 212.1 Reissuance and purpose.

This part:

(a) Revises 32 CFR part 212.

(b) Implements policy in DoD Directive 5124.5.[1]

(c) Updates responsibilities and procedures to define and reestablish parameters for private organizations located on DoD installations for their authorization and support.

§ 212.2 Applicability.

This part applies to:

(a) The Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Defense Agencies, and DoD Field Activities (hereafter referred to collectively as the ''DoD Components'').

(b) Private organizations authorized to operate on DoD installations.

[1] Copies may be obtained, if needed, from the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, VA 22161.

§ 212.3 Definitions.

(a) *DoD Installation.* A location, facility, or activity owned, leased, assigned to, controlled, or occupied by a DoD Component.

(b) *Private Organizations.* Self-sustaining and non-Federal entities, incorporated or unincorporated, which are operated on DoD installations with the written consent of the installation commander or higher authority, by individuals acting exclusively outside the scope of any official capacity as officers, employees, or agents of the Federal Government.

§ 212.4 Policy.

It is DoD policy under DoD Directive 5124.5 that procedures be established for the operation of private organizations on DoD installations to prevent the official sanction, endorsement, or support by DoD Components except as in 32 CFR part 84. Private organizations are not entitled to sovereign immunity and privileges accorded to Federal entities and instrumentalities. Private organizations are not Federal entities and are not to be treated as such, in order to avoid conflicts of interest and unauthorized expenditures of appropriated, commissary surcharge, or nonappropriated funds.

§ 212.5 Responsibilities.

(a) The *Assistant Secretary of Defense for Force Management Policy,* under the *Under Secretary of Defense for Personnel and Readiness,* shall be responsible for all policy matters and OSD oversight for the monitoring of private organizations on DoD installations.

(b) The *Heads of the DoD Components* shall implement this part, shall be kept aware of all private organizations located on installations under their jurisdictions, and ensure that periodic reviews of private organizations are conducted to:

(1) Ensure for each such private organization that the membership provisions and purposes on the basis of which the organization was permitted on the installation continue to apply, thereby justifying continuance on the installation. Substantial changes to those conditions shall necessitate further review, documentation, and approval for continued permission to remain on the installation.

(2) Furnish reports to the Assistant Secretary of Defense for Force Management Policy on private organizations covered by this part as required.

§ 212.6 Procedures.

(a) To prevent the appearance of an official sanction or support by the Department of Defense, a private organization covered by this part shall not utilize the following in its title or letterhead:

(1) The name or seal of the Department of Defense or the acronym ''DoD.''

(2) The name, abbreviation, or seal of any DoD Component or instrumentality.

(3) The seal, insignia, or other identifying device of the local installation.

(4) Any other name, abbreviation, seal, logo, insignia, or the like, used by any DOD Component to identify any of its programs, locations, or activities.

(b) Activities of private organizations covered by this part shall not in any way prejudice or discredit the DoD Components or the other Agencies of the Federal Government.

(c) The nature, function, and objectives of a private organization covered by this part shall be delineated in a written constitution, by-laws, charter, articles of agreement, or other authorization documents acceptable to the head of the DoD installation. That documentation shall also include:

(1) Description of membership eligibility in the private organization.

(2) Designation of management responsibilities, to include the accountability for assets, satisfaction of liabilities, disposition of any residual assets on dissolution, and other matters that show responsible financial management.

(3) Documentation indicating an understanding by all members as to whether they are personally liable if the assets are insufficient to discharge all liabilities.

(d) A private organization covered by this part that offers programs or services similar to either appropriated or nonappropriated fund activities on a DoD installation shall not compete

with, but may, when specifically authorized in the approval document, supplement those activities.

(e) Private organizations covered by this part shall be self-sustaining, primarily through dues, contributions, service charges, fees, or special assessment of members. There shall be no financial assistance to a private organization from a nonappropriated fund instrumentality in the form of contributions, repairs, services, dividends, or other donations of money or other assets. Fundraising and membership drives are governed by 32 CFR part 84.

(f) The DoD Components may provide logistical support to private organizations with appropriated Federal Government resources in accordance with 32 CFR part 84. In conformance with DoD Directive 1015.1,[2] nonappropriated fund instrumentalities funds or assets shall not be directly or indirectly transferred to private organizations.

(g) Personal and professional participation in private organizations by DoD employees is governed by 32 CFR part 84.

(h) Neither appropriated fund activities nor nonappropriated fund instrumentalities may assert any claim to the assets, or incur or assume any obligation of any private organization covered by this part except as may arise out of contractual relationships. Property abandoned by a private organization on its disestablishment or departure from the installation, or donated by it to the installation, may be acquired by the DoD installation under the terms of applicable agreements, statutes, and DoD policy.

(i) Adequate insurance, as defined by the Service concerned, shall be secured by the organization to protect against public liability and property damage claims or other legal actions that may arise as a result of activities of the organization or one or more of its members acting in its behalf, or the operation of any equipment, apparatus or device under the control and responsibility of the private organization.

(j) Private organizations shall be responsible for ensuring applicable fire and safety regulations, environmental laws, local, state, and Federal tax codes, and any other applicable statutes and regulations are complied within the operation of the private organization.

(k) Income shall not accrue to individual members except through wages and salaries as employees of the private organization or as award recognition for service rendered to the private organization or military community. The head of a DoD installation concerned may approve the operation of private organizations, such as investment clubs, in which the investment of members' personal funds result in a return on investment directly and solely to the individual members.

(l) No person because of race, color, creed, sex, age, disability or national origin shall be unlawfully denied membership, unlawfully excluded from participation, or otherwise subjected to unlawful discrimination by any private organization on a DoD installation covered by this part. DoD installations will publicly disseminate information on procedures for individuals to follow at the local installation when unlawful discrimination by private organizations is suspected.

(m) Applicable laws on labor standards for employment shall be observed.

(n) This part does not apply to the following organizations, which are governed by DoD Directives and Instructions as referenced:

(1) Scouting organizations operating at U.S. military installations located overseas (DoD Instruction 1015.9).[3]

(2) American National Red Cross (DoD Directive 1330.5).[4]

(3) United Service Organizations, Inc. (DoD Directive 1330.12).[5]

(4) United Seamen's Service (DoD Directive 1330.16).[6]

(5) Financial Institutions on DoD Installations (32 CFR part 231).

(o) Certain unofficial activities may be conducted on DoD installations, but need not be formally authorized because of the limited scope of their activities, membership or funds. Examples are office coffee funds, flower funds, and similar small, informal activities and funds. DoD Components

[2] See footnote to §212.1(b).

[3] See footnote to §212.1(b).
[4] See footnote to §212.1(b).
[5] See footnote to §212.1(b).
[6] See footnote to §212.1(b).

shall establish the basis upon which such informal activities and funds shall operate.

PART 215—EMPLOYMENT OF MILITARY RESOURCES IN THE EVENT OF CIVIL DISTURBANCES

Sec.
215.1 Purpose and scope.
215.2 Applicability.
215.3 Definitions.
215.4 Legal considerations.
215.5 Policies.
215.6 Responsibilities.
215.7 Command relationships.
215.8 Organization and administration.
215.9 Providing military resources to civil authorities.
215.10 Funding.

AUTHORITY: Chapter 15 of title 10 U.S.C. (10 U.S.C. 331 *et seq.*).

SOURCE: 37 FR 3637, Feb. 18, 1972, unless otherwise noted.

§ 215.1 Purpose and scope.

This part establishes uniform Department of Defense policies, assigns responsibilities, and furnishes general guidance for utilizing DoD military and civilian personnel, facilities, equipment or supplies:

(a) In support of civil authorities during civil disturbances within the 50 States, District of Columbia, Commonwealth of Puerto Rico, U.S. possessions and territories, or any political subdivision thereof.

(b) In other related instances where military resources may be used to protect life or Federal property or to prevent disruption of Federal functions.

§ 215.2 Applicability.

This part is applicable to all components of the Department of Defense (the Military Departments, Organization of the Joint Chiefs of Staff, Defense Agencies, and the unified and specified commands) having cognizance over military resources which may be utilized in accordance with the policies set forth herein.

§ 215.3 Definitions.

(a) *Civil disturbances* are group acts of violence and disorders prejudicial to public law and order within the 50 States, District of Columbia, Commonwealth of Puerto Rico, U.S. possessions and territories, or any political subdivision thereof. The term civil disturbance includes all domestic conditions requiring the use of Federal armed forces pursuant to the provisions of chapter 15 of Title 10, United States Code.

(b) *Federal property* is that property which is owned, leased, possessed, or occupied by the Federal Government.

(c) *Military resources* include military and civilian personnel, facilities, equipment, and supplies under the control of a DoD component.

(d) A *Federal function* is any function, operation, or action carried out under the laws of the United States by any department, agency, or instrumentality of the United States or by an officer or employee thereof.

§ 215.4 Legal considerations.

(a) Under the Constitution and laws of the United States, the protection of life and property and the maintenance of public order are primarily the responsibilities of State and local governments, which have the necessary authority to enforce the laws. The Federal Government may assume this responsibility and this authority only in certain limited instances.

(b) Aside from the constitutional limitations of the power of the Federal Government at the local level, there are additional legal limits upon the use of military forces within the United States. The most important of these from a civil disturbance standpoint is the Posse Comitatus Act (18 U.S.C. 1385), which prohibits the use of any part of the Army or the Air Force to execute or enforce the laws, except as authorized by the Constitution or Act of Congress.

(c) The Constitution and Acts of Congress establish six exceptions, generally applicable within the entire territory of the United States, to which the Posse Comitatus Act prohibition does not apply.

(1) The constitutional exceptions are two in number and are based upon the inherent legal right of the U.S. Government—a sovereign national entity under the Federal Constitution—to insure the preservation of public order and the carrying out of governmental

operations within its territorial limits, by force if necessary.

(i) *The emergency authority.* Authorities prompt and vigorous Federal action, including use of military forces, to prevent loss of life or wanton destruction of property and to restore governmental functioning and public order when sudden and unexpected civil disturbances, disasters, or calamities seriously endanger life and property and disrupt normal governmental functions to such an extent that duly constituted local authorities are unable to control the situations.

(ii) *Protection of Federal property and functions.* Authorizes Federal action, including the use of military forces, to protect Federal property and Federal governmental functions when the need for protection exists and duly constituted local authorities are unable or decline to provide adequate protection.

(2) There are four exceptions to the Posse Comitatus Act based on Acts of Congress.

(i) In the cases of each of the first three of those described, paragraphs (c)(2)(i) (*a*), (*b*), and (*c*) of this section, personal Presidential action, including the issuance of a proclamation calling upon insurgents to disperse and retire peaceably within a limited time, is a prerequisite.

(*a*) *10 U.S.C. 331.* Authorizes use of the militia and Armed Forces when a State is unable to control domestic violence, and a request for Federal assistance has been made by the State legislature or governor to the President. Implements Article IV, section 4, of the Constitution.

(*b*) *10 U.S.C. 332.* Authorizes use of the militia and Armed Forces to enforce Federal law when unlawful obstructions or rebellion against the authority of the United States renders ordinary enforcement means unworkable. Implements Article II, section 3, of the Constitution.

(*c*) *10 U.S.C. 333.* Authorizes use of the militia and Armed Forces when domestic violence or conspiracy hinders execution of State or Federal law, and a State cannot or will not protect the constitutional rights of the citizens. Implements Article II, section 3, and the 14th Amendment of the Constitution.

(*d*) *House Joint Resolution 1292, June 6, 1968.*[1] Directs all departments of the Government, upon the request of the Secret Service, to assist that Service in carrying out its statutory duties to protect Government officials and major political candidates from physical harm. Assistance to the Secret Service is governed by DoD Directive 3025.13, ''Employment of Department of Defense Resources in Support of the United States Secret Service,'' July 15, 1968.[2]

(ii) It should be noted that none of the above authorities, in and of itself, provides sufficient legal basis to order members of the Reserve components to active Federal service.

§ 215.5 Policies.

(a) The employment of DoD military resources for assistance to civil authorities in controlling civil disturbances will normally be predicated upon the issuance of a Presidential Executive order or Presidential directive authorizing and directing the Secretary of Defense to provide for the restoration of law and order in a specific State or locality. Exceptions to this condition will be limited to:

(1) Cases of sudden and unexpected emergencies as described in §215.4(c)(1)(i), which require that immediate military action be taken.

(2) Providing military resources to civil authorities as prescribed in §215.9 of this part.

(b) The Attorney General of the United States has been designated to receive and coordinate preliminary requests from States for Federal military assistance authorized by 10 U.S.C. 331 (§215.4(c)(2)(i)(*a*)). Formal requests from States for such aid will be made to the President, who will determine what Federal action will be taken.

(c) The Secretary of the Army is delegated any and all of the authority of the President under chapter 15 of title 10, U.S.C. (§215.4(c)(2)(i) (*a*), (*b*), and (*c*))

[1] Although this resolution has been placed in the Statutes at Large as Public Law 90–331, 82 Stat. 170, it has not been codified; it is set out in the notes to 18 U.S.C. 3056.

[2] Filed as part of original copies available from U.S. Naval Publications and Forms Center, 5801 Tabor Avenue, Philadelphia, PA 19120, Code: 300.

which has been or may be hereafter delegated by the President to the Secretary of Defense.

(d) The Secretary of the Navy and the Secretary of the Air Force are delegated all that authority which has been or may be hereafter delegated by the President to the Secretary of Defense to order to active duty, units and members of the Reserve Components under their respective jurisdictions, except National Guard units and members, for use pursuant to chapter 15 of title 10, U.S.C. (§ 215.4(c)(2)(i) (*a*), (*b*), and (*c*)).

(e) DoD components and their subordinate activities will coordinate with local civil authorities or local military commanders as appropriate, to assure mutual understanding of the policies and procedures to be adhered to in an actual or anticipated civil disturbance situation.

(f) DoD civilian employees generally should not be used to assist civil authorities in connection with civil disturbances, except as provided for in § 215.9(b)(3).

(g) The prepositioning of more than a battalion-sized unit, as authorized in § 215.6(a)(6), will be undertaken only with the approval of the President. Requests for the prepositioning of forces will be addressed to the Attorney General.

§ 215.6 Responsibilities.

(a) The Secretary of the Army is designated as the Executive Agent for the Department of Defense in all matters pertaining to the planning for, and the deployment and employment of military resources in the event of civil disturbances. As DoD Executive Agent, the Secretary of the Army (or the Under Secretary of the Army, as his designee) is responsible for:

(1) Providing policy and direction concerning plans, procedures, and requirements to all DoD components having cognizance over military resources which may be employed under the provisions of this part.

(2) Improving and evaluating the capabilities of the National Guard to deal with civil disturbances.

(3) Establishing DoD policies and procedures for:

(i) Calling the National Guard to active Federal service and ordering the National Guard and other Reserve components to active duty; and

(ii) The employment of such forces that may be required to carry out the purposes of this part.

(4) Calling to active Federal service:

(i) The Army National Guard units or members required to carry out the provisions of the Presidential Executive order or other appropriate authority.

(ii) The Air National Guard units or members required to carry out the provisions of the Presidential Executive order or other appropriate authority, subject to the provisions of paragraph (c)(1)(i) of this section.

(5) Providing military resources of the U.S. Army, consistent with defense priorities to include:

(i) The military resources of the Army National Guard called to active Federal service under the provisions of paragraph (a)(4)(i) of this section.

(ii) The military resources of the Army Reserve (other than Army National Guard) ordered to active duty to carry out the purposes of this part.

(6) Exercising through designated military commanders the direction of military resources committed or assigned for employment in the event of actual or potential civil disturbances. When circumstances warrant, such direction will include:

(i) Alerting, and, if necessary, prepositioning predesignated ground forces; and

(ii) Directing the Secretary of the Air Force to alert and provide the necessary airlift resources (see § 215.5(g)).

(7) Devising command, control, and communications arrangements to insure effective coordination and responsiveness among Defense agencies, military departments, the Joint Chiefs of Staff, and Commanders-in-Chief (CINCs) of unified and specified commands, under conditions of prepositioning, deployment, or employment of military resources. Maximum utilization will be made of existing reports of the Joint Reporting Structure

(JRS), as prescribed in JCS Pub 6.[3] Arrangements and reports affecting commanders of unified and specified commands will be coordinated with the JCS.

(8) Promulgating in implementation of DoD Directive 5200.27, ''Acquisition of Information Concerning Persons and Organizations not Affiliated with the Department of Defense,'' March 1, 1971,[1] strict policy guidelines designed to restrict to the maximum extent consistent with the effective conduct of actual civil disturbance operations the collection and maintenance of intelligence data in support of military civil disturbance planning and operations within the Department of Defense.

(9) Keeping the Secretary of Defense informed of unusual military resource requirements (actual or potential) and other significant developments in connection with civil disturbance planning and operations.

(10) Establishing procedures for the review and coordination of all DoD components' directives, instructions, and plans affecting civil disturbance planning and operations to assure conformity with DoD policies stated herein and DoD Executive Agent policies.

(11) Providing for the establishment of a DoD Civil Disturbance Steering Committee and a Directorate of Military Support (see §215.8).

(12) Providing the necessary facilities, equipment, and personnel as required by the Assistant Secretary of Defense (Public Affairs) in the accomplishment of his public affairs responsibilities set forth in paragraph (f) of this section.

(13) Within the restrictions established by DoD Directive 5200.27, ''Acquisition of Information Concerning Persons and Organizations not Affiliated with the Department of Defense,'' March 1, 1971,[1] and the implementing guidelines referred to in paragraph (a)(8) of this section, providing essential planning, operational, and intelligence data to the National Military Command Center (NMCC) and the military service command centers on a timely basis to insure that the National Command Authorities and appropriate military service command authorities are adequately informed.

(b) The Joint Chiefs of Staff are responsible for:

(1) Establishing procedures that will promptly transfer military resources that are assigned to unified and specified commands (i) to the military departments for civil disturbance operations in the Continental United States (CONUS) or (ii) to unified commands for such operations outside the CONUS, as directed by the DoD Executive Agent and consistent with defense priorities.

(2) Maintaining an appropriate strategic reserve for worldwide employment and contingency operations.

(3) Insuring that directives concerning civil disturbances are issued to the commanders of unified commands, for the employment of military resources outside the CONUS, in accordance with direction and guidance provided by the DoD Executive Agent.

(c) The Secretary of the Air Force is responsible for:

(1) Providing military resources of the U.S. Air Force, as required by the DoD Executive Agent and consistent with defense priorities, to include:

(i) Designating and providing the specific units or members of the Air National Guard to be called to active Federal service under the provisions of paragraph (a)(4)(ii) of this section.

(ii) Designating and providing the military resources of the Air Force Reserve (other than Air National Guard) order to active duty to carry out the purposes of this part.

(2) Exercising for the DoD Executive Agent, through designated military commanders, coordinating authority over and direction of DoD provided military and commercial obligated airlift resources used to fulfill civil disturbance airlift requirements.

(3) Providing airlift to deploy and redeploy civil disturbance forces and for supply, resupply, and aeromedical evacuation.

(d) The Secretary of the Navy is responsible for:

(1) Designating and providing military resources of the U.S. Navy and the

[3] Not available to the public. Copies have been distributed to appropriate military commanders.

[1] See footnote 1 to §215.4(c)(2)(i)(*d*).

U.S. Marine Corps, as required by the DoD Executive Agent and consistent with defense priorities, to include ordering to active duty and utilizing the resources of the Naval Reserve and the Marine Corps Reserve required to carry out the purposes of this directive.

(2) Insuring that Navy and Marine forces committed in connection with civil disturbances are trained and equipped in accordance with criteria established by the DoD Executive Agent.

(3) Making airlift resources available to the Secretary of the Air Force, consistent with defense priorities, as requested by him in the accomplishment of his airlift responsibilities set forth in paragraph (c) of this section.

(e) The Defense agencies are responsible for providing military resources as required, and advice and assistance on matters within their spheres of responsibility, to the DoD Executive Agent and to the Secretaries of the military departments and to the Joint Chiefs of Staff in the discharge of their responsibilities.

(f) The Assistant Secretary of Defense (Public Affairs) is responsible for all DoD public affairs matters related to civil disturbances. To assure efficiency and responsiveness in keeping the public fully informed, he will:

(1) Provide direction and guidance to the DoD Executive Agent on all aspects of public release of information relating to civil disturbances.

(2) Assign Public Affairs representatives, of appropriate rank, to the Directorate of Military Support during civil disturbance operations.

(3) Designate as required onsite DoD Public Affairs Chiefs who will furnish appropriate advice and guidance to task force commanders and, upon request or by direction of appropriate authorities, to other representatives of the Federal Government. The onsite Public Affairs Chief is responsible for releasing all military information to the public in the affected area(s). He will be responsible for such other public affairs functions as directed by competent authority. In the event of a disagreement concerning the releasing of military information to the public between a task force commander and the onsite Public Affairs Chief, the issue will be resolved by the ASD(PA) who will coordinate with the DoD Executive Agent to the extent feasible.

§ 215.7 Command relationships.

(a) In the event of civil disturbances within the CONUS:

(1) Military resources of the unified or specified commands will be transferred by the JCS to their respective military departments, when directed by the DoD Executive Agent. (Such resources will revert to the unified or specified commands when directed by the DoD Executive Agent.)

(2) The DoD Executive Agent is delegated the authority to exercise, through the Chief of Staff, U.S. Army, the direction of those forces assigned or committed to him by the military departments.

(b) In the event of civil disturbances outside of CONUS, the DoD Executive Agent is delegated the authority to exercise the direction of those forces assigned or committed to the commanders of unified or specified commands through the Chief of Staff, U.S. Army, and Task Force Commanders designated by JCS.

(c) At objective areas, designated task force commanders will exercise operational control over all military forces assigned for employment in the event of civil disturbances.

§ 215.8 Organization and administration.

(a) A DoD Civil Disturbance Steering Committee will be established to provide advice and assistance to the DoD Executive Agent concerning civil disturbance matters. The Committee Chairman will be the Under Secretary of the Army. Members will include:

Deputy Attorney General of the United States.
Assistant Secretaries of Defense (Comptroller) and (Public Affairs).
General Counsel of the DoD.
Under Secretaries of the Navy and Air Force.
Vice Chiefs of Staff of the Army and Air Force.
Vice Chief of Naval Operations and Assistant Commandant of the Marine Corps.
Representative of the JCS.

(b) A Directorate of Military Support (DOM's) will be established by the DoD Executive Agent with a joint service

staff under the Chief of Staff, U.S. Army. The Department of the Army will provide the Director and the Department of the Air Force will provide the Deputy Director. The DOMs will plan, coordinate, and direct civil disturbance operations.

§ 215.9 Providing military resources to civil authorities.

This section provides general guidance for the handling of requests for DoD facilities, personnel, equipment, or supplies, received from officials of the 50 States, District of Columbia, Commonwealth of Puerto Rico, U.S. possessions and territories, or any political subdivision thereof, for use in connection with civil disturbances.

(a) *Loan policy*. Civil authorities, National Guard, and Federal agencies will be encouraged to provide sufficient resources of their own, so as to minimize the need to rely on DoD assistance.

(1) *Classification of resources*. Military resources will be classified into three groups, as follows:

(i) *Group One*. Personnel, arms, ammunition, tank-automotive equipment, and aircraft.

(ii) *Group Two*. Riot control agents, concertina wire, and other like military equipment to be employed in control of civil disturbances which is not included in Group One.

(iii) *Group Three*. Firefighting resources (to include operating personnel); equipment of a protective nature (such as masks, helmets, body armor vests) and other equipment not included in Group One or Two (such as clothing, communications equipment, searchlights); and the use of DoD facilities.

(2) Requests for personnel to be used in a direct law enforcement role are not within the purview of this part and must be made by the legislature or governor of a State in accordance with 10 U.S.C. 331. Pursuant to the Posse Comitatus Act, DoD operating personnel employed in connection with loaned equipment may not be used in a direct law enforcement role.

(3) Repair parts and POL items are classified according to the group of the equipment for which the parts or POL are intended.

(b) *Approval of requests*. (1) Requests for Group One military resources may be granted only with the personal approval of the DoD Executive Agent or, when designated by him for that purpose, the Under Secretary of the Army.

(2) Requests for Group Two military resources may be granted only with the personal approval of the DoD Executive Agent, or the following individuals when designated by him for that purpose:

(i) The Under Secretary of the Army;

(ii) The Director and Deputy Director of Military Support; or

(iii) A Task Force Commander employed at an objective area during a civil disturbance.

(3) Requests for Group Three resources may be granted by Secretaries of the military departments, CINCs of unified and specified commands outside CONUS; or commanders of military installations or organizations who have been delegated such authority by the appropriate Service Secretary or CINC.

(i) Installation commanders are authorized to provide emergency explosive ordnance disposal service in accordance with applicable regulations of respective military departments.

(ii) The Director, Defense Supply Agency, is authorized to approve requests from subordinate agencies for firefighting assistance in connection with civil disturbances. Where installation fire departments have mutual aid agreements with nearby civil communities, the installation commander is authorized to provide emergency civilian or mixed civilian/military firefighting assistance. In the absence of a mutual aid agreement and when it is in the best interest of the United States, a commander with Group Three approval authority is authorized to provide emergency civilian or mixed civilian/military assistance in extinguishing fires and in preserving life or property from fire, within the vicinity of an installation. In either case, civilian firefighters may be used provided:

(*a*) In civil disturbance situations where there is significant danger of physical harm to firefighters, the civilian employees volunteer for the assignment. (DoD civilian employees acting in this volunteer capacity are acting as Federal employees.)

(*b*) Firefighting equipment will not be used for riot control.

(*c*) Civil authorities recognize that prior to the commitment of Federal forces to assist in restoring law and order, the protection of firefighting crews and equipment is the responsibility, in ascending order, of municipal, county, and State officials. Failure on the part of such authorities to recognize this responsibility and/or to provide adequate protection will be grounds for refusal to commit installation resources or for withdrawal of resources already committed.

(4) Requests for Groups One, Two, or Three resources, and for renewal of outstanding loans, may be denied at any level in the chain of command down to and including commanders delegated Group Three approval authority.

(c) *Processing of requests.* (1) All requests will be promptly submitted through channels to the appropriate approving authorities using the format established by the DoD Executive Agent.

(2) Requests will be forwarded and processed in keeping with the degree of urgency dictated by the situation.

(3) Requests received by personnel of Defense agencies will be referred to local military commanders for processing, except that DSA subordinate agencies will forward requests for firefighting assistance to DSA.

(4) Request from civil law enforcement agencies for training assistance related to the control of civil disturbances will not be approved at the local level. Such requests should be referred to the nearest U.S. attorney, Department of Justice.

(d) *Reporting of requests.* (1) Reports of all requests for military resources (approved, denied, or pending) will be prepared by all appropriate approving authorities, using the format established by the DoD Executive Agent, and forwarded through channels as follows:

(i) To the military department headquarters, in the case of requests received in the CONUS by the four Services.

(ii) To the DoD Executive Agent, in the case of requests for firefighting assistance received by the Defense Supply Agency.

(iii) To the JCS, in the case of requests received by organizations or installations over which the commanders of the unified and specified commands exercise command authority.

(2) Reports received by the military department headquarters and JCS will be transmitted to the DoD Executive Agent, who, in turn, will transmit information copies of all approved requests for Groups One and Two military resources to the General Counsel of the DoD and the Deputy Attorney General of the United States.

(3) In addition, a weekly summary report of all requests will be compiled by the DoD Executive Agent, showing action taken (approved, denied, or pending) and submitted to the General Counsel of the DoD, the Assistant Secretary of Defense (Installations and Logistics), and the Deputy Attorney General of the United States. Negative summary reports are required.

(4) The reporting requirements prescribed herein are assigned Report Control Symbol DD-A(AR)1112.

§ 215.10 Funding.

(a) Reporting requirements to provide for financing costs associated with civil disturbance operations, to include reimbursement of military department expenditures, will be in accordance with DoD Instruction 7200.9, ''Financing and Reporting Costs of Military Resources Used in Civil Disturbances,'' January 26, 1970,[4] and DoD Executive Agent implementing instructions.

(b) Military assistance (Groups One, Two, and Three military resources) provided to civil authorities, under the provisions of §215.9, will be on a reimbursable or reclaimable basis as appropriate.

PART 216—MILITARY RECRUITING AND RESERVE OFFICER TRAINING CORPS PROGRAM ACCESS TO INSTITUTIONS OF HIGHER EDUCATION

Sec.
216.1 Purpose.

[4] Although this resolution has been placed in the Statutes at Large as Pub. L. 90–331, 82 Stat. 170, it has not been codified; it is set out in the notes to 18 U.S.C. 3056.

216.2 Applicability.
216.3 Definitions.
216.4 Policy.
216.5 Responsibilities.
216.6 Information requirements.
APPENDIX A OF PART 216—MILITARY RECRUITING SAMPLE LETTER OF INQUIRY
APPENDIX B OF PART 216—ROTC SAMPLE LETTER OF INQUIRY.

AUTHORITY: 10 U.S.C. 983.

SOURCE: 71 FR 31082, June 1, 2006, unless otherwise noted.

§ 216.1 Purpose.

This part:

(a) Implements the National Defense authorization Act of 1995 (108 Stat. 2663),

(b) Implements 10 U.S.C. 983, and

(c) Implements the Omnibus Consolidated Appropriations Act, 1997 (110 Stat. 3009).

(d) Updates policy and responsibilities relating to the management of covered schools that have a policy of either denying, or effectively preventing military recruiting personnel entry to their campuses, access to their students, or access to student recruiting information.

(e) Updates policy and responsibilities relating to the management of covered schools that have an anti-ROTC policy.

§ 216.2 Applicability.

This part applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as ''the DoD components''). The policies herein also affect the Departments of Transportation, Labor, Health and Human Services, Education, and Related Agencies. The term ''Military Services,'' as used herein, refers to the army, the Navy, the Marine Corps, the Air Force, and the Coast Guard, including their Reserve or National Guard components. The term ''Related Agencies,'' as used herein, refers to the Armed Forces Retirement Home, the Corporation for National and Community Service, the Corporation for Public Broadcasting, the Federal Mediation and Conciliation Service, the Federal Mine Safety and Health Review Commission, the National Commission on Libraries and Information Science, the National Council on Disability, the National Education Goals Panel, the National Labor Relations Board, the National Mediation Board, the Occupational Safety and Health Review Commission, the Physician Payment Review Commission, the Prospective payment Assessment Commission, the Social Security Administration, the Railroad Retirement Board and the United States Institute of Peace.

§ 216.3 Definitions.

(a) *Anti-ROTC policy*. A policy or practice whereby a covered school prohibits or in effect prevents the Secretary of Defense from maintaining, establishing, or efficiently operating a unit of the Senior ROTC at the covered school, or prohibits or in effect prevents a student at the covered school from enrolling in a Senior ROTC unit at another institution of higher education.

(b) *Covered school*. An institution of higher education, or a subelement of an institution of higher education, subject to the following clarifications:

(1) In the event of a determination (§ 216.5) affecting only a subelement of a parent institution (see § 216.3(d)), the limitations on the use of funds (§ 216.4(a) and (b)) shall apply only to the subelement and not to the parent institution as a whole.

(2) The limitations on the use of funds (§ 216.4(a) and (b)) shall not apply to any individual institution of higher education that is part of a single university system if that individual institution does not preventy entry to campus, access to students, or access to student recruiting information by military recruiters, or have an anti-ROTC policy, even though another campus of the same system is affected by a determination under § 216.5(a).

(c) *Student recruiting information*. For those currently enrolled, the student's name, address, telephone listing, age (or year of birth), level of education (e.g., freshman, sophomore, or degree awarded for a recent graduate), and major.

(d) *Institution of higher education*. A domestic college, university, or other

institution (or subelement thereof) providing postsecondary school courses of study, including foreign campuses of such domestic institutions. The term includes junior colleges, community colleges, and institutions providing courses leading to undergraduate and post-graduate degrees. The term does not include entities that operate exclusively outside the United States, its territories, and possessions. A subelement of an institution of higher education is a discrete (although not necessarily autonomous) organizational entity that may establish policies or practices affecting military recruiting and related actions (e.g., an undergraduate school, a law school, a medical school, or other graduate schools). For example, the School of Law of XYZ University is a subelement of its parent institution (XYZ University).

(e) *Student.* An individual who is 17 years of age or older and is enrolled at a covered school.

(f) *Enrolled.* Registered for a least one credit hour of academic credit at the covered school during the most-recent, current, or next term.

(g) *Military recruiters.* Personnel of DoD whose current assignment or detail is to a recruiting activity of the DoD.

(h) *Pacifism.* Opposition to war or violence, demonstrated by refusal to participate in military service.

§ 216.4 Policy.

It is policy that:

(a) Under 108 Stat. 2663 and 110 Stat. 3009, no funds available under appropriations acts for any fiscal year for the Departments of Defense, Transportation (with respect to military recruiting), Labor, Health and Human and Human Services, Education, and Related Agencies may be provided by contract or by grant (including a grant of funds to be available for student aid) to a covered school if the Secretary of Defense determines that the covered school has a policy or practice (regardless of when implemented) that either prohibits or in effect prevents the Secretary of Defense from obtaining, for military recruiting purposes, entry to campuses, access to students on campuses, or access to directory information on students (student recruiting information).

(b) Under 110 Stat. 3009, no funds available under appropriations acts for any fiscal year for the Departments of Labor, Health and Human Services, Education, and Related Agencies may be provided by contract or grant (including a grant of funds to be available for student aid) to a covered school that has an anti-ROTC policy or practice (regardless of when implemented). Additionally, under 10 U.S.C. 983, no funds appropriated or otherwise available to the Department of Defense may be made obligated by contract or by grant to a covered school that has such a policy or practice.

(c) The limitations established in paragraph (a) of this section, shall not apply to a covered school if the Secretary of Defense determines that the covered school:

(1) Has ceased the policies or practices defined in paragraph (a) of this section;

(2) Has a long-standing policy of pacifism based on historical religious affiliation;

(3) When not providing requested access to campuses or to students on campus, certifies that all employers are similarly excluded from recruiting on the premises of the covered school, or presents evidence that the degree of access by military recruiters is at least equal in quality and scope to that afforded to other employers;

(4) When not providing any student recruiting information, certifies that such information is not maintained by the covered school; or that such information already has been provided to the Military Service concerned for that current semester, trimester, quarter, or other academic term, or within the past four months (for institutions without academic terms);

(5) When not providing student recruiting information for specific students, certifies that each student concerned has formally requested the covered school to withhold this information from third parties;

(6) Permits employers to recruit on the premises of the covered school only in response to an expression of student interest, and the covered school;

(i) Provides the Military Services with the same opportunities to inform the students of military recruiting activities as are available to other employers; or

(ii) Certifies that too few students have expressed an interest to warrant accommodating military recruiters, applying the same criteria that are applicable to other employers; or

(7) Is prohibited by the law of any State, or by the order of any State court, from allowing Federal military recruiting on campus. Such exemption does not apply to funds available to the Department of Defense, in accordance with 108 Stat. 2663.

Note to paragraph (c)(7): This exemption terminated effective March 29, 1998, in accordance with 110 Stat. 3009.

(d) The limitations established in paragraph (b) of this section, shall not apply to a covered school if the Secretary of Defense determines that the covered school:

(1) Has ceased the policies or practices defined in paragraph (b) of this section;

(2) Has a long-standing policy of pacifism based on historical religious affiliation;

(3) Is prohibited by the law of any State, or by the order of any State court, from allowing Senior Reserve Officer Training Corps activities on campus. Such exemption does not apply to funds available to the Department of Defense, in accordance with 10 U.S.C. 983.

Note to paragraph (d)(3): This exemption terminated effective March 29, 1998, in accordance with 110 Stat. 3009.

(e) A covered school may charge for actual costs incurred in providing military recruiters access to student recruiting information, provided such charges are reasonable and customary; in this case, the school must explain to the military recruiter, within 15 days of a request by the recruiter, its method for determining costs, and its basis for concluding that such charges are reasonable and customary.

(f) An evaluation to determine whether a covered school maintains a policy or practice covered by paragraph (d) of this section shall be undertaken when:

(1) Military recruiting personnel cannot gain entry to campus, cannot obtain access to students on campus, or are denied access to student recruiting information (however, military recruiting personnel shall accommodate a covered school's reasonable preferences as to times and places for scheduling on-campus recruiting, to the same extent such preferences are applicable to employers, generally);

(2) The costs being charged by the school for providing student recruiting information are believed by the military recruiter to be excessive, and the school does not provide information sufficient to support a conclusion that such charges are reasonable and customary; or

(3) The covered school is unwilling to declare in writing, in response to an inquiry from a DoD component, that the covered school does not have a policy or practice of denying, and that it does not effectively prevent, the Secretary of Defense from obtaining for military recruiting purposes entry to campuses, access to students on campus, or access to student recruiting information.

(g) An evaluation to determine whether a covered school has an anti-ROTC policy covered by paragraph (b) of this section shall be undertaken when:

(1) A Secretary of a Military Department of designee cannot obtain permission to establish, maintain, or efficiently operate a unit of the Senior ROTC; or

(2) Absent a Senior ROTC unit at the covered school, students cannot obtain permission from a covered school to participate, or are effectively prevented from participating, in a unit of the Senior ROTC at another institution of higher education.

§ 216.5 Responsibilities.

(a) The Assistant Secretary of Defense for Force Management Policy, under the Under Secretary of Defense for Personnel and Readiness, shall:

(1) Not later than 45 days after receipt of the information described in paragraph (b)(3) of this section:

(i) Make a final determination under 108 Stat. 2663, 10 U.S.C., section 983; and

110 Stat. 3009 and/or this part, and notify any affected school of that determination along with the basis, and that it is therefore ineligible to receive prescribed funds as a result of that determination.

(ii) Disseminate to Federal agencies affected by 110 Stat. 3009, to the DoD components, and to the General Services Administration (GSA) the names of covered schools identified under paragraph (a)(1)(i) of this section, and the basis of the determination.

(iii) Disseminate the names of covered schools identified under paragraph (a)(1)(i) of this section, to the Secretary of Education and to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives.

(iv) Inform the applicable school identified under paragraph (a)(1)(i) of this section, that its funding eligibility may be restored if the school provides sufficient new information that the basis for the determination under paragraph (a)(1)(i) of this section no longer exists.

(2) Not later than 45 days after receipt of a covered school's request to restore its eligibility:

(i) Determine whether the funding status of the covered school should be changed, and notify the applicable school of that determination.

(ii) Notify the parties reflected in paragraphs (a)(1)(ii) and (iii) of this section when a determination of funding ineligibility (paragraph (a)(1)(i) of this section) has been rescinded.

(3) Publish in the FEDERAL REGISTER each determination of the Assistant Secretary of Defense for Force Management Policy that a covered school is ineligible for contracts and grants made under 108 Stat. 2663, 10 U.S.C., section 983, and 110 Stat. 3009 and/or this part.

(4) Publish in the FEDERAL REGISTER at least once every six months a list of covered schools that are ineligible for contracts and grants by reason of a determination of the Secretary of Defense under 108 Stat. 2663, 10 U.S.C., section 983, and 110 Stat. 3009 and/or this part.

(b) The Secretaries of the Military Departments shall:

(1) Identify covered schools that, by policy or practice, deny military recruiting personnel entry to the campus(es) of those schools, access to their students, or access to student recruiting information.

(i) When requests by military recruiters to schedule recruiting visits or to obtain student recruiting information are unsuccessful, the Military Service concerned shall seek written confirmation of the school's present policy from the head of the school through a letter of inquiry. A letter similar to that shown in appendix A of this part shall be used, but it should be tailored to the situation presented. If written confirmation cannot be obtained, oral policy statements or attempts to obtain such statements from an appropriate official of the school shall be documented. A copy of the documentation shall be provided to the covered school, which shall be informed of its opportunity to forward clarifying comments to accompany the submission to the ASD (FMP), and shall be provided 30 days to offer such clarifying comments.

(ii) When a request for student recruiting information is not fulfilled within a reasonable period, normally 30 days, a letter similar to that shown in appendix A of this part shall be used to communicate the problem to the school, and the inquiry shall be managed as described in §216.5(b)(1)(i). Schools may stipulate that requests for student recruiting information shall be in writing.

(2) Identify covered schools that, by policy or practice, deny establishment, maintenance, or efficient operation of a unit of the Senior ROTC, or deny students permission to participate, or effectively prevent students from participating in a unit of the Senior ROTC at another institution of higher education. The Military Service concerned shall seek written confirmation of the school's policy from the head of the school through a letter of inquiry. A letter similar to that shown in appendix B of this part shall be used, but it should be tailored to the situation presented. If written confirmation cannot be obtained, oral policy statements or attempts to obtain such statements from an appropriate official of the school shall be documented. A copy of

the documentation shall be provided to the covered school, which shall be informed of its opportunity to forward clarifying comments to accompany the submission to the ASD (FMP), and shall be provided 30 days to offer such clarifying comments.

(3) Evaluate responses to the letter of inquiry, and other such evidence obtained in accordance with this part, and submit to the ASD (FMP) the names and addresses of covered schools that are believed to be in violation of policies established in § 216.4. Full documentation shall be furnished to the ASD (FMP) for each such covered school, including the school's formal response to the letter of inquiry, documentation of any oral response, or evidence showing that attempts were made to obtain either written confirmation or an oral statement of the school's policies.

(c) The Heads of the DoD components shall:

(1) Provide the ASD (FMP) with the names and addresses of covered schools identified as a result of evaluation(s) required under paragraphs 216.4(f) and (g).

(2) Take immediate action to deny obligations of DoD Funds to covered schools identified under paragraph (a)(1)(i) of this section, and to restore eligibility of covered schools identified under paragraph (a)(2) of this section.

§ 216.6 Information requirements.

The information requirements identified at § 216.5(b) and (c)(1) have been assigned Report Control Symbol P&R–(AR)–2038 in accordance with DoD 8910.1–M[1].

APPENDIX A OF PART 216—MILITARY RECRUITING SAMPLE LETTER OF INQUIRY

(Tailor letter to situation presented)
Dr. John Doe
President
ABC College
Anywhere, USA 12345–9876

Dear Dr. Doe: I understand that military recruiting personnel (are unable to recruit on the campus of ABC College) (have been refused student recruiting information[1] on ABC College students for the purpose of military recruiting) by a policy or practice of the College. Current law[2] prohibits funds by grant or contract (including a grant of funds to be available for student aid) from appropriations of the Departments of Defense, Transportation (with respect to military recruiting), Labor, Health and Human Services, Education, and Related Agencies to schools that have a policy or practice of denying military recruiting personnel entry to campuses, access to students on campuses, or access to student recruiting information. Implementing regulations are codified at 32 CFR part 216.

This letter provides you an opportunity to clarify your institution's policy regarding military recruiting on the campus of ABC College. In that regard, I request, within the next 30 days, a written policy statement of the institution with respect to access to campus and students, and to student recruiting information by military recruiting personnel.

Your response should highlight any difference between access for military recruiters and access for recruiting by other potential employers.

Based on this information, Department of Defense officials will make a determination as to your institution's eligibility to receive funds by grant or contract. That decision may affect eligibility for funding from appropriations of the Departments of Defense, Transportation, Labor, Health and Human Services, Education, and Related Agencies. Should it be determined that ABC College is in violation of the aforementioned statutes, such funding would be stopped, and the school would be ineligible to receive such funds in the future.

I regret that this action may have to be taken. Successful recruiting requires that Department of Defense recruiters have reasonable access to students on the campuses of colleges and universities, and at the same time have effective relationships with the officials and student bodies of those institutions. I hope it will be possible to (define the correction to the aforementioned problem area(s)). I am available to answer any questions.

Sincerely,

APPENDIX B OF PART 216—ROTC SAMPLE LETTER OF INQUIRY

(Tailor Letter to Situation Presented)
Dr. Jane Smith
President
ABC College
Anywhere, USA 12345–9876

[1] Copies may be obtained at *http://www.dtic.mil/whs/directives/*

[1] Students recruiting information refers to a student's name, address, telephone listing, age (or year of birth), level of education (e.g., freshman, sophomore, or degree awarded for a recent graduate), and major.

[2] 108 Stat. 2663 and 110 Stat. 3009.

Dear Dr. Smith: I understand that ABC College has (refused a request from a Military Department to establish a Senior ROTC unit at your institution) (refused to continue existing ROTC programs at your institution) (prevented students from participation at a Senior ROTC program at another institution) by a policy or practice of the College. Current law[1] prohibits funds by grant or contract (including a grant of funds to be available for student aid) from appropriations of the Departments of Defense, Labor, Health and Human Services, Education, and Related Agencies to schools that have a policy or practice prohibiting or preventing the Secretary of Defense from maintaining, establishing, or efficiently operating a Senior ROTC unit. Those statutes also bar agency funds for schools that prohibit or prevent a student from enrolling in an ROTC unit at another institution of higher education. Implementing regulations are codified at 32 CFR part 216.

This letter provides you an opportunity to clarify your institution's policy regarding ROTC access on the campus of ABC College. In that regard, I request, within the next 30 days, a written statement of the institution with respect to (define the problem area(s)).

Based on this information, Department of Defense officials will make a determination as to your institution's eligibility to receive funds by grant or contract. The decision may affect eligibility for funding from appropriations of the Departments of Defense, Labor, Health and Human Services, Education, and Related Agencies. Should it be determined that ABC College is in violation of the aforementioned statutes, such funding would be stopped, and the school would be ineligible to receive such funds in the future.

I regret that this action may have to be taken. Successful officer procurement requires that the Department of Defense maintain a strong ROTC program. I hope it will be possible to (define the correction to the aforementioned problem area(s)). I am available to answer any questions.

Sincerely,

PART 218—GUIDANCE FOR THE DETERMINATION AND REPORTING OF NUCLEAR RADIATION DOSE FOR DoD PARTICIPANTS IN THE ATMOSPHERIC NUCLEAR TEST PROGRAM (1945–1962)

Sec.

218.1 Policies.
218.2 General procedures.
218.3 Dose reconstruction methodology.
218.4 Dose estimate reporting standards.

[1] 10 U.S.C. 983 and 110 Stat. 3009.

AUTHORITY: Pub. L. 98–542, 98 Stat. 2725 (38 U.S.C. 354 Note.)

SOURCE: 50 FR 42521, Oct. 21, 1985, unless otherwise noted.

§ 218.1 Policies.

(a) Upon request by the Veterans Administration in connection with a claim for compensation, or by a veteran or his or her representative, available information shall be provided by the applicable Military Service which shall include all material aspects of the radiation environment to which the veteran was exposed and shall include inhaled, ingested and neutron doses. In determining the veteran's dose, initial neutron, initial gamma, residual gamma, and internal (inhaled and ingested) alpha, beta, and gamma shall be considered. However, doses will be reported as gamma dose, neutron dose, and internal dose. The minimum standards for reporting dose estimates are set forth in § 218.4.

(b) The basic means by which to measure dose from exposure to ionizing radiation is the film badge. Of the estimated 220,000 Department of Defense participants in atmospheric nuclear weapons tests, about 145,000 have film badge dose data available. The information contained in the records has been reproduced in a standard format and is being provided to each military service, which can use the film badge dose data to obtain a radiation dose for a particular individual from that service. This is done upon request from the individual, the individual's representative, the Veterans Administration, or others as authorized by the Privacy Act. Upon request, the participant or his or her authorized representative will be informed of the specific methodologies and assumptions employed in estimating his or her dose. The participant can use this information to obtain independent options regarding exposure.

(c) From 1945 through 1954, the DoD and Atomic Energy Commission (AEC) policy was to issue badges only to a portion of the personnel in a homogeneous unit such as a platoon of a battalion combat team, Naval ship or aircraft crew. Either one person was badged in a group performing the same function, or only personnel expected to

be exposed to radiation were badged. After 1954, the policy was to badge all personnel. But, some badges were unreadable and some records were lost or destroyed, as in the fire at the Federal Records Center in St. Louis. For these reasons the Nuclear Test Personnel Review (NTPR) Program has focused on determining the radiation dose for those personnel (about 75,000) who were not issued film badges or for whom film badge records are not available.

(d) In order to determine the radiation dose to individuals for whom film badge data are not available, alternative approaches are used as circumstances warrant. All approaches require investigation of individual or group activities and their relationship to the radiological environment. First, if it is apparent that personnel were not present in the radiological environment and had no other potential for exposure, then their dose is zero. Second, if some members of a group had film badge readings and others did not—and if all members had a common relationship with the radiological enviroment—then doses for unbadged personnel can be calculated. Third, where sufficient badge readings or a common relationship to the radiological environment does not exist, dose reconstruction is performed. This involves correlating a unit's or individual's detailed activities with the quantitively determined radiological environment. The three approaches are described as follows:

(1) Activities of an individual or his unit are researched for the period of participation in an atmospheric nuclear test. Unit locations and movements are related to areas of radiation. If personnel were far distant from the nuclear detonation(s), did not experience fallout or enter a fallout area, and did not come in contact with radioactive samples or contaminated objects, they were judged to have received no dose.

(2) Film badge data from badged personnel may be used to estimate individual doses for unbadged personnel. First, a group of participants must be identified that have certain common characteristics and a similar potential for exposure to radiation. Such characteristics are: Individuals must be doing the same kind of work, referred to as activity, and all members of the group must have a common relationship to the radiological environment in terms of time, location or other factors. Identification of these groups is based upon research of historical records, technical reports or correspondence. A military unit may consist of several groups or several units may comprise a single group. Using proven statistical methods, the badge data for each group is examined to determine if it adequately reflects the entire group, is valid for use in statistical calculations, or if the badge data indicate the group should be sub-divided into smaller groups. For a group that meets the tests described above, the mean dose, variance and confidence limits are determined. An estimated dose equal to 95% probability that the actual exposure did not exceed the estimate is assigned to unbadged personnel. This procedure is statistically sound and will insure that unbadged personnel are assigned doses much higher than the average/mean for the group.

(3) Dose reconstruction is performed if film badge data are unavailable for all or part of the period or radiation exposure, if film badge data are partially available but cannot be used statistically for calculations, special activities are indicated for specific individuals, or if other types of radiation exposures are indicated. In dose reconstruction, the conditions of exposure are reconstructed analytically to arrive at a radiation dose. Such reconstruction is not a new concept; it is standard scientific practice used by health physicists when the circumstances of a radiation exposure require investigation. The underlying method is in each case the same. The radiation environment is characterized in time and space, as are the activities and geometrical position of the individual. Thus, the rate at which radiation is accrued is determined throughout the time of exposure, from which the total dose is integrated. An uncertainty analysis of the reconstruction provides a calculated mean dose with confidence limits. The specific method used in a dose reconstruction depends on what type of data are available to

provide the required characterizations as well as the nature of the radiation environment. The radiation environment is not limited to the gamma radiation that would have been measured by a film badge, but also includes neutron radiation for personnel sufficiently close to a nuclear detonation, as well as beta and alpha radiation (internally) for personnel whose activities indicate the possibility of inhalation or ingestion of radioactive particles.

§ 218.2 General procedures.

The following procedures govern the approach taken in dose determination:

(a) Use individual film badge data where available and complete, for determining the external gamma dose.

(b) Identify group activities and locations for period(s) of possible exposure.

(c) Qualitatively assess the radiation environment in order to delineate contaminated areas. If no activities occurred in these areas, and if no other potential for exposure exists, a no dose received estimate is made.

(d) If partial film badge data are available, define group(s) of personnel with common activities and relationships to radiation environment.

(e) Using standard statistical methods, verify from the distribution of film badge readings whether the badged sample adequately represents the intended group.

(f) Calculate the mean external gamma dose, with variance and confidence limits, for each unbadged population. Assign a dose equal to 95% probability that actual exposure did not exceed the assigned dose.

(g) If badge data is not available for a statistical calculation, conduct a dose reconstruction.

(h) For dose reconstruction, define radiation environment through use of all available scientific data, e.g., measurements of radiation intensity, decay, radioisotopic composition.

(i) Quantitatively relate activities shielding, position, and other factors to radiation environment as a function of time. Integrate dose throughout period of exposure.

(j) Where possible, calculate mean dose with confidence limits; otherwise calculate best estimate dose or, if data are too sparse, upper limit dose.

(k) Compare calculations with available film badge records to verify the calculated doses. Whether or not film badge data is available, calculate initial and internal doses where identified as a meaningful contribution to the total dose.

§ 218.3 Dose reconstruction methodology.

(a) *Concept.* The specific methodology consists of the characterization of the radiation environments to which participants through all relevant activities, were exposed. The environments, both initial and residual radiation are corrected with the activities of participants to determine accrued doses due to initial radiation, residual radiation and/or inhaled/ingested radioactive material, as warranted by the radiation environment and the specific personnel activities. Due to the range of activities, times, geometries, shielding, and weapon characteristics, as well as the normal spread in the available data pertaining to the radiation environment, an uncertainty analysis is performed. This analysis quantifies the uncertainties due to time/space variations, group size, and available data. Due to the large amounts of data, an automated (computer-assisted) procedure is often used to facilitate the data-handling and the dose integration, and to investigate the sensitivity to variations in the parameters used. The results of the gamma data calculations are then compared with film badge data as they apply to the specific period of the film badges and to the comparable activities of the exposed personnel, in order to validate the procedure and to identify personnel activities that could have led to atypical doses. Radiation dose from neutrons and dose commitments due to inhaled or ingested radioactive material are not detected by film badges. Where required, these values are calculated and recorded separately.

(b) *Characterization of the radiological environment.* (1) This step describes and defines the radiological conditions as a function of time for all locations of concern, that is, where personnel were

positioned or where personnel activities took place. The radiation environment is divided into two standard categories—initial radiation and residual radiation.

(2) The initial radiation environment results from several types of gamma and neutron emissions. Prompt neutron and gamma radiation are emitted at the time of detonation, while delayed neutrons and fission-product gamma, from the decay of radioactive products in the fireball, continue to be emitted as the fireball rises. In contrast to these essentially point sources of radiation, there is gamma radiation from neutron interactions with air and soil, generated within a fraction of a second. Because of the complexity of these radiation sources and their varied interaction properties with air and soil, it is necessary to obtain solutions of the Boltzmann radiation transport equation. The radiation environment thus derived includes the effects of shot-specific parameters such as weapon type and yield, neutron and gamma output, source and target geometry, and atmospheric conditions. The calculated neutron and gamma radiation environments are checked for consistency with existing measured data as available. In those few cases displaying significant discrepancies that cannot be resolved, an environment based on extrapolation of the data is used if it leads to a larger calculated dose.

(3) In determining the residual radiation environment, all possible sources are considered including radioactive clouds, radiation that may have been encountered from other tests, and radioactive debris that may have been deposited in water during oceanic tests. The residual radiation environment is divided into two general components—neutron-activated material that subsequently emits, over a period of time, beta and gamma radiation; and radioactive debris from the fission reaction or from unfissioned materials that emit alpha, beta, and gamma radiation. Because residual radiation decays, the characterization of the residual environment is defined by the radiation intensity as a function of type and time. Radiological survey data are used to determine specific intensities at times of personnel exposure. Interpolation and extrapolation are based on known decay characteristics of the individual materials that comprise the residual contamination. In those rare cases where insufficient radiation data exist to adequately define the residual environment, source data are obtained from the appropriate weapon design laboratory and applied in standard radiation transport codes to determine the initial radiation at specific distances from the burst. This radiation, together with material composition and characteristics, leads to description of the neutron-activated field for each location and time of interest. In all cases observed data, as obtained at the time of the operation, are used to calibrate the calculations.

(c) *Activities of participants.* This step uses all official records, augmented by personnel interviews where gaps exist, to depict a scenario of activities for each individual or definable group. When a dose reconstruction is performed for a specific individual, information available from the individual is accepted unless demonstrably inaccurate. For military units, whose operations were closely controlled and further constrained by radiological safety monitors, the scenario is usually well defined. The same is true for observers, who were restricted to specific locations both during and after the nuclear burst. Ships' locations and activities are usually known with a high degree of precision from deck logs. Aircraft tracks and altitudes are also usually well defined. Personnel engaged in scientific experiments often kept logs of their activities; moreover, the locations of their experiments are usually a matter of record. Where the records are insufficiently complete for the degree of precision required to determine radiation exposure, participants' comments are used and reasonable judgements are made to further the analysis. Possible variations in the activities, as well as possible individual deviations from group activities, with respect to both time and location, are considered in the uncertainty analysis of the radiation dose calculations.

(d) *Calculation of dose.* (1) The initial radiation doses to close-in personnel (who were normally positioned in trenches at the time of detonation) are

calculated from the above-ground environment by simulating the radiation transport into the trenches. Various calculational approaches, standard in health physics, are employed to relate in-trench to above-trench doses for each source of radiation. Detailed modeling of the human body, in appropriate postures in the trench, is performed to calculate the gamma dose that would have been recorded on a film badge and the maximum neutron dose. The neutron, neutron-generated gamma, and prompt gamma doses are accrued during such a short time interval that the posture in a trench could not be altered significantly during this exposure. The fission-product gamma dose, however, is delivered over a period of many seconds. Therefore, the possibility of individual reorientation (e.g., standing up) in the trench is considered.

(2) The calculation of the dose from residual radiation follows from the characterized radiation environment and personnel activities. Because radiation intensities are calculated for a field (i.e., in two spatial dimensions) and in time, the radiation intensity is determinable for each increment of personnel activity regardless of direction or at what time. The dose from exposure to a radiation field is obtained by summing the contribution (product of intensity and time) to dose at each step. The dose calculated from the radiation field does not reflect the shielding of the film badge afforded by the human body. This shielding has been determined for pertinent body positions by the solution of radiation transport equations as applied to a radiation field. Conversion factors are used to arrive at a calculated film badge dose, which not only facilitates comparison with film badge data, but serves as a substitute for an unavailable film badge reading.

(3) The calculation of the dose from inhaled or ingested radioactivity primarily involves the determination of what radiosotopes entered the body in what quantity. Published conversion factors are then applied to these data to arrive at the radiation dose and future dose commitments to internal organs. Inhalation or ingestion of radioactive material is calculated from the radioactive environment and the processes of making these materials inhalable or ingestible. Activities and processes that cause material to become airborne (such as wind, decontamination or traffic) are used with empirical data on particle lofting to determine airborne concentrations under specific circumstances. Volumetric breathing rates and durations of exposure are used to calculate the total material intake. Data on time-dependent weapon debris isotopic composition and the above-mentioned conversion factors are used to calculate the dose commitment to the body and to specific body organs.

(e) *Uncertainty analysis.* Because of the uncertainties associated with the radiological data or calculations used in the absence of data, as well as the uncertainties with respect to personnel activities, confidence limits are determined where possible for group dose calculations. The uncertainty analysis quantifies the errors in available data or in the model used in the absence of data. Confidence limits are based on the uncertainty of all relevant input parameters, and thus vary with the quality of the input data. They also consider the possible range of doses due to the size of the exposure group being examined. Typical sources of error include orientation of the weapons, specific weapon yields, instrument error, fallout intensity data, time(s) at which data were obtained, fallout decay rate, route of personnel movements, and arrival/stay times for specific activities.

(f) *Comparison with film badge records.* (1) Calculations of gamma dose were compared with film badge records for two military units at Operation PLUMBBOB to initially validate this methodology. Where all parameters relating to radiation exposure were identified, direct comparison of gamma dose calculations with actual film badge readings was possible. Resultant correlations provided high confidence in the methodology.

(2) Film badge data may, in some cases, be unrepresentative of the total exposure of a given individual or group; nevertheless, they are extremely useful for direct comparison of incremental

doses for specific periods, e.g., validating the calculations for the remaining, unbadged period of exposure. Moreover, a wide distribution of film badge data often leads to more definitive personnel grouping for dose calculations and to further investigation of the reason(s) for such distribution. In all cases, personnel film badge data are not used in the dose calculations, but rather are used solely for comparison with and validation of the calculations. For dose reconstructions accomplished to date, comparison has been favorable and within the confidence limits of the calculations.

§ 218.4 Dose estimate reporting standards.

The following minimum standards for reporting dose estimates shall be uniformly applied by the Military Services when preparing information in response to an inquiry by the Veterans Administration, in connection with a claim for compensation, or by a veteran or his or her representative. The information shall include all material aspects of the radiation environment to which the veteran was exposed and shall include inhaled, ingested, and neutron doses, when applicable. In determining the veteran's dose, initial neutron, initial gamma, residual gamma, and internal (inhaled and ingested) alpha, beta, and gamma shall be considered. However, doses will be reported as gamma dose, neutron dose, and internal dose. To the extent to which the information is available, the responses will address the following questions:

(a) Can it be documented that the veteran was a test participant? If so, what tests did he attend and what were the specifics of these tests (date, time, yield (unless classified) type, location and other relevant details)?

(b) What unit was the man in? What were the mission and activities of the units at the test?

(c) To the extent to which the available records indicate, what were his duties at the test?

(d) Can you corroborate the specific information relevant to the potential exposure provided by the claimant to the Veterans Administration and forwarded to the Department of Defense? What is the impact of these specific activities on the claimant's reconstructed dose?

(e) Is there any recorded radiation exposure for the individual? Does this recorded exposure cover the full period of test participation? What are the uncertainties associated with the recorded film badge dose?

(f) If recorded dosimetry data is unavailable or incomplete, what is the dose reconstruction for the most probable dose, with error limits, if available?

(g) Is there evidence of a neutron or internal exposure? What is the reconstruction?

Upon request, the participant or his or her authorized representative will be informed of the specific methodologies and assumptions employed in estimating his or her dose.

PART 219—PROTECTION OF HUMAN SUBJECTS

Sec.

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AUTHORITY: 5 U.S.C. 301; 42 U.S.C. 300v–1(b).

SOURCE: 56 FR 28012, 28021, June 18, 1991, unless otherwise noted.

§219.101 To what does this policy apply?

(a) Except as provided in paragraph (b) of this section, this policy applies to all research involving human subjects conducted, supported or otherwise subject to regulation by any federal department or agency which takes appropriate administrative action to make the policy applicable to such research. This includes research conducted by federal civilian employees or military personnel, except that each department or agency head may adopt such procedural modifications as may be appropriate from an administrative standpoint. It also includes research conducted, supported, or otherwise subject to regulation by the federal government outside the United States.

(1) Research that is conducted or supported by a federal department or agency, whether or not it is regulated as defined in §219.102(e), must comply with all sections of this policy.

(2) Research that is neither conducted nor supported by a federal department or agency but is subject to regulation as defined in §219.102(e) must be reviewed and approved, in compliance with §219.101, §219.102, and §219.107 through §219.117 of this policy, by an institutional review board (IRB) that operates in accordance with the pertinent requirements of this policy.

(b) Unless otherwise required by department or agency heads, research activities in which the only involvement of human subjects will be in one or more of the following categories are exempt from this policy:

(1) Research conducted in established or commonly accepted educational settings, involving normal educational practices, such as (i) research on regular and special education instructional strategies, or (ii) research on the effectiveness of or the comparison among instructional techniques, curricula, or classroom management methods.

(2) Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures or observation of public behavior, unless:

(i) Information obtained is recorded in such a manner that human subjects can be identified, directly or through identifiers linked to the subjects; and

(ii) Any disclosure of the human subjects' responses outside the research could reasonably place the subjects at risk of criminal or civil liability or be damaging to the subjects' financial standing, employability, or reputation.

(3) Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures, or observation of public behavior that is not exempt under paragraph (b)(2) of this section, if:

(i) The human subjects are elected or appointed public officials or candidates for public office; or

(ii) Federal statute(s) require(s) without exception that the confidentiality of the personally identifiable information will be maintained throughout the research and thereafter.

(4) Research, involving the collection or study of existing data, documents, records, pathological specimens, or diagnostic specimens, if these sources are publicly available or if the information is recorded by the investigator in such a manner that subjects cannot be identified, directly or through identifiers linked to the subjects.

(5) Research and demonstration projects which are conducted by or subject to the approval of department or agency heads, and which are designed to study, evaluate, or otherwise examine:

(i) Public benefit or service programs;

(ii) Procedures for obtaining benefits or services under those programs;

(iii) Possible changes in or alternatives to those programs or procedures; or

(iv) Possible changes in methods or levels of payment for benefits or services under those programs.

(6) Taste and food quality evaluation and consumer acceptance studies,

(i) If wholesome foods without additives are consumed or

(ii) If a food is consumed that contains a food ingredient at or below the level and for a use found to be safe, or agricultural chemical or environmental contaminant at or below the level found to be safe, by the Food and Drug Administration or approved by the Environmental Protection Agency or the Food Safety and Inspection Service of the U.S. Department of Agriculture.

(c) Department or agency heads retain final judgment as to whether a particular activity is covered by this policy.

(d) Department or agency heads may require that specific research activities or classes of research activities conducted, supported, or otherwise subject to regulation by the department or agency but not otherwise covered by this policy, comply with some or all of the requirements of this policy.

(e) Compliance with this policy requires compliance with pertinent federal laws or regulations which provide additional protections for human subjects.

(f) This policy does not affect any state or local laws or regulations which may otherwise be applicable and which provide additional protections for human subjects.

(g) This policy does not affect any foreign laws or regulations which may otherwise be applicable and which provide additional protections to human subjects of research.

(h) When research covered by this policy takes place in foreign countries, procedures normally followed in the foreign countries to protect human subjects may differ from those set forth in this policy. (An example is a foreign institution which complies with guidelines consistent with the World Medical Assembly Declaration (Declaration of Helsinki amended 1989) issued either by sovereign states or by an organization whose function for the protection of human research subjects is internationally recognized.) In these circumstances, if a department or agency head determines that the procedures prescribed by the institution afford protections that are at least equivalent to those provided in this policy, the department or agency head may approve the substitution of the foreign procedures in lieu of the procedural requirements provided in this policy. Except when otherwise required by statute, Executive Order, or the department or agency head, notices of these actions as they occur will be published in the FEDERAL REGISTER or will be otherwise published as provided in department or agency procedures.

(i) Unless otherwise required by law, department or agency heads may waive the applicability of some or all of the provisions of this policy to specific research activities or classes of research activities otherwise covered by this policy. Except when otherwise required by statute or Executive Order, the department or agency head shall forward advance notices of these actions to the Office for Human Research Protections, Department of Health and Human Services (HHS), or any successor office, and shall also publish them in the FEDERAL REGISTER or in such other manner as provided in department or agency procedures.[1]

[56 FR 28012, 28021, June 18, 1991, as amended at 56 FR 29756, June 28, 1991; 70 FR 36328, June 23, 2005]

§ 219.102 Definitions.

(a) *Department or agency head* means the head of any federal department or agency and any other officer or employee of any department or agency to whom authority has been delegated.

(b) *Institution* means any public or private entity or agency (including federal, state, and other agencies).

(c) *Legally authorized representative* means an individual or judicial or other body authorized under applicable

[1] Institutions with HHS-approved assurances on file will abide by provisions of title 45 CFR part 46 subparts A–D. Some of the other Departments and Agencies have incorporated all provisions of title 45 CFR part 46 into their policies and procedures as well. However, the exemptions at 45 CFR 46.101(b) do not apply to research involving prisoners, subpart C. The exemption at 45 CFR 46.101(b)(2), for research involving survey or interview procedures or observation of public behavior, does not apply to research with children, subpart D, except for research involving observations of public behavior when the investigator(s) do not participate in the activities being observed.

law to consent on behalf of a prospective subject to the subject's participation in the procedure(s) involved in the research.

(d) *Research* means a systematic investigation, including research development, testing and evaluation, designed to develop or contribute to generalizable knowledge. Activities which meet this definition constitute research for purposes of this policy, whether or not they are conducted or supported under a program which is considered research for other purposes. For example, some demonstration and service programs may include research activities.

(e) *Research subject to regulation*, and similar terms are intended to encompass those research activities for which a federal department or agency has specific responsibility for regulating as a research activity, (for example, Investigational New Drug requirements administered by the Food and Drug Administration). It does not include research activities which are incidentally regulated by a federal department or agency solely as part of the department's or agency's broader responsibility to regulate certain types of activities whether research or non-research in nature (for example, Wage and Hour requirements administered by the Department of Labor).

(f) *Human subject* means a living individual about whom an investigator (whether professional or student) conducting research obtains

(1) Data through intervention or interaction with the individual, or

(2) Identifiable private information.

Intervention includes both physical procedures by which data are gathered (for example, venipuncture) and manipulations of the subject or the subject's environment that are performed for research purposes. Interaction includes communication or interpersonal contact between investigator and subject. ''Private information'' includes information about behavior that occurs in a context in which an individual can reasonably expect that no observation or recording is taking place, and information which has been provided for specific purposes by an individual and which the individual can reasonably expect will not be made public (for example, a medical record). Private information must be individually identifiable (i.e., the identity of the subject is or may readily be ascertained by the investigator or associated with the information) in order for obtaining the information to constitute research involving human subjects.

(g) *IRB* means an institutional review board established in accord with and for the purposes expressed in this policy.

(h) *IRB approval* means the determination of the IRB that the research has been reviewed and may be conducted at an institution within the constraints set forth by the IRB and by other institutional and federal requirements.

(i) *Minimal risk* means that the probability and magnitude of harm or discomfort anticipated in the research are not greater in and of themselves than those ordinarily encountered in daily life or during the performance of routine physical or psychological examinations or tests.

(j) *Certification* means the official notification by the institution to the supporting department or agency, in accordance with the requirements of this policy, that a research project or activity involving human subjects has been reviewed and approved by an IRB in accordance with an approved assurance.

§ 219.103 Assuring compliance with this policy—research conducted or supported by any Federal Department or Agency.

(a) Each institution engaged in research which is covered by this policy and which is conducted or supported by a federal department or agency shall provide written assurance satisfactory to the department or agency head that it will comply with the requirements set forth in this policy. In lieu of requiring submission of an assurance, individual department or agency heads shall accept the existence of a current assurance, appropriate for the research in question, on file with the Office for Human Research Protections, HHS, or any successor office, and approved for federalwide use by that office. When the existence of an HHS-approved assurance is accepted in lieu of requiring submission of an assurance, reports

(except certification) required by this policy to be made to department and agency heads shall also be made to the Office for Human Research Protections, HHS, or any successor office.

(b) Departments and agencies will conduct or support research covered by this policy only if the institution has an assurance approved as provided in this section, and only if the institution has certified to the department or agency head that the research has been reviewed and approved by an IRB provided for in the assurance, and will be subject to continuing review by the IRB. Assurances applicable to federally supported or conducted research shall at a minimum include:

(1) A statement of principles governing the institution in the discharge of its responsibilities for protecting the rights and welfare of human subjects of research conducted at or sponsored by the institution, regardless of whether the research is subject to federal regulation. This may include an appropriate existing code, declaration, or statement of ethical principles, or a statement formulated by the institution itself. This requirement does not preempt provisions of this policy applicable to department- or agency-supported or regulated research and need not be applicable to any research exempted or waived under § 219.101 (b) or (i).

(2) Designation of one or more IRBs established in accordance with the requirements of this policy, and for which provisions are made for meeting space and sufficient staff to support the IRB's review and recordkeeping duties.

(3) A list of IRB members identified by name; earned degrees; representative capacity; indications of experience such as board certifications, licenses, etc., sufficient to describe each member's chief anticipated contributions to IRB deliberations; and any employment or other relationship between each member and the institution; for example: full-time employee, part-time employee, member of governing panel or board, stockholder, paid or unpaid consultant. Changes in IRB membership shall be reported to the department or agency head, unless in accord with § 219.103(a) of this policy, the existence of an HHS-approved assurance is accepted. In this case, change in IRB membership shall be reported to the Office for Human Research Protections, HHS, or any successor office.

(4) Written procedures which the IRB will follow (i) for conducting its initial and continuing review of research and for reporting its findings and actions to the investigator and the institution; (ii) for determining which projects require review more often than annually and which projects need verification from sources other than the investigators that no material changes have occurred since previous IRB review; and (iii) for ensuring prompt reporting to the IRB of proposed changes in a research activity, and for ensuring that such changes in approved research, during the period for which IRB approval has already been given, may not be initiated without IRB review and approval except when necessary to eliminate apparent immediate hazards to the subject.

(5) Written procedures for ensuring prompt reporting to the IRB, appropriate institutional officials, and the department or agency head of (i) any unanticipated problems involving risks to subjects or others or any serious or continuing noncompliance with this policy or the requirements or determinations of the IRB and (ii) any suspension or termination of IRB approval.

(c) The assurance shall be executed by an individual authorized to act for the institution and to assume on behalf of the institution the obligations imposed by this policy and shall be filed in such form and manner as the department or agency head prescribes.

(d) The department or agency head will evaluate all assurances submitted in accordance with this policy through such officers and employees of the department or agency and such experts or consultants engaged for this purpose as the department or agency head determines to be appropriate. The department or agency head's evaluation will take into consideration the adequacy of the proposed IRB in light of the anticipated scope of the institution's research activities and the types of subject populations likely to be involved,

the appropriateness of the proposed initial and continuing review procedures in light of the probable risks, and the size and complexity of the institution.

(e) On the basis of this evaluation, the department or agency head may approve or disapprove the assurance, or enter into negotiations to develop an approvable one. The department or agency head may limit the period during which any particular approved assurance or class of approved assurances shall remain effective or otherwise condition or restrict approval.

(f) Certification is required when the research is supported by a federal department or agency and not otherwise exempted or waived under § 219.101 (b) or (i). An institution with an approved assurance shall certify that each application or proposal for research covered by the assurance and by § 219.103 of this Policy has been reviewed and approved by the IRB. Such certification must be submitted with the application or proposal or by such later date as may be prescribed by the department or agency to which the application or proposal is submitted. Under no condition shall research covered by § 219.103 of the Policy be supported prior to receipt of the certification that the research has been reviewed and approved by the IRB. Institutions without an approved assurance covering the research shall certify within 30 days after receipt of a request for such a certification from the department or agency, that the application or proposal has been approved by the IRB. If the certification is not submitted within these time limits, the application or proposal may be returned to the institution.

(Approved by the Office of Management and Budget under Control Number 0990–0260)

[56 FR 28012, 28021, June 18, 1991, as amended at 56 FR 29756, June 28, 1991; 70 FR 36328, June 23, 2005]

§§ 219.104–219.106 [Reserved]

§ 219.107 IRB membership.

(a) Each IRB shall have at least five members, with varying backgrounds to promote complete and adequate review of research activities commonly conducted by the institution. The IRB shall be sufficiently qualified through the experience and expertise of its members, and the diversity of the members, including consideration of race, gender, and cultural backgrounds and sensitivity to such issues as community attitudes, to promote respect for its advice and counsel in safeguarding the rights and welfare of human subjects. In addition to possessing the professional competence necessary to review specific research activities, the IRB shall be able to ascertain the acceptability of proposed research in terms of institutional commitments and regulations, applicable law, and standards of professional conduct and practice. The IRB shall therefore include persons knowledgeable in these areas. If an IRB regularly reviews research that involves a vulnerable category of subjects, such as children, prisoners, pregnant women, or handicapped or mentally disabled persons, consideration shall be given to the inclusion of one or more individuals who are knowledgeable about and experienced in working with these subjects.

(b) Every nondiscriminatory effort will be made to ensure that no IRB consists entirely of men or entirely of women, including the institution's consideration of qualified persons of both sexes, so long as no selection is made to the IRB on the basis of gender. No IRB may consist entirely of members of one profession.

(c) Each IRB shall include at least one member whose primary concerns are in scientific areas and at least one member whose primary concerns are in nonscientific areas.

(d) Each IRB shall include at least one member who is not otherwise affiliated with the institution and who is not part of the immediate family of a person who is affiliated with the institution.

(e) No IRB may have a member participate in the IRB's initial or continuing review of any project in which the member has a conflicting interest, except to provide information requested by the IRB.

(f) An IRB may, in its discretion, invite individuals with competence in special areas to assist in the review of issues which require expertise beyond or in addition to that available on the IRB. These individuals may not vote with the IRB.

§ 219.108 IRB functions and operations.

In order to fulfill the requirements of this policy each IRB shall:

(a) Follow written procedures in the same detail as described in § 219.103(b)(4) and, to the extent required by, § 219.103(b)(5).

(b) Except when an expedited review procedure is used (see § 219.110), review proposed research at convened meetings at which a majority of the members of the IRB are present, including at least one member whose primary concerns are in nonscientific areas. In order for the research to be approved, it shall receive the approval of a majority of those members present at the meeting.

§ 219.109 IRB review of research.

(a) An IRB shall review and have authority to approve, require modifications in (to secure approval), or disapprove all research activities covered by this policy.

(b) An IRB shall require that information given to subjects as part of informed consent is in accordance with § 219.116. The IRB may require that information, in addition to that specifically mentioned in § 219.116, be given to the subjects when in the IRB's judgment the information would meaningfully add to the protection of the rights and welfare of subjects.

(c) An IRB shall require documentation of informed consent or may waive documentation in accordance with § 219.117.

(d) An IRB shall notify investigators and the institution in writing of its decision to approve or disapprove the proposed research activity, or of modifications required to secure IRB approval of the research activity. If the IRB decides to disapprove a research activity, it shall include in its written notification a statement of the reasons for its decision and give the investigator an opportunity to respond in person or in writing.

(e) An IRB shall conduct continuing review of research covered by this policy at intervals appropriate to the degree of risk, but not less than once per year, and shall have authority to observe or have a third party observe the consent process and the research.

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[56 FR 28012, 28021, June 18, 1991, as amended at 70 FR 36328, June 23, 2005]

§ 219.110 Expedited review procedures for certain kinds of research involving no more than minimal risk, and for minor changes in approved research.

(a) The Secretary, HHS, has established, and published as a Notice in the FEDERAL REGISTER, a list of categories of research that may be reviewed by the IRB through an expedited review procedure. The list will be amended, as appropriate after consultation with other departments and agencies, through periodic republication by the Secretary, HHS, in the FEDERAL REGISTER. A copy of the list is available from the Office for Human Research Protections, HHS, or any successor office.

(b) An IRB may use the expedited review procedure to review either or both of the following:

(1) Some or all of the research appearing on the list and found by the reviewer(s) to involve no more than minimal risk,

(2) Minor changes in previously approved research during the period (of one year or less) for which approval is authorized.

Under an expedited review procedure, the review may be carried out by the IRB chairperson or by one or more experienced reviewers designated by the chairperson from among members of the IRB. In reviewing the research, the reviewers may exercise all of the authorities of the IRB except that the reviewers may not disapprove the research. A research activity may be disapproved only after review in accordance with the non-expedited procedure set forth in § 219.108(b).

(c) Each IRB which uses an expedited review procedure shall adopt a method for keeping all members advised of research proposals which have been approved under the procedure.

(d) The department or agency head may restrict, suspend, terminate, or

choose not to authorize an institution's or IRB's use of the expedited review procedure.

[56 FR 28012, 28021, June 18, 1991, as amended at 70 FR 36328, June 23, 2005]

§ 219.111 Criteria for IRB approval of research.

(a) In order to approve research covered by this policy the IRB shall determine that all of the following requirements are satisfied:

(1) Risks to subjects are minimized:

(i) By using procedures which are consistent with sound research design and which do not unnecessarily expose subjects to risk, and

(ii) Whenever appropriate, by using procedures already being performed on the subjects for diagnostic or treatment purposes.

(2) Risks to subjects are reasonable in relation to anticipated benefits, if any, to subjects, and the importance of the knowledge that may reasonably be expected to result. In evaluating risks and benefits, the IRB should consider only those risks and benefits that may result from the research (as distinguished from risks and benefits of therapies subjects would receive even if not participating in the research). The IRB should not consider possible long-range effects of applying knowledge gained in the research (for example, the possible effects of the research on public policy) as among those research risks that fall within the purview of its responsibility.

(3) Selection of subjects is equitable. In making this assessment the IRB should take into account the purposes of the research and the setting in which the research will be conducted and should be particularly cognizant of the special problems of research involving vulnerable populations, such as children, prisoners, pregnant women, mentally disabled persons, or economically or educationally disadvantaged persons.

(4) Informed consent will be sought from each prospective subject or the subject's legally authorized representative, in accordance with, and to the extent required by § 219.116.

(5) Informed consent will be appropriately documented, in accordance with, and to the extent required by § 219.117.

(6) When appropriate, the research plan makes adequate provision for monitoring the data collected to ensure the safety of subjects.

(7) When appropriate, there are adequate provisions to protect the privacy of subjects and to maintain the confidentiality of data.

(b) When some or all of the subjects are likely to be vulnerable to coercion or undue influence, such as children, prisoners, pregnant women, mentally disabled persons, or economically or educationally disadvantaged persons, additional safeguards have been included in the study to protect the rights and welfare of these subjects.

§ 219.112 Review by institution.

Research covered by this policy that has been approved by an IRB may be subject to further appropriate review and approval or disapproval by officials of the institution. However, those officials may not approve the research if it has not been approved by an IRB.

§ 219.113 Suspension or termination of IRB approval of research.

An IRB shall have authority to suspend or terminate approval of research that is not being conducted in accordance with the IRB's requirements or that has been associated with unexpected serious harm to subjects. Any suspension or termination of approval shall include a statement of the reasons for the IRB's action and shall be reported promptly to the investigator, appropriate institutional officials, and the department or agency head.

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[56 FR 28012, 28021, June 18, 1991, as amended at 70 FR 36328, June 23, 2005]

§ 219.114 Cooperative research.

Cooperative research projects are those projects covered by this policy which involve more than one institution. In the conduct of cooperative research projects, each institution is responsible for safeguarding the rights and welfare of human subjects and for complying with this policy. With the approval of the department or agency

head, an institution participating in a cooperative project may enter into a joint review arrangement, rely upon the review of another qualified IRB, or make similar arrangements for avoiding duplication of effort.

§ 219.115 IRB records.

(a) An institution, or when appropriate an IRB, shall prepare and maintain adequate documentation of IRB activities, including the following:

(1) Copies of all research proposals reviewed, scientific evaluations, if any, that accompany the proposals, approved sample consent documents, progress reports submitted by investigators, and reports of injuries to subjects.

(2) Minutes of IRB meetings which shall be in sufficient detail to show attendance at the meetings; actions taken by the IRB; the vote on these actions including the number of members voting for, against, and abstaining; the basis for requiring changes in or disapproving research; and a written summary of the discussion of controverted issues and their resolution.

(3) Records of continuing review activities.

(4) Copies of all correspondence between the IRB and the investigators.

(5) A list of IRB members in the same detail as described is § 219.103(b)(3).

(6) Written procedures for the IRB in the same detail as described in § 219.103(b)(4) and § 219.103(b)(5).

(7) Statements of significant new findings provided to subjects, as required by § 219.116(b)(5).

(b) The records required by this policy shall be retained for at least 3 years, and records relating to research which is conducted shall be retained for at least 3 years after completion of the research. All records shall be accessible for inspection and copying by authorized representatives of the department or agency at reasonable times and in a reasonable manner.

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[56 FR 28012, 28021, June 18, 1991, as amended at 70 FR 36328, June 23, 2005]

§ 219.116 General requirements for informed consent.

Except as provided elsewhere in this policy, no investigator may involve a human being as a subject in research covered by this policy unless the investigator has obtained the legally effective informed consent of the subject or the subject's legally authorized representative. An investigator shall seek such consent only under circumstances that provide the prospective subject or the representative sufficient opportunity to consider whether or not to participate and that minimize the possibility of coercion or undue influence. The information that is given to the subject or the representative shall be in language understandable to the subject or the representative. No informed consent, whether oral or written, may include any exculpatory language through which the subject or the representative is made to waive or appear to waive any of the subject's legal rights, or releases or appears to release the investigator, the sponsor, the institution or its agents from liability for negligence.

(a) Basic elements of informed consent. Except as provided in paragraph (c) or (d) of this section, in seeking informed consent the following information shall be provided to each subject:

(1) A statement that the study involves research, an explanation of the purposes of the research and the expected duration of the subject's participation, a description of the procedures to be followed, and identification of any procedures which are experimental;

(2) A description of any reasonably foreseeable risks or discomforts to the subject;

(3) A description of any benefits to the subject or to others which may reasonably be expected from the research;

(4) A disclosure of appropriate alternative procedures or courses of treatment, if any, that might be advantageous to the subject;

(5) A statement describing the extent, if any, to which confidentiality of records identifying the subject will be maintained;

(6) For research involving more than minimal risk, an explanation as to

whether any compensation and an explanation as to whether any medical treatments are available if injury occurs and, if so, what they consist of, or where further information may be obtained;

(7) An explanation of whom to contact for answers to pertinent questions about the research and research subjects' rights, and whom to contact in the event of a research-related injury to the subject; and

(8) A statement that participation is voluntary, refusal to participate will involve no penalty or loss of benefits to which the subject is otherwise entitled, and the subject may discontinue participation at any time without penalty or loss of benefits to which the subject is otherwise entitled.

(b) Additional elements of informed consent. When appropriate, one or more of the following elements of information shall also be provided to each subject:

(1) A statement that the particular treatment or procedure may involve risks to the subject (or to the embryo or fetus, if the subject is or may become pregnant) which are currently unforeseeable;

(2) Anticipated circumstances under which the subject's participation may be terminated by the investigator without regard to the subject's consent;

(3) Any additional costs to the subject that may result from participation in the research;

(4) The consequences of a subject's decision to withdraw from the research and procedures for orderly termination of participation by the subject;

(5) A statement that significant new findings developed during the course of the research which may relate to the subject's willingness to continue participation will be provided to the subject; and

(6) The approximate number of subjects involved in the study.

(c) An IRB may approve a consent procedure which does not include, or which alters, some or all of the elements of informed consent set forth above, or waive the requirement to obtain informed consent provided the IRB finds and documents that:

(1) The research or demonstration project is to be conducted by or subject to the approval of state or local government officials and is designed to study, evaluate, or otherwise examine:

(i) Public benefit of service programs;

(ii) Procedures for obtaining benefits or services under those programs;

(iii) Possible changes in or alternatives to those programs or procedures; or

(iv) Possible changes in methods or levels of payment for benefits or services under those programs; and

(2) The research could not practicably be carried out without the waiver or alteration.

(d) An IRB may approve a consent procedure which does not include, or which alters, some or all of the elements of informed consent set forth in this section, or waive the requirements to obtain informed consent provided the IRB finds and documents that:

(1) The research involves no more than minimal risk to the subjects;

(2) The waiver or alteration will not adversely affect the rights and welfare of the subjects;

(3) The research could not practicably be carried out without the waiver or alteration; and

(4) Whenever appropriate, the subjects will be provided with additional pertinent information after participation.

(e) The informed consent requirements in this policy are not intended to preempt any applicable federal, state, or local laws which require additional information to be disclosed in order for informed consent to be legally effective.

(f) Nothing in this policy is intended to limit the authority of a physician to provide emergency medical care, to the extent the physician is permitted to do so under applicable federal, state, or local law.

(Approved by the Office of Management and Budget under Control Number 0990–0260)

[56 FR 28012, 28021, June 18, 1991, as amended at 70 FR 36328, June 23, 2005]

§ 219.117 Documentation of informed consent.

(a) Except as provided in paragraph (c) of this section, informed consent shall be documented by the use of a

written consent form approved by the IRB and signed by the subject or the subject's legally authorized representative. A copy shall be given to the person signing the form.

(b) Except as provided in paragraph (c) of this section, the consent form may be either of the following:

(1) A written consent document that embodies the elements of informed consent required by §219.116. This form may be read to the subject or the subject's legally authorized representative, but in any event, the investigator shall give either the subject or the representative adequate opportunity to read it before it is signed; or

(2) A short form written consent document stating that the elements of informed consent required by §219.116 have been presented orally to the subject or the subject's legally authorized representative. When this method is used, there shall be a witness to the oral presentation. Also, the IRB shall approve a written summary of what is to be said to the subject or the representative. Only the short form itself is to be signed by the subject or the representative. However, the witness shall sign both the short form and a copy of the summary, and the person actually obtaining consent shall sign a copy of the summary. A copy of the summary shall be given to the subject or the representative, in addition to a copy of the short form.

(c) An IRB may waive the requirement for the investigator to obtain a signed consent form for some or all subjects if it finds either:

(1) That the only record linking the subject and the research would be the consent document and the principal risk would be potential harm resulting from a breach of confidentiality. Each subject will be asked whether the subject wants documentation linking the subject with the research, and the subject's wishes will govern; or

(2) That the research presents no more than minimal risk of harm to subjects and involves no procedures for which written consent is normally required outside of the research context.

In cases in which the documentation requirement is waived, the IRB may require the investigator to provide subjects with a written statement regarding the research.

(Approved by the Office of Management and Budget under Control Number 0990–0260)

[56 FR 28012, 28021, June 18, 1991, as amended at 70 FR 36328, June 23, 2005]

§219.118 Applications and proposals lacking definite plans for involvement of human subjects.

Certain types of applications for grants, cooperative agreements, or contracts are submitted to departments or agencies with the knowledge that subjects may be involved within the period of support, but definite plans would not normally be set forth in the application or proposal. These include activities such as institutional type grants when selection of specific projects is the institution's responsibility; research training grants in which the activities involving subjects remain to be selected; and projects in which human subjects' involvement will depend upon completion of instruments, prior animal studies, or purification of compounds. These applications need not be reviewed by an IRB before an award may be made. However, except for research exempted or waived under §219.101 (b) or (i), no human subjects may be involved in any project supported by these awards until the project has been reviewed and approved by the IRB, as provided in this policy, and certification submitted, by the institution, to the department or agency.

§219.119 Research undertaken without the intention of involving human subjects.

In the event research is undertaken without the intention of involving human subjects, but it is later proposed to involve human subjects in the research, the research shall first be reviewed and approved by an IRB, as provided in this policy, a certification submitted, by the institution, to the department or agency, and final approval given to the proposed change by the department or agency.

§ 219.120 Evaluation and disposition of applications and proposals for research to be conducted or supported by a Federal Department or Agency.

(a) The department or agency head will evaluate all applications and proposals involving human subjects submitted to the department or agency through such officers and employees of the department or agency and such experts and consultants as the department or agency head determines to be appropriate. This evaluation will take into consideration the risks to the subjects, the adequacy of protection against these risks, the potential benefits of the research to the subjects and others, and the importance of the knowledge gained or to be gained.

(b) On the basis of this evaluation, the department or agency head may approve or disapprove the application or proposal, or enter into negotiations to develop an approvable one.

§ 219.121 [Reserved]

§ 219.122 Use of Federal funds.

Federal funds administered by a department or agency may not be expended for research involving human subjects unless the requirements of this policy have been satisfied.

§ 219.123 Early termination of research support: Evaluation of applications and proposals.

(a) The department or agency head may require that department or agency support for any project be terminated or suspended in the manner prescribed in applicable program requirements, when the department or agency head finds an institution has materially failed to comply with the terms of this policy.

(b) In making decisions about supporting or approving applications or proposals covered by this policy the department or agency head may take into account, in addition to all other eligibility requirements and program criteria, factors such as whether the applicant has been subject to a termination or suspension under paragarph (a) of this section and whether the applicant or the person or persons who would direct or has have directed the scientific and technical aspects of an activity has have, in the judgment of the department or agency head, materially failed to discharge responsibility for the protection of the rights and welfare of human subjects (whether or not the research was subject to federal regulation).

§ 219.124 Conditions.

With respect to any research project or any class of research projects the department or agency head may impose additional conditions prior to or at the time of approval when in the judgment of the department or agency head additional conditions are necessary for the protection of human subjects.

PART 220—COLLECTION FROM THIRD PARTY PAYERS OF REASONABLE CHARGES FOR HEALTHCARE SERVICES

Sec.

220.1 Purpose and applicability.
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220.14 Definitions.

AUTHORITY: 5 U.S.C. 301; 10 U.S.C. 1095.

SOURCE: 55 FR 21748, May 29, 1990, unless otherwise noted.

§ 220.1 Purpose and applicability.

(a) This part implements the provisions of 10 U.S.C. 1095, 1097b(b), and 1079b. In general, 10 U.S.C. 1095 establishes the statutory obligation of third party payers to reimburse the United States the reasonable charges of healthcare services provided by facilities of the Uniformed Services to covered beneficiaries who are also covered

by a third party payer's plan. Section 1097b(b) elaborates on the methods for computation of reasonable charges. Section 1079b addresses charges for civilian patients who are not normally beneficiaries of the Military Health System. This part establishes the Department of Defense interpretations and requirements applicable to all healthcare services subject to 10 U.S.C. 1095, 1097b(b), and 1079b.

(b) This part applies to all facilities of the Uniformed Services; the Department of Transportation administers this part with respect to facilities to the Coast Guard, not the Department of Defense.

(c) This part applies to pathology services provided by the Armed Forces Institute of Pathology. However, in lieu of the rules and procedures otherwise applicable under this part, the Assistant Secretary of Defense (Health Affairs) may establish special rules and procedures under the authority of 10 U.S.C. 176 and 177 in relation to cooperative enterprises between the Armed Forces Institute of Pathology and the American Registry of Pathology.

[67 FR 57740, Sept. 12, 2002]

§ 220.2 Statutory obligation of third party payer to pay.

(a) *Basic rule.* Pursuant to 10 U.S.C. 1095(a)(1), a third party payer has an obligation to pay the United States the reasonable charges for healthcare services provided in or through any facility of the Uniformed Services to a covered beneficiary who is also a beneficiary under the third party payer's plan. The obligation to pay is to the extent that the beneficiary would be eligible to receive reimbursement or indemnification from the third party payer if the beneficiary were to incur the costs on the beneficiary's own behalf.

(b) *Application of cost shares.* If the third party payer's plan includes a requirement for a deductible or copayment by the beneficiary of the plan, then the amount the United States may collect from the third party payer is the reasonable charge for the care provided less the appropriate deductible or copayment amount.

(c) *Claim from United States exclusive.* The only way for a third party payer to satisfy its obligation under 10 U.S.C. 1095 is to pay the facility of the uniformed service or other authorized representative of the United States. Payment by a third party payer to the beneficiary does not satisfy 10 U.S.C. 1095.

(d) *Assignment of benefits or other submission by beneficiary not necessary.* The obligation of the third party payer to pay is not dependent upon the beneficiary executing an assignment of benefits to the United States. Nor is the obligation to pay dependent upon any other submission by the beneficiary to the third party payer, including any claim or appeal. In any case in which a facility of the Uniformed Services makes a claim, appeal, representation, or other filing under the authority of this part, any procedural requirement in any third party payer plan for the beneficiary of such plan to make the claim, appeal, representation, or other filing must be deemed to be satisfied. A copy of the completed and signed DoD insurance declaration form will be provided to payers upon request, in lieu of a claimant's statement or coordination of benefits form.

(e) *Preemption of conflicting State laws.* Any provision of a law or regulation of a State or political subdivision thereof that purports to establish any requirement on a third party payer that would have the effect of excluding from coverage or limiting payment, for any health care services for which payment by the third party payer under 10 U.S.C. 1095 or this part is required, is preempted by 10 U.S.C. 1095 and shall have no force or effect in connection with the third party payer's obligations under 10 U.S.C. 1095 or this part.

[55 FR 21748, May 29, 1990, as amended at 57 FR 41101, Sept. 9, 1992; 65 FR 7727, Feb. 16, 2000; 67 FR 57740, Sept. 12, 2002]

§ 220.3 Exclusions impermissible.

(a) *Statutory requirement.* Under 10 U.S.C. 1095(b), no provision of any third party payer's plan having the effect of excluding from coverage or limiting payment for certain care if that care is provided in a facility of the uniformed services shall operate to prevent collection by the United States.

(b) *General rules.* Based on the statutory requirement, the following are general rules for the administration of 10 U.S.C. 1095 and this part.

(1) Express exclusions or limitations in third party payer plans that are inconsistent with 10 U.S.C. 1095(b) are inoperative.

(2) No objection, precondition or limitation may be asserted that defeats the statutory purpose of collecting from third party payers.

(3) Third party payers may not treat claims arising from services provided in facilities of the uniformed services less favorably than they treat claims arising from services provided in other hospitals.

(4) No objection, precondition or limitation may be asserted that is contrary to the basic nature of facilities of the uniformed services.

(c) *Specific examples of impermissible exclusion.* The following are several specific examples of impermissible exclusions, limitations or preconditions. These examples are not all inclusive.

(1) *Care provided by a government entity.* A provision in a third party payer's plan that purports to disallow or limit payment for services provided by a government entity or paid for by a government program (or similar exclusion) is not a permissible ground for refusing or reducing third party payment.

(2) *No obligation to pay.* A provision in a third party payer's plan that purports to disallow or limit payment for services for which the patient has no obligation to pay (or similar exclusion) is not a permissible ground for refusing or reducing third party payment.

(3) *Exclusion of military beneficiaries.* No provision of an employer sponsored program or plan that purports to make ineligible for coverage individuals who are uniformed services health care beneficiaries shall be permissible.

(4) *No participation agreement.* The lack of a participation agreement or the absence of privity of contract between a third party payer and a facility of the uniformed services is not a permissible ground for refusing or reducing third party payment.

(5) *Medicare carve-out and Medicare secondary payer provisions.* A provision in a third party payer plan, other than a Medicare supplemental plan under § 220.10, that seeks to make Medicare the primary payer and the plan the secondary payer or that would operate to carve out of the plan's coverage an amount equivalent to the Medicare payment that would be made if the services were provided by a provider to whom payment would be made under Part A or Part B of Medicare is not a permissible ground for refusing or reducing payment as the primary payer to the facility of the Uniformed Services by the third party payer unless the provision:

(i) Expressly disallows payment as the primary payer to all providers to whom payment would not be made under Medicare (including payment under Part A, Part B, a Medicare HMO, or a Medicare+Choice plan); and

(ii) Is otherwise in accordance with applicable law.

[55 FR 21748, May 29, 1990, as amended at 57 FR 41101, Sept. 9, 1992; 65 FR 7728, Feb. 16, 2000]

§ 220.4 Reasonable terms and conditions of health plan permissible.

(a) *Statutory requirement.* The statutory obligation of the third party to pay is not unqualified. Under 10 U.S.C. 1095(a)(1) (as noted in § 220.2 of this part), the obligation to pay is to the extent the third party payer would be obliged to pay if the beneficiary incurred the costs personally.

(b) *General rules.* (1) Based on the statutory requirement, after any impermissible exclusions have been made inoperative (see § 220.3 of this part), reasonable terms and conditions of the third party payer's plan that apply generally and uniformly to services provided in facilities other than facilities of the uniformed services may also be applied to services provided in facilities of the uniformed services.

(2) Except as provided by 10 U.S.C. 1095, this part, or other applicable law, third party payers are not required to treat claims arising from services provided in or through facilities of the Uniformed Services more favorably than they treat claims arising from services provided in other facilities or by other health care providers.

(c) *Specific examples of permissible terms and conditions.* The following are several specific examples of permissible terms and conditions of third party payer plans. These examples are not all inclusive.

(1) *Generally applicable coverage provisions.* Generally applicable provisions regarding particular types of medical care or medical conditions covered by the third party payer's plan are permissible grounds to refuse or limit third party payment.

(2) *Generally applicable utilization review provisions.* (i) Reasonable and generally applicable provisions of a third party payer's plan requiring pre-admission screening, second surgical opinions, retrospective review or other similar utilization management activities may be permissible grounds to refuse or reduce third party payment if such refusal or reduction is required by the third party payer's plan.

(ii) Such provisions are not permissible if they are applied in a manner that would result in claims arising from services provided by or through facilities of the Uniformed Services being treated less favorably than claims arising from services provided by other hospitals or providers.

(iii) Such provisions are not permissible if they would not affect a third party payer's obligation under this part. For example, concurrent review of an inpatient hospitalization would generally not affect the third party payer's obligation because of the DRG-based, per-admission basis for calculating reasonable charges under § 220.8(a) (except in long stay outlier cases, noted in § 220.8(a)(4)).

(3) *Restrictions in HMO plans.* Generally applicable exclusions in Health Maintenance Organization (HMO) plans of non-emergency or non-urgent services provided outside the HMO (or similar exclusions) are permissible. However, HMOs may not exclude claims or refuse to certify emergent and urgent services provided within the HMO's service area or otherwise covered non-emergency services provided out of the HMO's service area. In addition, opt-out or point-of-service options available under an HMO plan may not exclude services otherwise payable under 10 U.S.C. 1095 or this part.

(d) *Procedures for establishing reasonable terms and conditions.* In order to establish that a term or condition of a third party payer's plan is permissible, the third party payer must provide appropriate documentation to the facility of the Uniformed Services. This includes, when applicable, copies of explanation of benefits (EOBs), remittance advice, or payment to provider forms. It also includes copies of policies, employee certificates, booklets, or handbooks, or other documentation detailing the plan's health care benefits, exclusions, limitations, deductibles, co-insurance, and other pertinent policy or plan coverage and benefit information.

[55 FR 21748, May 29, 1990, as amended at 65 FR 7728, Feb. 16, 2000; 67 FR 57740, Sept. 12, 2002]

§ 220.5 Records available.

Pursuant to 10 U.S.C. 1095(c), facilities of the uniformed services, when requested, shall make available to representatives of any third party payer from which the United States seeks payment under 10 U.S.C. 1095 for inspection and review appropriate health care records (or copies of such records) of individuals for whose care payment is sought. Appropriate records which will be made available are records which document that the services which are the subject of the claims for payment under 10 U.S.C. 1095 were provided as claimed and were provided in a manner consistent with permissible terms and conditions of the third party payer's plan. This is the sole purpose for which patient care records will be made available. Records not needed for this purpose will not be made available.

§ 220.6 Certain payers excluded.

(a) *Medicare and Medicaid.* Under 10 U.S.C. 1095(d), claims for payment from the Medicare or Medicaid programs (titles XVIII and XIX of the Social Security Act) are not authorized.

(b) *Supplemental plans.* CHAMPUS (see 32 CFR part 199) supplemental plans and income supplemental plans are excluded from any obligation to pay under 10 U.S.C. 1095.

(c) *Third party payer plans prior to April 7, 1986.* 10 U.S.C. 1095 is not applicable to third party payer plans which have been in continuous effect without amendment or renewal since prior to April 7, 1986. Plans entered into, amended or renewed on or after April 7, 1986, are subject to 10 U.S.C. 1095.

(d) *Third party payer plans prior to November 5, 1990, in connection with outpatient care.* The provisions of 10 U.S.C. 1095 and this section concerning outpatient services are not applicable to third party payer plans:

(1) That have been in continuous effect without amendment or renewal since prior to November 5, 1990; and

(2) For which the facility of the Uniformed Services or other authorized representative for the United States makes a determination, based on documentation provided by the third party payer, that the policy or plan clearly excludes payment for such services. Plans entered into, amended or renewed on or after November 5, 1990, are subject to this section, as are prior plans that do not clearly exclude payment for services covered by this section.

[55 FR 21748, May 29, 1990, as amended at 57 FR 41101, Sept. 9, 1992]

§ 220.7 Remedies and procedures.

(a) Pursuant to 10 U.S.C. 1095(e)(1), the United States may institute and prosecute legal proceedings against a third party payer to enforce a right of the United States under 10 U.S.C. 1095 and this part.

(b) Pursuant to 10 U.S.C. 1095(e)(2), an authorized representative of the United States may compromise, settle or waive a claim of the United States under 10 U.S.C. 1095 and this part.

(c) The authorities provided by 31 U.S.C. 3701, *et seq.*, 28 CFR part 11, and 4 CFR parts 101–104 regarding collection of indebtedness due the United States shall be available to effect collections pursuant to 10 U.S.C. 1095 and this part.

(d) A third party payer may not, without the consent of a U.S. Government official authorized to take action under 10 U.S.C. 1095 and this part, offset or reduce any payment due under 10 U.S.C. 1095 or this part on the grounds that the payer considers itself due a refund from a facility of the Uniformed Services. A request for refund must be submitted and adjudicated separately from any other claims submitted to the third party payer under 10 U.S.C. 1095 or this part.

[55 FR 21748, May 29, 1990, as amended at 65 FR 7728, Feb. 16, 2000]

§ 220.8 Reasonable charges.

(a) *In general.* (1) Section 1095(f) and section 1097b(b) both address the issue of computation of rates. Between them, the effect is to authorize the calculation of all third party payer collections on the basis of reasonable charges and the computation of reasonable charges on the basis of per diem rates, all-inclusive per-visit rates, diagnosis related groups rates, rates used by the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) program to reimburse authorized providers, or any other method the Assistant Secretary of Defense (Health Affairs) considers appropriate and establishes in this part. Such rates, representative of costs, are also endorsed by section 1079(a).

(2) The general rule is that reasonable charges under this part are based on the rates used by CHAMPUS under 32 CFR 199.14 to reimburse authorized providers. There are some exceptions to this general rule, as outlined in this section.

(b) *Inpatient hospital and professional services on or after April 1, 2003.* Reasonable charges for inpatient hospital services provided on or after April 1, 2003, are based on the CHAMPUS Diagnosis Related Group (DRG) payment system rates under 32 CFR 199.14(a)(1). Certain adjustments are made to reflect differences between the CHAMPUS payment system and the Third Party Collection Program billing system. Among these are to include in the inpatient hospital service charges adjustments related to direct medical education and capital costs (which in the CHAMPUS system are handled as annual pass through payments). Additional adjustments are made for long stay outlier cases. Like the CHAMPUS system, inpatient professional services are not included in the inpatient hospital services charges, but are billed separately in accordance with paragraph (e) of this section. In lieu of the method described in this paragraph (b), the method in effect prior to April 1, 2003 (described in paragraph (c) of this

section), may continue to be used for a period of time after April 1, 2003, if the Assistant Secretary of Defense (Health Affairs) determines that effective implementation requires a temporary deferral.

(c) *Inpatient hospital and inpatient professional services before April 1, 2003*—(1) *In general.* Prior to April 1, 2003, the computation of reasonable charges for inpatient hospital and professional services is reasonable costs based on diagnosis related groups (DRGs). Costs shall be based on the inpatient full reimbursement rate per hospital discharge, weighted to reflect the intensity of the principal diagnosis involved. The average charge per case shall be published annually as an inpatient standardized amount. A relative weight for each DRG shall be the same as the DRG weights published annually for hospital reimbursement rates under CHAMPUS pursuant to 32 CFR 199.14(a)(1). The method in effect prior to April 1, 2003 (as described in this paragraph (c)), may continue to be used for a period of time after April 1, 2003, if the Assistant Secretary of Defense (Health Affairs) determines that effective implementation requires a temporary deferral of the method described in paragraph (b) of this section.

(2) *Standard amount.* The standard amount is determined by dividing the total costs of all inpatient care in all military treatment facilities by the total number of discharges. This produces a single national standardized amount. The Department of Defense is authorized, but not required by this part, to calculate three standardized amounts, one for large urban, other urban/rural, and overseas area, utilizing the same distinctions in identifying the first two areas as is used for CHAMPUS under 32 CFR 199.14(a)(1). Using this applicable standardized amount, the Department of Defense may make adjustments for area wage rates and indirect medical education costs (as identified in paragraph (c)(4) of this section), producing for each inpatient facility of the Uniformed Services a facility-specific ''adjusted standardized amount'' (ASA).

(3) *DRG relative weights.* Costs for each DRG will be determined by multiplying the standardized amount per discharge by the DRG relative weight. For this purpose, the DRG relative weights used for CHAMPUS pursuant to 32 CFR 199.14(a)(1) shall be used.

(4) *Adjustments for outliers, area wages, and indirect medical education.* The Department of Defense may, but is not required by this part, to adjust charge determinations in particular cases for length-of-stay outliers (long stay and short stay), cost outliers, area wage rates, and indirect medical education. If any such adjustments are used, the method shall be comparable to that used for CHAMPUS hospital reimbursements pursuant to 32 CFR 199.14(a)(1)(iii)(E), and the calculation of the standardized amount under paragraph (a)(2) of this section will reflect that such adjustments will be used.

(5) *Identification of professional and hospital charges.* For purposes of billing third party payers other than automobile liability and no-fault insurance carriers, inpatient billings are subdivided into two categories:

(i) Hospital charges (which refers to routine service charges associated with the hospital stay and ancillary charges).

(ii) Professional charges (which refers to professional services provided by physicians and certain other providers).

(d) *Medical services and subsistence charges included.* Medical services charges pursuant to 10 U.S.C. 1078 or subsistence charges pursuant to 10 U.S.C. 1075 are included in the claim filed with the third party payer pursuant to 10 U.S.C. 1095. For any patient of a facility of the Uniformed Services who indicates that he or she is a beneficiary of a third party payer plan, the usual medical services or subsistence charge will not be collected from the patient to the extent that payment received from the payer exceeds the medical services or subsistence charge. Thus, except in cases covered by § 220.8(k), payment of the claim made pursuant to 10 U.S.C. 1095 which exceeds the medical services or subsistence charge, will satisfy all of the third party payer's obligation arising from the inpatient hospital care provided by the facility of the Uniformed Services on that occasion.

(e) *Reasonable charges for professional services.* The CHAMPUS Maximum Allowable Charge rate table, established under 32 CFR 199.14(h), is used for determining the appropriate charge for professional services in an itemized format, based on Healthcare Common Procedure Coding System (HCPCS) methodology. This applies to outpatient professional charges only prior to implementation of the method described in paragraph (b) of this section, and to all professional charges, both inpatient and outpatient, thereafter.

(f) *Miscellaneous Healthcare services.* Some special services are provided by or through facilities of the Uniformed Services for which reasonable charges are computed based on reasonable costs. Those services are the following:

(1) The charge for ambulance services is based on the full costs of operating the ambulance service.

(2) With respect to inpatient hospital charges in the Burn Center at Brooke Army Medical Center, the Assistant Secretary of Defense for Health Affairs may establish an adjustment to the rate otherwise applicable under the DRG payment methodology under this section to reflect unique attributes of the Burn Center.

(3) Charges for dental services (including oral diagnosis and prevention, periodontics, prosthodontics (fixed and removable), implantology, oral surgery, orthodontics, pediatric dentistry and endodontics) will be based on a full cost of the dental services.

(4) With respect to service provided prior to January 1, 2003, reasonable charges for anesthesia services will be based on an average DoD cost of service in all Military Treatment Facilities. With respect to services provided on or after January 1, 2003, reasonable charges for anesthesia services will be based on an average cost per minute of service in all Military Treatment Facilities.

(5) The charge for immunizations, allergin extracts, allergic condition tests, and the administration of certain medications when these services are provided in a separate immunizations or shot clinic, are based on CHAMPUS prevailing rates in cases in which such rates are available, and in cases in which such rates are not available, on the average full cost of these services, exclusive of any costs considered for purposes of any outpatient visit. A separate charge shall be made for each immunization, injection or medication administered.

(6) The charges for pharmacy, durable medical equipment and supplies are based on CHAMPUS prevailing rates in cases in which such rates are available, in cases in which such rates are not available, on the average full cost of these items, exclusive of any costs considered for purposes of any outpatient visit. A separate charge shall be made for each item provided.

(7) Charges for aero-medical evacuation will be based on the full cost of the aero-medical evacuation services.

(g) *Special rule for services ordered and paid for by a facility of the Uniformed Services but provided by another provider.* In cases where a facility of the Uniformed Services purchases ancillary services or procedures, from a source other than a Uniformed Services facility, the cost of the purchased services will be added to the standard rate. Examples of ancillary services and other procedures covered by this special rule include (but are not limited to): laboratory, radiology, pharmacy, pulmonary function, cardiac catheterization, hemodialysis, hyperbaric medicine, electrocardiography, electroencephalography, electroneuromyography, pulmonary function, inhalation and respiratory therapy and physical therapy services.

(h) *Special rule for TRICARE Resource Sharing Agreements.* Services provided in facilities of the Uniformed Services in whole or in part through personnel or other resources supplied under a TRICARE Resource Sharing Agreement under 32 CFR 199.17(h) are considered for purposes of this part as services provided by the facility of the Uniformed Services. Thus, third party payers will receive a claim for such services in the same manner and for the same charges as any similar services provided by a facility of the Uniformed Services.

(i) *Alternative determination of reasonable charges.* Any third party payer that can satisfactorily demonstrate a prevailing rate of payment in the same geographic area for the same or similar

aggregate groups of services that is less than the charges prescribed under this section may, with the agreement of the facility of the Uniformed Services (or other authorized representatives of the United States), limit payments under 10 U.S.C. 1095 to that prevailing rate for those services. The determination of the third party payer's prevailing rate shall be based on a review of valid contractual arrangements with other facilities or providers constituting a majority of the services for which payment is made under the third party payer's plan. This paragraph does not apply to cases covered by § 220.11.

(j) *Exception authority for extraordinary circumstances.* The Assistant Secretary of Defense (Health Affairs) may authorize exceptions to this section, not inconsistent with law, based on extraordinary circumstances.

[57 FR 41101, Sept. 9, 1992, as amended at 59 FR 49002, Sept. 26, 1994; 61 FR 6542, Feb. 21, 1996; 62 FR 941, Jan. 7, 1997; 65 FR 7728, Feb. 16, 2000; 67 FR 57740, Sept. 12, 2002]

§ 220.9 Rights and obligations of beneficiaries.

(a) *No additional cost share.* Pursuant to 10 U.S.C. 1095(a)(2), uniformed services beneficiaries will not be required to pay to the facility of the uniformed services any amount greater than the normal medical services or subsistence charges (under 10 U.S.C. 1075 or 1078). In every case in which payment from a third party payer is received, it will be considered as satisfying the normal medical services or subsistence charges, and no further payment from the beneficiary will be required.

(b) *Availability of healthcare services unaffected.* The availability of healthcare services in any facility of the Uniformed Services will not be affected by the participation or nonparticipation of a Uniformed Services beneficiary in a health care plan of a third party payer. Whether or not a Uniformed Services beneficiary is covered by a third party payer's plan will not be considered in determining the availability of healthcare services in a facility of the Uniformed Services.

(c) *Obligation to disclose information and cooperate with collection efforts.* (1) Uniformed Services beneficiaries are required to provide correct information to the facility of the Uniformed Services regarding whether the beneficiary is covered by a third party payer's plan. Such beneficiaries are also required to provide correct information regarding whether particular health care services might be covered by a third party payer's plan, including services arising from an accident or workplace injury or illness. In the event a third party payer's plan might be applicable, a beneficiary has an obligation to provide such information as may be necessary to carry out 10 U.S.C. 1095 and this part, including identification of policy numbers, claim numbers, involved parties and their representatives, and other relevant information.

(2) Uniformed Services beneficiaries are required to take other reasonable steps to cooperate with the efforts of the facility of the Uniformed Services to make collections under 10 U.S.C. 1095 and this part, such as submitting to the third party payer (or other entity involved in adjudicating a claim) any requests or documentation that might be required by the third party payer (or other entity), if consistent with this part, to facilitate payment under this part.

(3) Intentionally providing false information or willfully failing to satisfy a beneficiary's obligations are grounds for disqualification for health care services from facilities of the Uniformed Services.

(d) *Mandatory disclosure of Social Security account numbers.* Pursuant to 10 U.S.C. 1095(k)(2), every covered beneficiary eligible for care in facilities of the Uniformed Services is, as a condition of eligibility, required to disclose to authorized personnel his or her Social Security account number.

[55 FR 21748, May 29, 1990, as amended at 57 FR 41102, Sept. 9, 1992; 63 FR 11600, Mar. 10, 1998; 65 FR 7729, Feb. 16, 2000]

§ 220.10 Special rules for Medicare supplemental plans.

(a) *Statutory obligation of Medicare supplemental plans to pay.* The obligation of a Medicare supplemental plan to pay shall be determined as if the facility of the Uniformed Services were a medicare-eligible provider and the

services provided as if they were Medicare-covered services. A Medicare supplemental plan is required to pay only to the extent that the plan would have incurred a payment obligation if the services had been furnished by a Medicare eligible provider.

(b) *Inpatient hospital care charges.* (1) Notwithstanding the provisions of § 220.8, charges to Medicare supplemental plans for inpatient hospital care services provided to beneficiaries of such plans shall not, for any admission, exceed the Medicare inpatient hospital deductible amount.

(2) Only one deductible charge shall be made per hospital admission (or Medicare benefit period), regardless of whether the admission is to a facility of the Uniformed Services or a Medicare certified civilian hospital. To ensure that a Medicare supplemental insurer is not charged the inpatient hospital deductible twice when an individual who is entitled to benefits under both DoD retiree benefits and Medicare, the following payment rules apply:

(i) If a dual beneficiary is first admitted to a Medicare-certified hospital and is later admitted to a facility of the Uniformed Services within the same benefit period initiated by the admission to the Medicare-certified hospital, the facility of the Uniformed Services shall not charge the Medicare supplemental insurance plan an inpatient hospital deductible.

(ii) If a dual beneficiary is admitted first to a facility of the Uniformed Services and secondly to a Medicare-certified hospital within 60 days of discharge from the facility of the Uniformed Services, the facility of the Uniformed Services shall refund to the Medicare supplemental insurer any inpatient hospital deductible that the insurer paid to the facility of the Uniformed Services so that it may pay the deductible to the Medicare-certified hospital.

(c) *Charges for Healthcare services other than inpatient deductible amount.* (1) The Assistant Secretary of Defense (Health Affairs) may establish charge amounts for Medicare supplemental plans to collect reasonable charges for inpatient and outpatient copayments and other services covered by the Medicare supplemental plan. Any such schedule of charge amounts shall:

(i) Be based on percentage amounts of the per diem, per visit and other rates established by § 220.8 comparable to the percentage amounts of beneficiary financial responsibility under Medicare for the service involved;

(ii) Include adjustments, as appropriate, to identify major components of the all inclusive per diem or per visit rates for which Medicare has special rules.

(iii) Provide for offsets and/or refunds to ensure that Medicare supplemental insurers are not required to pay a limited benefit more than one time in cases in which beneficiaries receive similar services from both a facility of the uniformed services and a Medicare certified provider; and

(iv) Otherwise conform with the requirements of this section and this part.

(2) If collections are sought under paragraph (c) of this section, the effective date of such collections will be prospective from the date the Assistant Secretary of Defense (Health Affairs) provides notice of such collections, and will exempt policies in continuous effect without amendment or renewal since the date the Assistant Secretary of Defense (Health Affairs) provides notice of such collections.

(d) *Medicare claim not required.* Notwithstanding any requirement of the Medicare supplemental plan policy, a Medicare supplemental plan may not refuse payment to a claim made pursuant to this section on the grounds that no claim had previously been submitted by the provider or beneficiary for payment under the Medicare program.

(e) *Exclusion of Medicare supplemental plans prior to November 5, 1990.* This section is not applicable to Medicare supplemental plans:

(1) That have been in continuous effect without amendment since prior to November 5, 1990; and

(2) For which the facility of the Uniformed Services (or other authorized representative of the United States) makes a determination, based on documentation provided by the Medicare supplemental plan, that the plan agreement clearly excludes payment for

services covered by this section. Plans entered into, amended or renewed on or after November 5, 1990, are subject to this section, as are prior plans that do not clearly exclude payment for services covered by this section.

[57 FR 41102, Sept. 9, 1992, as amended at 59 FR 49003, Sept. 26, 1994; 67 FR 57742, Sept. 12, 2002]

§ 220.11 Special rules for automobile liability insurance and no-fault automobile insurance.

(a) *Active duty members covered.* In addition to Uniformed Services beneficiaries covered by other provisions of this part, this section also applies to active duty members of the Uniformed Services. As used in this section, ''beneficiaries'' includes active duty members.

(b) *Effect of concurrent applicability of the Federal Medical Care Recovery Act*—(1) *In general.* In many cases covered by this section, the United States has a right to collect under both 10 U.S.C. 1095 and the Federal Medical Care Recovery Act (FMCRA), Pub. L. 87–693 (42 U.S.C. 2651 *et seq.*). In such cases, the authority is concurrent and the United States may pursue collection under both statutory authorities.

(2) *Cases involving tort liability.* In cases in which the right of the United States to collect from the automobile liability insurance carrier is premised on establishing some tort liability on some third person, matters regarding the determination of such tort liability shall be governed by the same substantive standards as would be applied under the FMCRA including reliance on state law for determinations regarding tort liability. In addition, the provisions of 28 CFR part 43 (Department of Justice regulations pertaining to the FMCRA) shall apply to claims made under the concurrent authority of the FMCRA and 10 U.S.C. 1095. All other matters and procedures concerning the right of the United States to collect shall, if a claim is made under the concurrent authority of the FMCRA and this section, be governed by 10 U.S.C. 1095 and this part.

(c) *Exclusion of automobile liability insurance and no-fault automobile insurance plans prior to November 5, 1990.* This section is not applicable to automobile liability insurance and no-fault automobile insurance plans:

(1) That have been in continuous effect without amendment since prior to November 5, 1990; and

(2) For which the facility of the Uniformed Services (or other authorized representative of the United States) makes a determination, based on documentation provided by the third party payer, that the policy or plan clearly excludes payment for services covered by this section. Plans entered into, amended or renewed on or after November 5, 1990, are subject to this section, as are prior plans that do not clearly exclude payment for services covered by this section.

[57 FR 41103, Sept. 9, 1992]

§ 220.12 [Reserved]

§ 220.13 Special rules for workers' compensation programs.

(a) *Basic rule.* Pursuant to the general duty of third party payers under 10 U.S.C. 1095(a)(1) and the definitions of 10 U.S.C. 1095(h), a workers' compensation program or plan generally has an obligation to pay the United States the reasonable charges for healthcare services provided in or through any facility of the Uniformed Services to a Uniformed Services beneficiary who is also a beneficiary under a workers' compensation program due to an employment related injury, illness, or disease. Except to the extent modified or supplemented by this section, all provisions of this part are applicable to any workers' compensation program or plan in the same manner as they are applicable to any other third party payer.

(b) *Special rules for lump-sum settlements.* In cases in which a lump-sum workers' compensation settlement is made, the special rules established in this paragraph (b) shall apply for purposes of compliance with this section.

(1) *Lump-sum commutation of future benefits.* If a lump-sum worker's compensation award stipulates that the amount paid is intended to compensate the individual for all future medical expenses required because of the work-related injury, illness, or disease, the Uniformed Service health care facility

is entitled to reimbursement for injury, illness, or disease related, future health care services or items rendered or provided to the individual up to the amount of the lump-sum payment.

(2) *Lump-sum compromise settlement.* (i) A lump sum compromise settlement, unless otherwise stipulated by an official authorized to take action under 10 U.S.C. 1095 and this part, is deemed to be a workers' compensation payment for the purpose of reimbursement to the facility of the Uniformed Services for services and items provided, even if the settlement agreement stipulates that there is no liability under the workers' compensation law, program, or plan.

(ii) If a settlement appears to represent an attempt to shift to the facility of the Uniformed Services the responsibility of providing uncompensated services or items for the treatment of the work-related condition, the settlement will not be recognized and reimbursement to the uniformed health care facility will be required. For example, if the parties to a settlement attempt to maximize the amount of disability benefits paid under workers' compensation by releasing the employer or workers' compensation carrier from liability for medical expenses for a particular condition even though the facts show that the condition is work-related, the facility of the Uniformed Services must be reimbursed.

(iii) Except as specified in paragraph (b)(2)(iv) of this section, if a lump-sum compromise settlement forecloses the possibility of future payment or workers' compensation benefits, medical expenses incurred by a facility of the Uniformed Services after the date of the settlement are not reimbursable under this section.

(iv) As an exception to the rule of paragraph (b)(2)(iii) of this section, if the settlement agreement allocates certain amounts for specific future medical services, the facility of the Uniformed Services is entitled to reimbursement for those specific services and items provided resulting from the work-related injury, illness, or disease up to the amount of the lump-sum settlement allocated to future expenses.

(3) *Apportionment of a lump-sum compromise settlement of a workers' compensation claim.* If a compromise settlement allocates a portion of the payment for medical expenses and also gives reasonable recognition to the income replacement element, that apportionment may be accepted as a basis for determining the payment obligation of a workers' compensation program or plan under this section to a facility of the Uniformed Services. If the settlement does not give reasonable recognition to both elements of a workers' compensation award or does not apportion the sum granted, the portion to be considered as payment for medical expenses is computed as follows: determine the ratio of the amount awarded (less the reasonable and necessary costs incurred in procuring the settlement) to the total amount that would have been payable under workers' compensation if the claim had not been compromised; multiply that ratio by the total medical expenses incurred as a result of the injury or disease up to the date of settlement. The product is the amount of workers' compensation settlement to be considered as payment or reimbursement for medical expenses.

[65 FR 7730, Feb. 16, 2000, as amended at 67 FR 57742, Sept. 12, 2002]

§ 220.14 Definitions.

Ambulatory procedure visit. An ambulatory procedure visit is a type of outpatient visit in which immediate (day of procedure) pre-procedure and immediate post-procedure care require an unusual degree of intensity and are provided in an ambulatory procedure unit (APU) of the facility of the Uniformed Services. Care is required in the facility for less than 24 hours. An APU is specially designated and is accounted for separately from any outpatient clinic.

Assistant Secretary of Defense (Health Affairs). This term includes any authorized designee of the Assistant Secretary of Defense (Health Affairs).

Automobile liability insurance. Automobile liability insurance means insurance against legal liability for health and medical expenses resulting from personal injuries arising from operation of a motor vehicle. Automobile liability insurance includes:

(1) Circumstances in which liability benefits are paid to an injured party only when the insured party's tortious acts are the cause of the injuries; and

(2) Uninsured and underinsured coverage, in which there is a third party tortfeasor who caused the injuries (i.e., benefits are not paid on a no-fault basis), but the insured party is not the tortfeasor.

CHAMPUS supplemental plan. A CHAMPUS supplemental plan is an insurance, medical service or health plan exclusively for the purpose of supplementing an eligible person's benefit under CHAMPUS. (For information concerning CHAMPUS, see 32 CFR part 199.) The term has the same meaning as set forth in the CHAMPUS regulation (32 CFR 199.2).

Covered beneficiaries. Covered beneficiaries are all healthcare beneficiaries under chapter 55 of title 10, United States Code, except members of the Uniformed Services on active duty (as specified in 10 U.S.C. 1074(a)). However, for purposes of §220.11 of this part, such members of the Uniformed Services are included as covered beneficiaries.

Facility of the Uniformed Services. A facility of the Uniformed Services means any medical or dental treatment facility of the Uniformed Services (as that term is defined in 10 U.S.C. 101(43)). Contract facilities such as Navy NAVCARE clinics and Army and Air Force PRIMUS clinics that are funded by a facility of the Uniformed Services are considered to operate as an extension of the local military treatment facility and are included within the scope of this program. Facilities of the Uniformed Services also include several former Public Health Services facilities that are deemed to be facilities of the Uniformed Services pursuant to section 911 of Pub. L. 97–99 (often referred to as ''Uniformed Services Treatment Facilities'' or ''USTFs'').

Healthcare services. Healthcare services include inpatient, outpatient, and designated high-cost ancillary services.

Inpatient hospital care. Treatment provided to an individual other than a transient patient, who is admitted (i.e., placed under treatment or observation) to a bed in a facility of the uniformed services that has authorized beds for inpatient medical or dental care.

Insurance, medical service or health plan. Any plan (including any plan, policy, program, contract, or liability arrangement) that provides compensation, coverage, or indemnification for expenses incurred by a beneficiary for health or medical services, items, products, and supplies. It includes but is not limited to:

(1) Any plan offered by an insurer, reinsurer, employer, corporation, organization, trust, organized health care group or other entity.

(2) Any plan for which the beneficiary pays a premium to an issuing agent as well as any plan to which the beneficiary is entitled as a result of employment or membership in or association with an organization or group.

(3) Any Employee Retirement Income and Security Act (ERISA) plan.

(4) Any Multiple Employer Trust (MET).

(5) Any Multiple Employer Welfare Arrangement (MEWA).

(6) Any Health Maintenance Organization (HMO) plan, including any such plan with a point-of-service provision or option.

(7) Any individual practice association (IPA) plan.

(8) Any exclusive provider organization (EPO) plan.

(9) Any physician hospital organization (PHO) plan.

(10) Any integrated delivery system (IDS) plan.

(11) Any management service organization (MSO) plan.

(12) Any group or individual medical services account.

(13) Any preferred provider organization (PPO) plan or any PPO provision or option of any third party payer plan.

(14) Any Medicare supplemental insurance plan.

(15) Any automobile liability insurance plan.

(16) Any no fault insurance plan, including any personal injury protection plan or medical payments benefit plan for personal injuries arising from the operation of a motor vehicle.

Medicare eligible provider. Medicare participating (institutional) providers

and physicians, suppliers and other individual providers eligible to participate in the Medicare program.

Medicare supplemental insurance plan. A Medicare supplemental insurance plan is an insurance, medical service or health plan primarily for the purpose of supplementing an eligible person's benefit under Medicare. The term has the same meaning as ''Medicare supplemental policy'' in section 1882(g)(1) of the Social Security Act (42 U.S.C. 1395ss) and 42 CFR part 403, subpart B.

No-fault insurance. No-fault insurance means an insurance contract providing compensation for health and medical expenses relating to personal injury arising from the operation of a motor vehicle in which the compensation is not premised on who may have been responsible for causing such injury. No-fault insurance includes personal injury protection and medical payments benefits in cases involving personal injuries resulting from operation of a motor vehicle.

Preferred provider organization. A preferred provider organization (PPO) is any arrangement in a third party payer plan under which coverage is limited to services provided by a select group of providers who are members of the PPO or incentives (for example, reduced copayments) are provided for beneficiaries under the plan to receive health care services from the members of the PPO rather than from other providers who, although authorized to be paid, are not included in the PPO. However, a PPO does not include any organization that is recognized as a health maintenance organization.

Third party payer. A third party payer is any entity that provides an insurance, medical service, or health plan by contract or agreement. It includes but is not limited to:

(1) State and local governments that provide such plans other than Medicaid.

(2) Insurance underwriters or carriers.

(3) Private employers or employer groups offering self-insured or partially self-insured medical service or health plans.

(4) Automobile liability insurance underwriter or carrier.

(5) No fault insurance underwriter or carrier.

(6) Workers' compensation program or plan sponsor, underwriter, carrier, or self-insurer.

(7) Any other plan or program that is designed to provide compensation or coverage for expenses incurred by a beneficiary for healthcare services or products.

Third party payer plan. A third party payer plan is any plan or program provided by a third party payer, but not including an income or wage supplemental plan.

Uniformed Services beneficiary. For purposes of this part, a Uniformed Services beneficiary is any person who is covered by 10 U.S.C. 1074(b), 1076(a), or 1076(b). For purposes of § 220.11 (but not for other sections), a Uniformed Services beneficiary also includes active duty members of the Uniformed Services.

Workers' compensation program or plan. A workers' compensation program or plan is any program or plan that provides compensation for loss, to employees or their dependents, resulting from the injury, disablement, or death of an employee due to an employment related accident, casualty or disease. The common characteristic of such a plan or program is the provision of compensation regardless of fault, in accordance with a delineated schedule based upon loss or impairment of the worker's wage earning capacity, as well as indemnification or compensation for medical expenses relating to the employment related injury or disease. A workers' compensation program or plan includes any such program or plan:

(1) Operated by or under the authority of any law of any State (or the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands).

(2) Operated through an insurance arrangement or on a self-insured basis by an employer.

(3) Operated under the authority of the Federal Employees Compensation Act or the Longshoremen's and Harbor Workers' Compensation Act.

[57 FR 41103, Sept. 9, 1992. Redesignated and amended at 65 FR 7729, 7731, Feb. 16, 2000; 67 FR 57742, Sept. 12, 2002]

PART 223—DEPARTMENT OF DEFENSE UNCLASSIFIED CONTROLLED NUCLEAR INFORMATION (DoD UCNI)

Sec.

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APPENDIX A TO PART 223—PROCEDURES FOR IDENTIFYING AND CONTROLLING DoD UCNI
APPENDIX B TO PART 223—GUIDELINES FOR THE DETERMINATION OF DoD UCNI

AUTHORITY: 10 U.S.C. 128 and 5 U.S.C. 552(b)(3).

SOURCE: 56 FR 64554, Dec. 11, 1991, unless otherwise noted.

§ 223.1 Purpose.

This part implements 10 U.S.C. 128 by establishing policy, assigning responsibilities, and prescribing procedures for identifying, controlling, and limiting the dissemination of unclassified information on the physical protection of DoD special nuclear material (SNM), equipment, and facilities. That information shall be referred to as ''the Department of Defense Unclassified Controlled Nuclear Information (DoD UCNI),'' to distinguish it from a similar Department of Energy (DoE) program.

§ 223.2 Applicability and scope.

This part:

(a) Applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Commands, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as ''the DoD Components'').

(b) Implements 10 U.S.C. 128, which is the statutory basis for controlling the DoD UCNI in the Department of Defense. 10 U.S.C. 128 also constitutes the authority for invoking 32 CFR part 286 to prohibit mandatory disclosure of DoD UCNI under the ''Freedom of Information Act (FOIA)'' in 5 U.S.C. 552.

(c) Supplements the security classification guidance contained in CG-W-5[1] and CG-SS-1[2] and DoD Instruction 5210.67[3] by establishing procedures for identifying, controlling, and limiting the dissemination of unclassified information on the physical protection of DoD SNM.

(d) Applies to all SNM, regardless of form, in reactor cores or to other items under the direct control of the DoD Components.

(e) Applies equally to DoE UCNI under DoD control, except the statute applicable to DoE UCNI (42 U.S.C. 2011 *et seq.*) must be used with the concurrence of the DoE as the basis for invoking FOIA (section 552 of 10 U.S.C.).

§ 223.3 Definitions.

(a) *Atomic Energy Defense Programs.* Activities, equipment, and facilities of the Department of Defense used or engaged in support of the following:

(1) Development, production, testing, sampling, maintenance, repair, modification, assembly, utilization, transportation, or retirement of nuclear weapons or nuclear weapon components.

(2) Production, utilization, or transportation of DoD SNM for military applications.

(3) Safeguarding of activities, equipment, or facilities that support the functions in paragraphs (a) (1) and (2) of this section, including the protection of nuclear weapons, nuclear weapon components, or DoD SNM for military applications at a fixed facility or in transit.

(b) *Authorized Individual.* A person who has been granted routine access to specific DoD UCNI under 10 U.S.C. 128.

(c) *Denying Official.* An individual who denies a request made under 5 U.S.C. 552 for all, or any portion, of a document or material containing DoD UCNI.

[1] Controlled document. Not releasable to the public.

[2] Requests may be forwarded to U.S. Department of Energy (Forrestal Building), 100 Independence Avenue, SW., Attention: Distribution Office of DOE Publications, Washington, DC 20585.

[3] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

(d) *Document or Material.* The physical medium on, or in, which information is recorded, or a product or substance which contains or reveals information, regardless of its physical form or characteristics.

(e) *Information.* Any fact or concept regardless of the physical form or characteristics of the medium on, or in, which it is recorded, contained or revealed.

(f) *Reviewing Official.* An individual who may make a determination that a document or material contains, does not contain, or no longer contains DoD UCNI.

(g) *Safeguards.* An integrated system of physical protection, material accounting, and material control measures designed to deter, prevent, detect, and respond to unauthorized possession, use, or sabotage of DoD SNM, equipment or facilities.

(h) *Special Nuclear Material Facility.* A DoD facility that performs a sensitive function (see paragraph (i) of this section).

(i) *Sensitive Function.* A function in support of atomic energy defense programs whose disruption could reasonably be expected to have a significant adverse effect on the health and safety of the public or the common defense and security (see paragraph (a) of this section).

(j) *Special Nuclear Material (SNM).* Plutonium, uranium enriched in the isotope-233 or in the isotope-235, except source material or any material artificially enriched by any of the foregoing.

(k) *Special Nuclear Material Equipment.* Equipment, systems, or components whose failure or destruction would cause an impact on safeguarding DoD SNM resulting in an unacceptable interruption to a national security program or an unacceptable impact on the health and safety of the public.

(l) *Unauthorized Dissemination.* The intentional or negligent transfer, in any manner and by any person, of information contained in a document or material determined by a reviewing official to contain DoD UCNI, and so marked in accordance with the procedures in appendix A to this part, to any person or entity other than an authorized individual or a person granted special access to specific DoD UCNI under 10 U.S.C. 128.

§ 223.4 Policy.

It is DoD policy:

(a) To prohibit the unauthorized dissemination of unclassified information on security measures, including security plans, procedures, and equipment for the physical protection of DoD SNM, equipment, or facilities.

(b) That the decision to protect unclassified information as DoD UCNI shall be based on a determination that the unauthorized dissemination of such information could reasonably be expected to have a significant adverse effect on the health and safety of the public or the common defense and security by increasing significantly the likelihood of the illegal production of nuclear weapons or the theft, diversion, or sabotage of DoD SNM, equipment, or facilities.

(c) That government information shall be made publicly available to the fullest extent possible by applying the minimum restrictions consistent with the requirements of 10 U.S.C. 128 necessary to protect the health and safety of the public or the common defense and security.

(d) That nothing in this part prevents a determination that information previously determined to be DoD UCNI is classified information under applicable standards of classification.

§ 223.5 Responsibilities.

(a) The Assistant Secretary of Defense for Command, Control, Communications, and Intelligence shall:

(1) Administer the DoD program for controlling DoD UCNI.

(2) Coordinate DoD compliance with the DoE program for controlling DoE UCNI.

(3) Prepare and maintain the reports required by 10 U.S.C. 128.

(b) The Assistant Secretary of Defense (Public Affairs) shall provide guidance to the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASD(C3I)), other elements of the OSD, and the Heads of the DoD Components

on the FOIA (5 U.S.C. 552), as implemented in DoD 5400.7–R,[4] as it applies to the DoD UCNI Program.

(c) The Heads of the DoD Components shall:

(1) Implement this part in their DoD Components.

(2) Advise the ASD(C3I) of the following, when information not in the guidelines in appendix B to this part is determined to be DoD UCNI:

(i) Identification of the type of information to be controlled as DoD UCNI. It is not necessary to report each document or numbers of documents.

(ii) Justification for identifying the type of information as DoD UCNI, based on the guidelines in appendix B to this part and prudent application of the adverse effects test.

§ 223.6 Procedures.

Appendix A to this part outlines the procedures for controlling DoD UCNI. Appendix B to this part provides general and topical guidelines for identifying information that may qualify for protection as DoD UCNI. The procedures and guidelines in appendices A and B to this part complement the DoD Component Programs to protect other DoD-sensitive unclassified information and may be used with them.

§ 223.7 Information requirements.

(a) Section 128 of 10 U.S.C. requires that the Secretary of Defense prepare on a quarterly basis a report to be made available on the request of any interested person. Appendix A to this part outlines the procedures for preparing the quarterly report.

(b) The report is exempt from licensing in accordance with paragraph E.4.e of DoD 7750.5–M.[5]

APPENDIX A TO PART 223—PROCEDURES FOR IDENTIFYING AND CONTROLLING DoD UCNI

A. General

1. The Secretary of Defense's authority for prohibiting the unauthorized disclosure and dissemination of DoD UCNI may be exercised by the Heads of the DoD Components and by the officials to whom such authority is specifically delegated by the Heads of the DoD Components. These procedures for identifying and controlling DoD UCNI are provided as guidance for the Heads of the DoD Components to implement the Secretary of Defense's authority to prohibit the unauthorized dissemination of unclassified information on security measures, including security plans, procedures, and equipment, for the physical protection of DoD SNM, equipment, or facilities.

2. The decision to protect unclassified information as DoD UCNI shall be based on a determination that the unauthorized dissemination of such information could reasonably be expected to have an adverse effect on the health and safety of the public or the common defense and security by increasing significantly the likelihood of the illegal production of nuclear weapons or the theft, diversion, or sabotage of DoD SNM, equipment, or facilities.

3. Government information shall be made publicly available to the fullest extent possible by applying the minimum restrictions consistent with the requirements of 10 U.S.C. 128, necessary to protect the health and safety of the public or the common defense and security.

4. DoD personnel, in making a determination to protect unclassified information as DoD UCNI, shall consider the probability of an illegal production, theft, diversion, or sabotage if the information proposed for protection were made available for pubic disclosure and dissemination. The determination to protect specific documents or information is not related to the ability of DoD UCNI to be obtained by other sources. For determining the control of DoD UCNI, the cognizant official should consider how the unauthorized disclosure or dissemination of such information could assist a potential adversary in the following:

a. Selecting a target for an act of theft, diversion, or sabotage of DoD SNM, equipment, or facilities (e.g., relative importance of a facility or the location, form, and quantity of DoD SNM). Information that can be obtained by observation from public areas outside controlled locations should not be considered as DoD UCNI.

b. Planning or committing an act of theft, diversion, or sabotage of DoD SNM, equipment, or facilities (e.g., design of security systems; building plans; methods and procedures for transfer, accountability, and handling of DoD SNM; or security plans, procedures, and capabilities).

c. Measuring the success of an act of theft, diversion, or sabotage of DoD SNM, equipment, or facilities (e.g., actual or hypothetical consequences of the sabotage of specific vital equipment or facilities).

d. Illegally producing a nuclear explosive device (e.g., unclassified nuclear weapon design information useful in designing a primitive nuclear device; location of unique DoD

[4] See footnote 3 to section 223.2(c).

[5] See footnote 3 to § 223.2(c).

SNM needed to fabricate such a device; or location of a nuclear weapon).

e. Dispersing DoD SNM in the environment (e.g., location, form, and quantity of DoD SNM).

5. DoD UCNI shall be identified, controlled, marked, transmitted, and safeguarded in the DoD Components, the North Atlantic Treaty Organization (NATO), and among DoD contractors, consultants, and grantees authorized to conduct official business for the Department of Defense. Contracts requiring the preparation of unclassified information that could be DoD UCNI shall have the requirements for identifying and controlling the DoD UCNI.

6. DoE GG–2[1] and DoE Orders 5635.4[2] and 5650.3[3] provide background on implementation of the UCNI Program in the DoE. The DoD Components maintaining custody of DoE UCNI should refer to those documents for its identification and control.

B. Identifying DoD UCNI

1. To be considered for protection as DoD UCNI, the information must:

a. Be unclassified.

b. Pertain to security measures, including plans, procedures, and equipment, for the physical protection of DoD SNM, equipment, or facilities.

c. Meet the adverse effects test; i.e., that the unauthorized dissemination of such information could reasonably be expected to have an adverse effect on the health and safety of the public or the common defense and security by increasing significantly the likelihood of the illegal production of nuclear weapons or the theft, diversion, or sabotage of DoD SNM, equipment, or facilities.

2. Information, in the categories in section C. of appendix B to this part, about DOD SNM should be considered for protection as DoD UCNI.

3. Material originated before the effective date of those procedures, which is found in the normal course of business to have DoD UCNI, shall be protected as DoD UCNI. There is no requirement to conduct detailed file searches to retroactively identify and control DoD UCNI. As existing documents or materials are withdrawn from file, they should be reviewed to determine if they meet the criteria for protection as DoD UCNI and marked and controlled, accordingly.

C. Access to DOD UCNI

1. A Reviewing Official is an Authorized Individual for documents or materials that the Reviewing Official determines to contain DoD UCNI. An Authorized Individual, for DoD UCNI, may determine that another person is an Authorized Individual who may be granted routine access to the DoD UCNI, and who may further disseminate the DoD UCNI under the procedures specified in paragraph E., below. This recipient of DoD UCNI from an Authorized Individual is also an Authorized Individual for the specific DoD UCNI to which routine access has been granted. An Authorized Individual designates another person to be an Authorized Individual by the act of giving that person a document or material that contains DoD UCNI. No explicit designation or security clearance is required. This second Authorized Individual may further disseminate the UCNI under the procedures specified in section E. of the appendix.

2. A person granted routine access to DoD UCNI must have a need to know the specific DoD UCNI in the performance of official duties or of DoD-authorized activities. The recipient of the document or material shall be informed of the physical protection and access requirements for DoD UCNI. In addition to a need to know, the person must meet at least one of the following requirements:

a. The person is a U.S. citizen who is one of the following:

(1) A Federal Government employee or member of the U.S. Armed Forces.

(2) An employee of a Federal Government contractor, subcontractor, or of a prospective Federal Government contractor or subcontractor who will use the DoD UCNI for the purpose of bidding on a Federal Government contract or subcontract.

(3) A Federal Government consultant or DoD advisory committee member.

(4) A member of Congress.

(5) A staff member of a congressional committee or of an individual Member of Congress.

(6) The Governor of a State or designated State government official or representative.

(7) A local government official or an Indian tribal government official; or

(8) A member of a State, local, or Indian tribal law enforcement or emergency response organization.

b. The person is other than a U.S. citizen, and is one of the following:

(1) A Federal Government employee or a member of the U.S. Armed Forces.

(2) An employee of a Federal Government contractor or subcontractor; or

(3) A Federal Government consultant or DoD advisory committee member.

c. The person may be other than a U.S. citizen who is not otherwise eligible for routine access to DoD UCNI under paragraph C. 2.b of this appendix, but who requires routine access to specific DoD UCNI in conjunction with one of the following:

(1) An international nuclear cooperative activity approved by the Federal Government.

(2) U.S. diplomatic dealings with foreign government officials; or

[1] See footnote 3 to §223.2(c).
[2] See footnote 3 to §223.2(c).
[3] See footnote 3 to §223.2(c).

(3) Provisions of treaties, mutual defense acts, or Government contracts or subcontracts.

3. A person not authorized routine access to DoD UCNI under paragraph C.2. of this appendix, may submit a request for special access to DoD UCNI to Heads of DoD Components, or their designated representative, as appropriate. A special access request must include the following information:

a. The name, current residence or business address, birthplace, birth date, and country of citizenship of the person submitting the request.

b. A description of the DoD UCNI for which special access is being requested.

c. A description of the purpose for which the DoD UCNI is needed; and

d. Certification by the requester of his or her understanding of, and willingness to abide by, the requirements for the protection of DoD UCNI contained in this part.

4. Heads of DoD Components, or their designated representative, shall base his or her decision to grant special access to DoD UCNI on an evaluation of the following criteria:

a. The sensitivity of the DoD UCNI for which special access is being requested (i.e., the worst-case, adverse effect on the health and safety of the public or the common defense and security which would result from unauthorized use of the DoD UCNI).

b. The purpose for which the DoD UCNI is needed (e.g., the DoD UCNI will be used for commercial or other private purposes, or will be used for public benefit to fulfill statutory or regulatory responsibilities).

c. The likelihood of an unauthorized dissemination by the requester of the DoD UCNI; and

d. The likelihood of the requester using the DoD UCNI for illegal purposes.

5. Heads of DoD Components, or their designated representative, shall attempt to notify a person who requests special access to DoD UCNI within 30 days of receipt of the request as to whether or not special access to the requested DoD UCNI is granted. If a final determination on the request cannot be made within 30 days of receipt of the request, Heads of DoD Components, or their designated representative, shall notify the requester, within 30 days of the request, as to when the final determination on the request may be made.

6. A person granted special access to specific UCNI is not an Authorized Individual and shall not further disseminate the DoD UCNI to which special access has been granted.

7. An Authorized Individual granting routine access to specific DoD UCNI to another person shall notify each person granted access (other than when the person being granted such access is a Federal Government employee, a member of the U.S. Armed Forces, or an employee of a Federal Government contractor or subcontractor) of applicable regulations concerning the protection of DoD UCNI and of any special dissemination limitations that the Authorized Individual determines to apply for the specific DoD UCNI to which routine access is being granted.

8. Heads of DoD Components, or their designated representative, shall notify each person granted special access to DoD UCNI of applicable regulations concerning the protection of DoD UCNI prior to dissemination of the DoD UCNI to the person.

9. The requirement to notify persons granted routine access or special access to specific DoD UCNI may be met by attachment of an appropriate cover sheet to the front of each document or material containing DoD UCNI prior to its transmittal to the person granted access.

D. Markings

1. An unclassified document with DoD UCNI shall be marked ''DoD Unclassified Controlled Nuclear Information'' at the bottom on the outside of the front cover, if any, and on the outside of the back cover, if any.

2. In an unclassified document, an individual page that has DoD UCNI shall be marked to show which of its portions contain DoD UCNI information. In marking sections, parts, paragraphs, or similar portions, the parenthetical term ''(DoD UCNI)'' shall be used and placed at the beginning of those portions with DoD UCNI.

3. In a classified document, an individual page that has both DoD UCNI and classified information shall be marked at the top and bottom of the page with the highest security classification of information appearing on that page. In marking sections, parts, paragraphs, or similar portions, the parenthetical term ''(DoD UCNI)'' shall be used and placed at the beginning of those portions with DoD UCNI. In a classified document, an individual page that has DoD UCNI, but no classified information, shall be marked ''DoD Unclassified Controlled Information'' at the bottom of the page. The DoD UCNI marking may be combined with other markings, if all relevant statutory and regulatory citations are included.

4. Other material (e.g., photographs, films, tapes, or slides) shall be marked ''DoD Unclassified Controlled Nuclear Information'' to ensure that a recipient or viewer is aware of the status of the information.

E. Dissemination and Transmission

1. DoD UCNI may be disseminated in the DoD Components, the NATO, and among the DoD contractors, consultants, and grantees on a need-to-know basis to conduct official business for the Department of Defense. Recipients shall be made aware of the status of such information, and transmission shall be

by means to preclude unauthorized disclosure or dissemination. Contracts that shall require access to DoD UCNI shall require compliance with this part and the DoD Component regulations and have the requirements for the marking, handling, and safeguarding of DoD UCNI.

2. DoD holders of DoD UCNI are authorized to convey such information to officials in other Departments or Agencies on a need-to-know basis to fulfill a Government function. Transmittal documents shall call attention to the presence of DoD UCNI attachments using an appropriate statement in the text, or marking at the bottom of the transmittal document, that ''The attached document contains DoD Unclassified Controlled Nuclear Information (DoD UCNI).'' Similarly, documents transmitted shall be marked, as prescribed in section D. of this appendix.

3. DoD UCNI transmitted outside the Department of Defense requires application of an expanded marking to explain the significance of the DoD UCNI marking. That may be accomplished by typing or stamping the following statement on the document before transfer:

DEPARTMENT OF DEFENSE

UNCLASSIFIED CONTROLLED NUCLEAR INFORMATION

EXEMPT FROM MANDATORY DISCLOSURE

(5 U.S.C. 552(b)(3), as authorized by 10 U.S.C. 128)

4. When not commingled with classified information, DoD UCNI may be sent by first-class mail in a single, opaque envelope or wrapping.

5. DoD UCNI may only be discussed or transmitted over an unprotected telephone or telecommunications circuit (to include facsimile transmissions) in an emergency.

6. Each part of electronically transmitted messages with DoD UCNI shall be marked appropriately. Unclassified messages with DoD UCNI shall have the abbreviation ''DoD UCNI'' before the beginning of the text.

7. DoD UCNI may be processed, stored, or produced on stand-alone personal computers, or shared-logic work processing systems, if protection from unauthorized disclosure or dissemination, in accordance with the procedures in section F. of this appendix, can be ensured.

8. A document marked as having DoD UCNI may be reproduced minimally without permission of the originator and consistent with the need to carry out official business.

F. Safeguarding DoD UCNI

1. During normal working hours, documents determined to have DoD UCNI shall be placed in an out-of-sight location, or otherwise controlled, if the work area is accessible to unescorted personnel.

2. At the close of business, DoD UCNI material shall be stored so to preclude disclosure. Storage of such material with other unclassified documents in unlocked receptacles; i.e., file cabinets, desks, or bookcases, is adequate, when normal Government or Government-contractor internal building security is provided during nonduty hours. When such internal building security is not provided, locked rooms or buildings normally provide adequate after-hours protection. If such protection is not considered adequate, DoD UCNI material shall be stored in locked receptacles; i.e., file cabinets, desks, or bookcases.

3. Nonrecord copies of DoD UCNI materials must be destroyed by tearing each copy into pieces to reasonably preclude reconstruction and placing the pieces in regular trash containers. If the sensitivity or volume of the information justifies it, DoD UCNI material may be destroyed in the same manner as classified material rather than by tearing. Record copies of DoD UCNI documents shall be disposed of, in accordance with the DoD Components' record management regulations. DoD UCNI on magnetic storage media shall be disposed of by overwriting to preclude its reconstruction.

4. The unauthorized disclosure of DoD UCNI material does not consititute disclosure of DoD information that is classified for security purposes. Such disclosure of DoD UCNI justifies investigative and administrative actions to determine cause, assess impact, and fix responsibility. The DoD Component that originated the DoD UCNI information shall be informed of its unauthorized disclosure and the outcome of the investigative and administrative actions.

G. Retirement of Document of Material

1. Any unclassified document or material which is not marked as containing DoD UCNI but which may contain DoD UCNI shall be marked upon retirement in accordance with the DoD Components' record management regulations.

2. A document or material marked as containing DoD UCNI is not required to be reviewed by a Reviewing Official upon or subsequent to retirement. A Reviewing Official shall review any retired document or material upon a request for its release made under 5 U.S.C. 552.

H. Requests for Public Release of DoD UCNI

DoD 5400.7–R applies. Information that qualifies as DoD UCNI, under 10 U.S.C. 128, is exempt from mandatory disclosure under 5 U.S.C. 552. Consequently, requests for the public release of DoD UCNI shall be denied under 5 U.S.C. 552(b)(3), citing 10 U.S.C. 128 as authority.

I. Reports

The Assistant Secretary of Defense for Command, Control, Communications, and Intelligence shall prepare and maintain the quarterly reports required by 10 U.S.C. 128. The Heads of the DoD Components shall advise the ASD(C3I) when information not in the guidelines in appendix B to this part is determined to be DoD UCNI. Those reports shall have the following information:

1. Identification of the information to be controlled as DoD UCNI. It is not necessary to report each document or numbers of documents.

2. Justification for identifying the type of information to be controlled as DoD UCNI.

3. Certification that only the minimal information necessary to protect the health and safety of the public or the common defense and security is being controlled as DoD UCNI.

APPENDIX B TO PART 223—GUIDELINES FOR THE DETERMINATION OF DOD UCNI

A. Use of Determination of DoD UCNI Guidelines

1. These guidelines for determining DoD UCNI are the bases for determining what unclassified information about the physcial protection of DoD SNM, equipment or facilities in a given technical or programmatic subject area is DoD UCNI.

2. The decision to protect unclassified information as DoD UCNI shall be based on a determination that the unauthorized dissemination of such information could reasonably be expected to have an adverse effect on the health and safety of the public or the common defense and security by increasing significantly the likelihood of the illegal production of nuclear weapons or the theft, diversion, or sabotage of SNM, equipment, or facilities.

B. General

1. The policy for protecting unclassified information about the physical protection of DoD SNM, equipment, or facilities is to protect the public's interest by controlling certain unclassified Government information so to prevent the adverse effects described in section D. of this appendix and in appendix A to this part, without restricting public availability of information that would not result in those adverse effects.

2. In controlling DoD SNM information, only the minimum restrictions needed to protect the health and safety of the public or the common defense and security shall be applied to prohibit the disclosure and dissemination of DoD UCNI.

3. Any material that has been, or is, widely and irretrievably disseminated into the public domain and whose dissemination was not, or is not, under Government control is exempt from control under these guidelines. However, the fact that information is in the public domain is not a sufficient basis for determining that similar or updated Government-owned and -controlled information in another document or material is not, or is no longer, DoD UCNI; case-by-case determinations are required.

C. Topical Guidance

The following elements of information shall be considered by the DoD Components during the preparation of unclassified information about the physical protection of DoD SNM to determine if it qualifies for control as DoD UCNI:

1. VULNERABILITY ASSESSMENTS

a. General vulnerabilities that could be associated with specific DoD SNM, equipment, or facility locations.

b. The fact that DoD SNM facility security-related projects or upgrades are planned or in progress.

c. Identification and description of security system components intended to mitigate the consequences of an accident or act of sabotage at a DoD SNM facility.

2. MATERIAL CONTROL AND ACCOUNTABILITY

a. Total quantity or categories of DoD SNM at a facility.

b. Control and accountability plans or procedures.

c. Receipts that, cumulatively, would reveal quantities and categories of DoD SNM of potential interest to an adversary.

d. Measured discards, decay losses, or losses due to fission and transmutation for a reporting period.

e. Frequency and schedule of DoD SNM inventories.

3. FACILITY DESCRIPTION

a. Maps, conceptual design, and construction drawings of a DoD SNM facility showing construction characteristics of building and associated electrical systems, barriers, and back-up power systems not observable from a public area.

b. Maps, plans, photographs, or drawings of man-made or natural features in a DoD SNM facility not observable from a public area; i.e., tunnels, storm or waste sewers, water intake and discharge conduits, or other features having the potential for concealing surreptitious movement.

4. INTRUSION DETECTION AND SECURITY ALARM SYSTEMS

a. Information on the layout or design of security and alarm systems at a specific DoD SNM facility, if the information is not observable from a public area.

b. The fact that a particular system make or model has been installed at a specific DoD

SNM facility, if the information is not observable from a public area.

c. Performance characteristics of installed systems.

5. KEYS, LOCKS, COMBINATIONS, AND TAMPER-INDICATING DEVICES

a. Types and models of keys, locks, and combinations of locks used in DoD SNM facilities and during shipment.

b. Method of application of tamper-indicating devices.

c. Vulnerability information available from unclassified vendor specifications.

6. THREAT RESPONSE CAPABILITY AND PROCEDURES

a. Information about arrangements with local, State, and Federal law enforcement Agencies of potential interest to an adversary.

b. Information in ''nonhostile'' contingency plans of potential value to an adversary to defeat a security measure; i.e., fire, safety, nuclear accident, radiological release, or other administrative plans.

c. Required response time of security forces.

7. PHYSICAL SECURITY EVALUATIONS

a. Method of evaluating physical security measures not observable from public areas.

b. Procedures for inspecting and testing communications and security systems.

8. IN-TRANSIT SECURITY

a. Fact that a shipment is going to take place.

b. Specific means of protecting shipments.

c. Number and size of packages.

d. Mobile operating and communications procedures that could be exploited by an adversary.

e. Information on mode, routing, protection, communications, and operations that must be shared with law enforcement or other civil agencies, but not visible to the public.

f. Description and specifications of transport vehicle compartments or security systems not visible to the public.

9. INFORMATION ON NUCLEAR WEAPON STOCKPILE AND STORAGE REQUIREMENT, NUCLEAR WEAPON DESTRUCTION AND DISABLEMENT SYSTEMS, AND NUCLEAR WEAPONS PHYSICAL CHARACTERISTICS

Refer to CG-W-5 for guidance about the physical protection of information on nuclear weapon stockpile and storage requirements, nuclear weapon destruction and disablement systems, and nuclear weapon physical characteristics that may, under certain circumstances, be unclassified. Such information meets the adverse effects test shall be protected as DoD UCNI.

PART 226—SHELTER FOR THE HOMELESS

Sec.
226.1 Purpose.
226.2 Applicability.
226.3 Policy.
226.4 Responsibilities.
226.5 Effective date and implementation.

AUTHORITY: 10 U.S.C. 2546.

SOURCE: 52 FR 42638, Nov. 6, 1987, unless otherwise noted.

§ 226.1 Purpose.

This part implements 10 U.S.C. 2546 by establishing Department of Defense policy for the Department of Defense Shelter for the Homeless Program.

§ 226.2 Applicability.

This part applies to the Office of the Secretary of Defense (OSD), the Military Departments (including their National Guard and Reserve components), the Unified and Specified Commands, the Defense Agencies, and Department of Defense Field Activities (hereafter referred to collectively as ''Department of Defense Components'').

§ 226.3 Policy.

(a) By Memorandum for the Secretaries of the Military Departments from the Secretary of Defense dated October 29, 1984, and entitled: ''Shelter for the Homeless'', the Secretary of Defense stated it is Department of Defense policy that shelters for the homeless may be established on military installations.

(b) The Secretary of a Military Department, or designee, may make military installations under his or her jurisdiction available for the furnishing of shelter to persons without adequate shelter in accordance with 10 U.S.C. 2546 and this part if he or she, or designee, determines that such shelter will not interfere with military preparedness or ongoing military functions.

(c) The Secretary of a Military Department, after determining that a shelter for the homeless may be established on a military installation, shall ensure that the plans for the shelter be developed in cooperation with appropriate State or local governmental entities and charitable organizations.

The State or local government entity, either separately or in conjunction with the charitable organization, shall be responsible for operating and staffing any shelter established under the Shelter for the Homeless Program.

(d) Services that may be provided by a Military Department incident to the furnishing of shelter under 10 U.S.C. 2546 are the following:

(1) Utilities.

(2) Bedding.

(3) Security.

(4) Transportation.

(5) Renovation of facilities.

(6) Minor repairs undertaken specifically to make suitable space available for shelter to be provided in accordance with 10 U.S.C. 2546 and this part.

(7) Property liability insurance.

(e) The Military Departments should be especially sensitive to establishing shelters in the following areas:

(1) Family housing areas,

(2) Troop billeting areas,

(3) Service facilities such as commissaries, exchanges, dining facilities, hospitals, clinics, recreation centers, etc.,

(4) Safety arcs formed by firing ranges and impact areas,

(5) Frequently used training areas.

(f) Shelters for the homeless shall normally be established in only those facilities where the homeless will have exclusive use at all times. Shelters for the homeless shall normally not be established in facilities ''shared'' with military functions.

(g) In addition to providing shelter and incidental services, Department of Defense Components may provide bedding for support of shelters for the homeless that are located on other than Department of Defense real property. Bedding may be provided without reimbursement, but may only be provided to the extent that the provision of such bedding will not interfere with military requirements.

(h) Individuals or entities interested in establishing shelters on military installations shall:

(1) Submit a request to the Installation Commander where the shelter is desired, and

(2) Provide, at a minimum, the following data: The name and address of the organization that will operate the shelter, the name and address of the affiliated state or local governmental entity, numbers of people to be served, type of program, hours of operation, special needs of the people to be served, incidental services required, estimated date when the services are requested, estimate of when services will no longer be necessary, and what security provisions are to be provided (physical security).

§ 226.4 Responsibilities.

(a) The Deputy Assistant Secretary of Defense (Installations) shall:

(1) Administer the Homeless Assistance Program and issue such supplemental guidance as is necessary.

(2) Appoint an individual as Director, The Homeless Assistance Program, who shall be the Department of Defense program manager responsible for monitoring the Shelter for the Homeless program and answering all inquiries.

(b) The Assistance Secretary of Defense (Comptroller) shall provide guidance on the use of Department of Defense funds to finance the items issued in support of the Shelter for the Homeless program.

(c) The Secretaries of the Military Departments shall:

(1) Implement the Shelter for the Homeless program.

(2) Appoint a senior manager to monitor the Shelter for the Homeless program within that Department and to provide any assistance that may be required to the Deputy Assistant Secretary of Defense (Installations). Such official, after consultation with the Director, The Homeless Assistance Program ODASD(I), shall approve or disapprove all requests to establish a Shelter for the Homeless in accordance with 10 U.S.C. 2546 and this part.

(3) Ensure that upon receipt of a formal request for assistance, as defined in § 226.3(h) of this part, the Military Department concerned provides an appropriate response to the requester within 30 days.

(4) Ensure that each Installation Commander is informed about the Shelter for the Homeless Program and the types of assistance that they may provide as authorized by 10 U.S.C. 2546 and this part.

(d) Department of Defense Installation Commanders shall:

(1) Acknowledge all requests for assistance.

(2) Upon receipt of a request, initiate such action as is necessary to determine the availability of facilities at that installation for use as a shelter for the homeless.

(3) Forward each request, through the chain of command, to the Service Senior Manager with a copy to the DASD(I). The Installation Commander's recommendation shall accompany each request.

§ 226.5 Effective date and implementation.

This part is effective October 30, 1987. Forward one copy of implementing documents to the Deputy Assistant Secretary of Defense (Installations) within 60 days.

PART 228—SECURITY PROTECTIVE FORCE

Sec.

228.1 Applicability.
228.2 Control of activities on protected property.
228.3 Restrictions on admission to protected property.
228.4 Control of vehicles on protected property.
228.5 Enforcement of parking regulations.
228.6 Security inspection.
228.7 Prohibition on weapons and explosives.
228.8 Prohibition on photographic or electronic recording or transmitting equipment.
228.9 Prohibition on narcotics and illegal substances.
228.10 Prohibition on alcohol.
228.11 Restrictions on the taking of photographs.
228.12 Physical protection of facilities.
228.13 Disturbances on protected property.
228.14 Prohibition on gambling.
228.15 Restriction regarding animals.
228.16 Soliciting, vending, and debt collection.
228.17 Distribution of unauthorized materials.
228.18 Penalties and the effect on other laws.

AUTHORITY: 40 U.S.C. 318–318c.

SOURCE: 59 FR 5948, Feb. 9, 1994, unless otherwise noted.

§ 228.1 Applicability.

This part applies to all property under the charge and control of the Director, NSA, and to all persons entering in or on such property (hereinafter referred to as ''protected property''). Employees of the NSA and any other persons entering upon protected property shall be subject to these regulations.

§ 228.2 Control of activities on protected property.

Persons in and on protected property shall at all times comply with official signs of a prohibitory, regulatory, or directory nature and with the direction of Security Protective Officers and any other duly authorized personnel.

§ 228.3 Restrictions on admission to protected property.

Access to protected property shall be restricted to ensure the orderly and secure conduct of Agency business. Admission to protected property will be restricted to employees and other persons with proper authorization who shall, when requested, display government or other identifying credentials to the Security Protective Officers or other duly authorized personnel when entering, leaving, or while on the property.

§ 228.4 Control of vehicles on protected property.

Drivers of all vehicles entering or while on protected property shall comply with the signals and directions of Security Protective Officers or other duly authorized personnel and any posted traffic instructions. All vehicles shall be driven in a safe and careful manner at all times, in compliance with applicable motor vehicle laws.

§ 228.5 Enforcement of parking regulations.

For reasons of security, parking regulations shall be strictly enforced. Except with proper authorization, parking on protected property is not allowed without a permit. Parking without a permit or other authorization, parking in unauthorized locations or in locations reserved for other persons, or parking contrary to the direction of

posted signs or applicable state or federal laws and regulations is prohibited. Vehicles parked in violation, where warning signs are posted, shall be subject to removal at the owner's risk, which shall be in addition to any penalties assessed pursuant to § 228.18. The Agency assumes no responsibility for the payment of any fees or costs related to such removal which may be charged to the owner of the vehicle by the towing organization. This paragraph may be supplemented from time to time with the approval of the NSA Director of Security or his designee by the issuance and posting of such specific traffic directives as may be required, and when so issued and posted such directives shall have the same force and effect as if made a part hereof. Proof that a vehicle was parked in violation of these regulations or directives may be taken as *prima facie* evidence that the registered owner was responsible for the violation.

§ 228.6 Security inspection.

Any personal property, including but not limited to any packages, briefcases, containers or vehicles brought into, while on, or being removed from protected property are subject to inspection. A search of a person may accompany an investigative stop or an arrest.

§ 228.7 Prohibition on weapons and explosives.

No persons entering or while on protected property shall carry or possess, either openly or concealed, firearms, any illegal or legally controlled weapon (e.g., throwing stars, switchblades), explosives, or items intended to be used to fabricate an explosive or incendiary device, except as authorized by the NSA Director of Security or his designee at each Agency facility. The use of chemical agents (Mace, tear gas, etc.) on protected property in circumstances that do not include an immediate and unlawful threat of physical harm to any person or persons is prohibited; however, this prohibition does not apply to use by law enforcement personnel in the performance of their duties.

§ 228.8 Prohibition on photographic or electronic recording or transmitting equipment.

No person entering or while on protected property shall bring or possess any kind of photographic, recording or transmitting equipment (including but not limited to cameras, cellular telephones, or recorders), except as specially authorized by the NSA Director of Security or his designee at each Agency facility.

§ 228.9 Prohibition on narcotics and illegal substances.

Entering or being on protected property under the influence of, or while using or possessing, any narcotic drug, hallucinogen, marijuana, barbiturate or amphetamine is prohibited. Operation of a motor vehicle entering or while on protected property by a person under the influence of narcotic drugs, hallucinogens, marijuana, barbiturates or amphetamines is also prohibited. These prohibitions shall not apply in cases where the drug is being used as prescribed for a patient by a licensed physician.

§ 228.10 Prohibition on alcohol.

Entering or being on protected property under the influence of alcoholic beverages is prohibited. Operation of a motor vehicle entering or while on protected property by a person under the influence of alcoholic beverages is prohibited. The use of alcoholic beverages on protected property is also prohibited, except on occasions and on protected property for which the NSA Deputy Director for Support Services or his designee has granted approval for such use.

§ 228.11 Restrictions on the taking of photographs.

In order to protect the security of the Agency's facilities, photographs may be taken on protected property only with the consent of the NSA Director of Security or his designee. The taking of photographs includes the use of television cameras, video taping equipment, and still or motion picture cameras.

§ 228.12 Physical protection of facilities.

The willful destruction of, or damage to any protected property, or any buildings or personal property thereon, is prohibited. The theft of any personal property, the creation of any hazard on protected property to persons or things, and the throwing of articles of any kind at buildings or persons on protected property is prohibited. The improper disposal of trash or rubbish, or any unauthorized or hazardous materials on protected property is also prohibited.

§ 228.13 Disturbances on protected property.

Any conduct which impedes or threatens the security of protected property, or any buildings or persons thereon, or which disrupts the performance of official duties by Agency employees, or which interferes with ingress to or egress from protected property is prohibited. Also prohibited is any disorderly conduct, any failure to obey an order to depart the premises, any unwarranted loitering, any behavior which creates loud or unusual noise or nuisance, or any conduct which obstructs the usual use of entrances, foyers, lobbies, corridors, offices, elevators, stairways or parking lots.

§ 228.14 Prohibition on gambling.

Participating in games for money or other personal property, or the operating of gambling devices, the conduct of a lottery, or the selling or purchasing of numbers tickets, in or on protected property is prohibited. This prohibition shall not apply to the vending or exchange of chances by licensed blind operators of vending facilities for any lottery set forth in a State law and conducted by an agency of a State as authorized by section 2(a)(5) of the Randolph-Sheppard Act, as amended (20 U.S.C. 107(a)(5)).

§ 228.15 Restriction regarding animals.

No animals except guide dogs for the blind or hearing impaired, or guard or search dogs used by authorized state or federal officials, shall be brought upon protected property, except as authorized by the NSA Director of Security or his designee at each Agency facility.

§ 228.16 Soliciting, vending, and debt collection.

Commercial or political soliciting, vending of all kinds, displaying or distributing commercial advertising, collecting private debts or soliciting alms on protected property is prohibited. This does not apply to:

(a) National or local drives for welfare, health, or other purposes as authorized by the ''Manual on Fund Raising Within the Federal Service,'' issued by the U.S. Office of Personnel Management under Executive Order 12353, 47 FR 12785, 3 CFR, 1982 Comp., p. 139, or by other federal laws or regulations; and

(b) Authorized employee notices posted on Agency bulletin boards.

§ 228.17 Distribution of unauthorized materials.

Distributing, posting or affixing materials, such as pamphlets, handbills, or flyers, on protected property is prohibited, except as provided by § 228.16, as authorized by the NSA Director of Security or his designee at each Agency facility, or when conducted as part of authorized Government activities.

§ 228.18 Penalties and the effect on other laws.

Whoever shall be found guilty of violating any provision of these regulations is subject to a fine of not more than $50 or imprisonment of not more than 30 days, or both. In the case of traffic and parking violations, fines assessed shall be in accordance with the schedule(s) of fines adopted by the United States District Court for the District where the offense occurred. Nothing in these regulations shall be construed to abrogate or supersede any other Federal laws or any State or local laws or regulations applicable to any area in which the protected property is situated.

PART 230—FINANCIAL INSTITUTIONS ON DOD INSTALLATIONS

Sec.

230.1 Purpose.
230.2 Applicability.
230.3 Definitions.
230.4 Policy.
230.5 Responsibilities.

AUTHORITY: 10 U.S.C. 136.

SOURCE: 66 FR 46373, Sept. 5, 2001, unless otherwise noted.

§ 230.1 Purpose.

This part:

(a) Updates policies and responsibilities for financial institutions that serve Department of Defense (DoD) personnel on DoD installations worldwide. Associated procedures are contained in 32 CFR part 231.

(b) Prescribes consistent arrangements for the provision of services by financial institutions among the DoD Components, and requires that financial institutions operating on DoD installations provide, and are provided, support consistent with the policies stated in this part.

§ 230.2 Applicability.

This part applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff (JCS), the Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter collectively referred to as ''the DoD Components'') and all nonappropriated fund instrumentalities including the Military Exchange Services and morale, welfare and recreation (MWR) activities.

§ 230.3 Definitions.

Terms used in this part are set forth in 32 CFR part 231.

§ 230.4 Policy.

(a) The following pertains to financial institutions on DoD installations:

(1) Except where they already may exist as of May 1, 2000, no more than one banking institution and one credit union shall be permitted to operate on a DoD installation.

(2) Upon the request of an installation commander and with the approval of the Secretary of the Military Department concerned (or designee), duly chartered financial institutions may be authorized to provide financial services on DoD installations to enhance the morale and welfare of DoD personnel and facilitate the administration of public and quasi-public monies. Arrangement for the provision of such services shall be in accordance with this part and the applicable provisions of 32 CFR part 231.

(3) Financial institutions or branches thereof, shall be established on DoD installations only after approval by the Secretary of the Military Department concerned (or designee) and the appropriate regulatory agency.

(i) Except in limited situations overseas (see paragraph (b)(2)(iii) of this section), only banking institutions insured by the Federal Deposit Insurance Corporation and credit unions insured by the National Credit Union Share Insurance Fund or by another insurance organization specifically qualified by the Secretary of the Treasury, shall operate on DoD installations. These financial institutions may either be State or federally chartered; however, U.S. credit unions operated overseas shall be federally insured.

(ii) Military banking facilities (MBFs) shall be established on DoD installations only when a demonstrated and justified need cannot be met through other means. An MBF is a financial institution that is established by the Department of the Treasury under statutory authority that is separate from State or Federal laws that govern commercial banking. Section 265 of title 12, United States Code contains the provisions for the Department of the Treasury to establish MBFs. Normally, MBFs shall be authorized only at overseas locations. This form of financial institution may be considered for use at domestic DoD installations only when the cognizant DoD Component has been unable to obtain, through normal means, financial services from a State or federally chartered financial institution authorized to operate in the State in which the installation is located. In times of mobilization, it may become necessary to designate additional MBFs as an emergency measure. The Director, Defense Finance and Accounting Service (DFAS) may recommend the designation of MBFs to the Department of the Treasury.

(iii) Retail banking operations shall not be performed by any DoD Component. Solicitations for such services

shall be issued, or proposals accepted, only in accordance with the policies identified in this part. The DoD Components shall rely on commercially available sources in accordance with DoD Directive 4100.15.[1]

(4) Installation commanders shall not seek the provision of financial services from any entity other than the on-base banking office or credit union. The Director, DFAS, with the concurrence of the Under Secretary of Defense (Comptroller) (USD(C)), may approve exceptions to this policy.

(5) Financial institutions authorized to locate on DoD installations shall be provided logistic support as set forth in 32 CFR part 231.

(6) Military disbursing offices, nonappropriated fund instrumentalities (including MWR activities and the Military Exchange Services) and other DoD Component activities requiring financial services shall use on-base financial institutions to the maximum extent feasible.

(7) The Department encourages the delivery of retail financial services on DoD installations via nationally networked automated teller machines (ATMs).

(i) ATMs are considered electronic banking services and, as such, shall be provided only by financial institutions that are chartered and insured in accordance with the provisions of paragraph (a)(3) of this section.

(ii) Proposals by the installation commander to install ATMs from other than on-base financial institutions shall comply with the provisions of paragraph (a)(4) of this section.

(8) Expansion of financial services (to include in-store banking) requiring the outgrant of additional space or logistical support shall be approved by the installation commander. Any DoD activity or financial institution seeking to expand financial services shall coordinate such requests with the installation bank/credit union liaison officer prior to the commander's consideration.

(9) The installation commander shall ensure, to the maximum extent feasible, that all financial institutions operating on that installation are given the opportunity to participate in pilot programs to demonstrate new financial-related technology or establish new business lines (e.g., in-store banking) where a determination has been made by the respective DoD Component that the offering of such services is warranted.

(10) The installation commander shall approve requests for termination of financial services that are substantiated by sufficient evidence and forwarded to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall coordinate such requests with the USD(C), through the Director, DFAS, before notification to the appropriate regulatory agency.

(11) Additional guidance pertaining to financial services is set forth in 32 CFR part 231.

(b) The following additional provisions pertain only to financial institutions on overseas DoD installations:

(1) The extension of services by MBFs and credit unions overseas shall be consistent with the policies stated in this part and with the applicable status of forces agreements, other intergovernmental agreements, or host-country law.

(2) Financial services at overseas DoD installations may be provided by:

(i) Domestic on-base credit unions operating overseas under a geographic franchise and, where applicable, as authorized by the pertinent status of forces agreements, other intergovernmental agreements, or host-country law.

(ii) MBFs operated under and authorized by the pertinent status of forces agreement, other intergovernmental agreement, or host-country law.

(iii) Domestic and foreign banks located on overseas DoD installations that are:

(A) Chartered to provide financial services in that country, and

(B) A party to a formal operating agreement with the installation commander to provide such services, and

(C) Identified, where applicable, in the status of forces agreements, other intergovernmental agreements, or host-country law.

[1] See footnote 1 to § 231.1(a).

(3) In countries served by MBFs operated under contract, nonappropriated fund instrumentalities and on-base credit unions that desire, and are authorized, to provide accommodation exchange services shall acquire foreign currency from the MBF at the MBF accommodation rate; and shall sell such foreign currency at a rate of exchange that is no more favorable to the customer than the customer rate available at the MBF.

§ 230.5 Responsibilities.

(a) The Under Secretary of Defense (Comptroller) (USD(C)) shall develop policies governing establishment, operation, and termination of financial institutions on DoD installations and take final action on requests for exceptions to this part.

(b) The Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L)) shall monitor policies and procedures governing logistical support furnished to financial institutions on DoD installations, including the use of DoD real property and equipment.

(c) The Under Secretary of Defense (Personnel and Readiness) (USD(P&R)) shall advise the USD(C) on all aspects of on-base financial institution services that affect the morale and welfare of DoD personnel.

(d) DoD Component responsibilities pertaining to this part are set forth in 32 CFR part 231.

PART 231—PROCEDURES GOVERNING BANKS, CREDIT UNIONS AND OTHER FINANCIAL INSTITUTIONS ON DOD INSTALLATIONS

Subpart A—Guidelines

Sec.

231.1 Overview.
231.2 Policy.
231.3 Responsibilities.
231.4 General provisions.
231.5 Procedures—domestic banks.
231.6 Procedures—overseas banks.
231.7 Procedures—domestic credit unions.
231.8 Procedures—overseas credit unions.
231.9 Definitions.

Subpart B—DoD Directive 1000.11

231.10 Financial institutions on DoD installations.

Subpart C—Guidelines for Applications of the Privacy Act to Financial Institution Operations

231.11 Guidelines.

APPENDIX A TO PART 231—SAMPLE OPERATING AGREEMENT BETWEEN MILITARY INSTALLATIONS AND FINANCIAL INSTITUTIONS
APPENDIX B TO PART 231—IN-STORE BANKING.
APPENDIX C TO PART 231—SAMPLE CERTIFICATE OF COMPLIANCE FOR CREDIT UNIONS.

AUTHORITY: 10 U.S.C. 136.

SOURCE: 66 FR 46708, Sept. 7, 2001, unless otherwise noted.

Subpart A—Guidelines

§ 231.1 Overview.

(a) *Purpose.* This part implements DoD Directive 1000.11 (32 CFR part 230)[1] and prescribes guidance and procedures governing the establishment, support, operation, and termination of banks and credit unions operating on DoD installations worldwide, to include military banking facilities (MBFs). In addition, this part provides guidance intended to ensure that arrangements for the provision of services by financial institutions are consistent among DoD Components, and that financial institutions operating on DoD installations provide, and are provided, support consistent with the guidance and procedures stated herein.

(b) *Applicability.* This part applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Joint Chiefs of Staff (JCS), the Joint Staff and the supporting Joint Agencies, the Combatant Commands, the Inspector General of the Department of Defense (IG, DoD), the Defense Agencies, the DoD Field Activities, the Uniformed Services University of the Health Sciences (USUHS), all DoD nonappropriated fund instrumentalities including the Military Exchange Services and morale, welfare and recreation (MWR) activities, and all other organizational entities within the Department of Defense.

[1] Copies may be obtained via Internet at *http://www.dtic.whs/directives.*

§ 231.2 Policy.

The policy pertaining to financial institutions operating on DoD installations is contained in DoD Directive 1000.11 (32 CFR part 230) and in § 231.4.

§ 231.3 Responsibilities.

(a) The Under Secretary of Defense (Comptroller) (USD(C)) shall develop and monitor policies governing establishment, operation, and termination of financial institutions on DoD installations and take final action on requests for exceptions to this part.

(b) The Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L)) shall monitor policies and procedures governing logistical support furnished to financial institutions on DoD installations, including the use of DoD real property and equipment.

(c) The Under Secretary of Defense (Personnel and Readiness) (USD(P&R)) shall advise the USD(C) on all aspects of on-base financial institution services that affect the morale and welfare of DoD personnel.

(d) The Director, Defense Finance and Accounting Service (DFAS) shall:

(1) Develop procedures governing banks and credit unions on DoD installations for promulgation in this part.

(2) For domestic DoD installations, coordinate with the Secretaries of the Military Departments (or designees) on requests from subordinate installation commanders to establish or terminate banking offices or on-base credit unions. For overseas DoD installations, coordinate with the Secretary of the Military Department concerned (or designee) on requests from subordinate installation commanders to establish or discontinue the provision of financial services from the on-base financial institution under contract with the Department of Defense or to establish or terminate banking offices or credit unions located on DoD installations.

(3) In coordination with affected DoD Components, authorize the specific types of banking services that will be provided by overseas military banking facilities (MBFs) and specify the charges or fees, or the basis for these, to be levied on users of these services.

(4) Coordinate with the Fiscal Assistant Secretary of the Treasury on the designation of domestic and overseas MBFs as depositaries and financial agents of the U.S. Government.

(5) Designate a technical representative to provide policy direction for the procuring and administrative contracting officer(s) responsible under the Federal Acquisition Regulation (FAR) for acquiring banking services required at overseas DoD installations.

(6) Serve as principal liaison with banking institutions having offices on overseas DoD installations. In this capacity, monitor MBF managerial and operational policies, procedures, and operating results and take action as appropriate.

(7) As necessary, assist in the formation of government-to-government agreements for the provision of banking services on overseas DoD installations, in accordance with DoD Directive 5530.3[2].

(8) Provide procedural guidance to DoD Components, as required.

(9) Maintain liaison with financial institution trade associations, leagues, and councils in order to interpret DoD policies toward respective memberships and aid in resolving mutual concerns affecting the provision of financial services.

(10) Coordinate with the USD(P&R), through the USD(C), on all aspects of morale and welfare and with the USD(AT&L), through the USD(C), on all aspects of logistic support for on-base financial institutions.

(11) Monitor industry trends, conduct studies and surveys, and facilitate appropriate dialogues on banking and credit union arrangements and cost-benefit relationships, coordinate as necessary with DoD Components, financial institutions, and trade associations as appropriate.

(12) Maintain liaison, as appropriate, with financial institution regulatory agencies at federal and state levels.

(13) Ensure that recommendations of the Combatant Commands are considered before processing requests for overseas banking and credit union service or related actions.

(14) Maintain a listing of all geographic franchises assigned to credit

[2] See footnote 1 to § 231.1(a).

unions serving DoD overseas installations.

(e) Secretaries of the Military Departments (or designees) shall:

(1) For domestic DoD installations, take action on requests from subordinate installation commanders to establish or terminate financial institution operations. For overseas DoD installations, take action in accordance with guidance contained herein on requests from subordinate installation commanders to establish or discontinue the provision of financial services from the DoD contracted banking institution, or to establish or terminate other financial institutions located on DoD installations.

(2) Provide for liaison to those financial institutions that operate banking offices on respective domestic DoD installations.

(3) Oversee the use of banking offices and credit unions on respective DoD installations within the guidance contained herein and in DoD Directive 1000.11 (32 CFR part 230).

(4) Evaluate the services provided and related charges and fees by respective on-base banking offices and credit unions to ensure that they fulfill the requirements upon which the establishment and retention of those services were justified.

(5) Monitor practices and procedures of respective banking offices and credit unions to ensure that the welfare and interests of DoD personnel as consumers are protected.

(6) Assist on-base banking offices and credit unions to develop and expand necessary services for DoD personnel consistent with this part.

(7) Encourage the conversion of existing domestic MBFs on respective installations to independent or branch bank status where feasible.

(8) Provide logistical support to overseas MBFs under terms and conditions identified in this part as well as with the applicable terms of DoD contracts with financial institutions responsible for the operations of overseas MBFs.

(9) Refer matters requiring policy decisions or proposed changes to this part or DoD Directive 1000.11 (32 CFR part 230) to the USD(C) through the Director, DFAS.

(10) Monitor and encourage the use of financial institutions on DoD installations to accomplish the following ends.

(i) Facilitate convenient, effective management of the appropriated, nonappropriated, and private funds of on-base activities.

(ii) Assist DoD personnel in managing their personal finances through participation in programs such as direct deposit and regular savings plans, including U.S. savings bonds. The use of on-base financial institutions shall be on a voluntary basis and should not be urged in preference to, or to the exclusion of, other financial institutions.

(11) Encourage and assist duly chartered financial institutions on domestic DoD installations to provide complete financial services to include, without charge, basic financial education and counseling services. Financial education and counseling services refer to basic personal and family finances such as budgeting, checkbook balancing and account reconciliation, benefits of savings, prudent use of credit, how to start a savings program, how to shop and apply for credit, and the consequences of excessive credit.

(12) Establish liaison, as appropriate, with federal and state regulatory agencies and financial institution trade associations, leagues, and councils.

(13) Make military locator services available to on-base financial institutions in accordance with the Privacy Act guidelines in subpart B of this part.

(14) Permit DoD personnel to serve on volunteer boards or committees of on-base financial institutions, without compensation, when neither a conflict of duty nor a conflict of interest is involved, in accordance with DoD Directive 5500.7.[3]

(15) Allow DoD personnel to attend conferences and meetings that bring together representatives of on-base financial institutions, when neither a conflict of duty nor a conflict of interest is involved, in accordance with DoD Directive 1327.5,[4] subchapter 630 of the DoD Civilian Personnel Manual (DoD

[3] See footnote 1 to § 231.1(a).

[4] See footnote 1 to § 231.1(a).

1400.25–M[5]), and Comptroller General Decision B–212457.

(f) The Commanders of the Combatant Commands (or designees) shall:

(1) Ensure the appropriate coordination of the following types of requests affecting financial institutions overseas.

(i) Establish financial institutions in countries not presently served. Such requests will include a statement that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy and that the host country will permit the operation.

(ii) Eliminate any or all financial institutions on DoD installations within a foreign country. Such requests will include a statement that the U.S. Chief of Diplomatic Mission has been informed and that appropriate arrangements to coordinate local termination announcements and procedures have been made with the U.S. Embassy.

(2) Monitor and coordinate military banking operations within the command area. Personnel assigned to security assistance positions will not perform this function without the prior approval of the Director, Defense Security Cooperation Agency (DSCA).

(g) The Commanders of Major Commands and subordinate installation commanders shall:

(1) Monitor the banking and credit union program within their commands.

(2) Coordinate requests to establish or construct bank and credit union offices or terminate logistical support as specified in this part to banks and credit unions within their commands. Personnel assigned to overseas security assistance positions will not monitor, coordinate, or assist in military banking operations without the prior approval of the DSCA.

(3) Assign, as appropriate, responsibility for paragraphs (g)(1) and (g)(2) of this section, to comptroller or resource management personnel.

(4) Cooperate with financial institution associations, leagues, and councils.

(5) Recognize the right of all DoD personnel to organize and join credit unions and promote the credit union movement in DoD worldwide.

(6) Permit DoD personnel to serve on volunteer boards or committees of on-base financial institutions, without compensation, when neither a conflict of duty nor a conflict of interest is involved, in accordance with DoD Directive 5500.7.

(7) Allow DoD personnel to attend conferences and meetings that bring together representatives of on-base financial institutions, when neither a conflict of duty nor a conflict of interest is involved, in accordance with DoD Directive 1327.5, Subchapter 630 of the DoD Civilian Personnel Manual (DoD 1400.25–M), and Comptroller General Decision B–212457.

(8) Seek the provision of financial services only from existing on-base financial institutions, proposing alternatives only where on-base financial institutions fail to respond favorably to a valid requirement.

§ 231.4 General provisions.

(a) *Security*. The installation commander (or designee) and officials of the on-base financial institutions shall work with the installation security authorities to establish an understanding as to each entity's responsibilities. The on-base financial institutions are encouraged to establish an ongoing relationship with installation security authorities on all matters of asset protection.

(1) A written agreement shall be established outlining the security procedures that the financial institution will follow and the role that installation security authorities will play with regard to alarms, movement of cash, and procedures to be followed in response to criminal activity (e.g., armed robbery).

(2) Cash and other assets in on-base banking offices and credit unions are the property of those financial institutions. Maintenance of alarms and use of armored cars is the sole responsibility of the on-base financial institution. The on-base financial institution is also solely responsible for the guarding or escorting of cash unless the installation commander determines that providing such services is desirable or necessary.

[5] See footnote 1 to § 231.1(a).

(b) *Central locator services.* Military locator services shall be provided per the guidelines in subpart B of this part.

(1) When appropriate, installations will process financial institution requests for central locator service to obtain military addresses of active duty personnel. This service will be used to locate persons for settling accounts, and recovering funds on checks that did not clear or loans that are delinquent or in default (see DoD Directive 1344.9[6]). If delinquent loans or dishonored checks are not recouped within 48 hours, financial institutions operating on DoD installations may bring this information to the attention of the local commander, bank liaison officer, or other designee for assistance in effecting restitution of the amount due, if not otherwise prohibited by law. The financial institution will pay the appropriate fee for each request to the respective Military Department.

(2) The DoD Components shall assist financial institutions to locate DoD personnel whose whereabouts cannot be locally determined. The request should be on the financial institution's letterhead, include the Service member's name and social security number, and cite the cognizant Military Service regulation that authorizes the use of locator services. If a financial institution needs immediate service, the cognizant institution official should contact the bank or credit union liaison officer.

(i) For addresses of Department of the Army active, retired, separated and civilian personnel, financial institutions may telephone (703) 325–3732 or write to: Department of the Army Worldwide Locator, U.S. Army Enlisted Record and Evaluation Center, 8899 E. 56th Street, Indianapolis, IN 46249–5301.

(ii) For addresses of Navy active, retired, separated and civilian personnel, financial institutions may telephone (901) 874–3388 or write to: Navy Personnel Command, PERS–312F, 5720 Integrity Drive, Millington, TN 38055–3120.

(iii) For addresses of Department of the Air Force active, retired, separated and civilian personnel, financial institutions may telephone (210) 565–2660 or write to: Air Force Personnel Center, MSIMDL Suite 50, 550 C Street West, Randolph AFB, TX 78150–4752.

(iv) For addresses of United States Marine Corps active, retired, separated and civilian personnel, financial institutions may telephone (703) 784–3942 or write to:

Active

U.S. Marine Corps—CMC, HQ MC MMS B 10, 2008 Elliot Road, Room 201, Quantico, VA 22134–5030.

Retired-Separated

Q U.S. MMRS–6, 280 Russell Road, Quantico, VA 22134–5105.

Civilian

Commanding General, 15303 Andrew Road, Kansas City, MO 64147–1207.

(c) *Advertising.* (1) An on-base financial institution may use the unofficial section of that installation's daily bulletin, provided space is available, to inform DoD personnel of financial services and announce seminars, consumer information programs, and other matters of broad general interest. Announcements of free financial counseling services are encouraged. Such media may not be used for competitive or comparative advertising of, for example, specific interest rates on savings or loans.

(2) An on-base financial institution may use installation bulletin boards, newsletters or web pages to post general information that complements the installation's financial counseling programs and promotes financial responsibility and thrift. Message center services may distribute a reasonable number of announcements to units for use on bulletin boards so long as this does not impose an unreasonable workload.

(3) An on-base financial institution may include an insert in the installation's newcomers package (or equivalent). This insert should benefit newcomers by identifying the financial services that are available on the installation.

[6] See footnote 1 to § 231.1(a).

(4) DoD Directive 5120.20[7] prevents use of the Armed Forces Radio and Television Service to promote a specific financial institution.

(5) Off-base financial institutions are not permitted to distribute competitive literature or forms on the installation. These institutions, however, may use commercial advertising, mailings or telecommunications to reach their customers.

(6) Advertising in government-funded (official) installation papers is not permitted with the exception of insert advertising in the *Stars and Stripes* overseas. Installation newspapers funded by advertisers are not official publications and, thus, may include advertising paid for by any financial institution.

(7) Installation activities, including Military Exchange Services and concessionaire outlets, shall not permit the distribution of literature from off-base financial institutions if there is an on-base financial institution. This does not prevent the Military Exchange Services from distributing literature on affinity credit card services that those Military Exchange Services may acquire centrally through competitive solicitation.

(d) *Automated teller machine (ATM) service.* On-base financial institutions are encouraged to install ATMs at those installation(s) on which they are located.

(1) Financial institutions that propose to install ATMs on DoD installations shall bear the cost of ATM installation, maintenance and operation. The installation commander may enter into an agreement with the on-base financial institution wherein the installation may acquire and provide ATMs to on-base financial institutions under certain circumstances, such as when it is advantageous to the government to have one or more ATMs available for use but the acquisition cost to the financial institution is prohibitive. No ATM shall be purchased by an installation unless approved by the Secretary of the Military Department concerned (or designee). In all such cases, installation costs and all logistic support shall be borne by the financial institution.

(2) ATM approval authority is as shown:

(i) The installation commander has approval authority when an on-base financial institution wishes to place an ATM on the installation. This approval should be reflected as an amendment to the operating agreement.

(ii) Where there is no on-base financial institution, follow the solicitation procedures to obtain financial services set forth in §§ 231.5(c) and 231.7(b).

(3) The availability of ATM service shall not preclude the later establishment of a banking office should conditions change on an installation.

(4) Proposals by an installation commander to install ATMs on domestic installations from other than on-base financial institutions, including the Military Exchange Services, morale, welfare and recreational activities and/or other nonappropriated fund instrumentalities, shall be considered only when:

(i) ATM service is unavailable or existing service is inadequate, and

(ii) The on-base financial institution(s) either declines to provide the service, fails to improve existing service so that it is adequate, or does not formally respond to the request for such service within 30 days of the date of the request. Any ATM service from other than on-base financial institutions is considered an exception to policy. The procedures to establish an on-base financial institution set forth in §§ 231.5(c) and 231.7(b) shall be followed when soliciting for such ATM services. Proposals offering shared-access ATMs (e.g., ATMs operated by two or more financial institutions where their accountholders are not assessed any or all fees applicable to nonaccountholders) shall receive preference.

(5) ATM service from foreign banking institutions may be authorized on overseas installations with or without MBFs operated under contract where the installation or community commander determines that a bonafide need exists to support local national hires. On installations with MBFs operated under contract, the MBFs shall be the primary source of the ATM service except when a determination has been

[7] See footnote 1 to § 231.1(a).

made by the cognizant contract program office that providing the service is either not cost effective or precluded by pertinent status of forces agreements, other intergovernmental agreements or host-country law. In those instances where ATM service from foreign banking institutions is authorized and provided by other than the on-base financial institution, ATM connectivity shall be limited to host country networks and the ATMs shall dispense only local currency (no U.S. dollars). The operating agreement covering ATM service shall be negotiated by the installation or community commander and submitted for approval by the appropriate Combatant Commander (or designee) prior to its execution. A copy of the operating agreement will be forwarded through DoD Component channels to the DFAS.

(e) *Domestic and international treasury general accounts.* In cases where authorization will be required for the on-base banking office or credit union to act as a Treasury General Account (TGA) domestic depositary (or, on overseas installations, an International Treasury General Account (ITGA) depository), the financial institution shall satisfy the risk management standard established by the Secretary of the Treasury. Local operating funds may be used if the on-base financial institution requests reimbursement for costs incurred. On-base financial institutions shall accept deposits for credit to the TGA (or ITGA) when so authorized.

(f) *Staffing.* (1) On-base financial institutions shall be staffed adequately (i.e., commensurate with industry standards for similar numbers of accountholders and financial services rendered). Staffing at overseas MBFs operated under DoD contract shall be maintained within negotiated ceilings.

(2) All staffing shall comply fully with applicable equal employment opportunity laws and with the spirit of DoD equal employment opportunity policies as set forth in DoD Directive 1440.1.[8]

(3) DoD personnel, excluding military retirees and their dependents, may not serve as directors of domestic or foreign banking institutions operating banking offices on those DoD installations where they currently are assigned. This does not preclude a member of a Reserve Component, who has been serving as a director of a domestic or foreign banking institution operating a banking office on a DoD installation, from retaining his or her directorship if called to active duty.

(4) DoD personnel may not be detailed to duty with an on-base financial institution located on a DoD installation. Off-duty personnel, however, may be employed by an on-base financial institution subject to approval by the installation commander (or designee). Such employment must not interfere with the performance of the individual's official duties and responsibilities.

(g) *Departure clearance.* The installation commander establishes the clearance policy for all DoD personnel leaving the installation. The on-base financial institutions shall be included as places requiring clearance. The purpose of a clearance is to report change of address, reaffirm allotments or outstanding debts, and receive financial counseling, if desired or appropriate. Clearance may not be denied in order to collect debts or resolve disputes with financial institution management.

(h) *Financial education.* (1) Officials of on-base financial institutions shall be invited to take part in seminars to educate personnel on personal financial management and financial services. Financial institutions shall be encouraged to provide financial education and counseling services as an integral part of their financial service offerings. Officials of on-base financial institutions shall submit advance briefing texts for approval by the installation commander to ensure that the program is not used to promote services of a specific financial institution.

(2) DoD personnel who tender uncollectable checks, overdraw their accounts or fail to meet their financial obligations in a proper and timely manner damage their credit reputation and adversely affect the public image of all government personnel. For uniformed personnel, military financial counselors and legal advisors shall recommend workable repayment plans

[8] See footnote 1 to § 231.1(a).

that avoid further endangering credit ratings and counsel affected personnel to protect their credit standing and career. Counselors shall ensure that such personnel are aware of the stigma associated with bankruptcy and difficulties in obtaining future credit at reasonable rates and terms and shall recommend its use only when no other alternative will alleviate the situation.

(i) *Operating agreements.* (1) Before operations of an on-base banking office or credit union begin, a written operating agreement (Appendix C of this part) and the appropriate real estate outgrant (i.e., a lease, permit or license issued as identified in §§ 231.5(e), 231.5(f), 231.5(g), 231.7(d), 231.7(e) and 231.7(f) shall be negotiated directly between the installation commander and officials of the designated financial institution. Thereafter, the operating agreement shall be jointly reviewed by the installation commander and the financial institution at least once every 5 years. The operating agreement shall define the basic relationship between the on-base financial institution and the installation commander and identify mutual support activities such as hours of operation, service fees and security provided. One copy of the agreement shall be sent through command channels to the Secretary of the Military Department concerned (or designee). A copy of the agreement shall be maintained by the installation commander and the banking office or on-base credit union. At a minimum, the agreement shall include the following provisions:

(i) Identification of services to be rendered and the conditions for service. Full financial services shall be provided where feasible. Agreements, however, may not restrict either entity's right to renegotiate services and fees.

(ii) Agreement by both parties that they will comply with this part and DoD Directive 1000.11 (32 CFR part 230).

(iii) Agreement by the on-base financial institution that it will furnish copies of its financial reports and other local publications on an ''as needed'' basis in response to a formal request from the installation commander (or designee).

(iv) Agreement that the on-base financial institution will indemnify and hold harmless the U.S. Government from (and against) any loss, expense, claim, or demand to which the U.S. Government may be subjected as a result of death, loss, destruction, or damage in conjunction with the use and occupancy of the premises caused in whole or in part by agents or employees of the on-base financial institution.

(v) Agreement that neither the Department of Defense nor its representatives shall be responsible or liable for the financial operation of the on-base financial institution or for any loss (including criminal losses), expense, or claim for damages arising from operations.

(vi) Agreement by the on-base financial institution (or any successor) that it will provide no less than 180 days advance written notice to the installation commander before ceasing operations.

(vii) Specification of the security services to be provided for guarding cash shipments, at times of unusual risk to the financial institution and to avoid excessive insurance costs charged to that institution.

(viii) Statement that the physical security for cash and negotiable items will be in a manner consistent with the requirements of the on-base financial institution's insurer. A copy of those requirements will be provided to the installation commander on request.

(ix) Statement that the financial institution, whenever possible, will accommodate local command requests for lectures and printed materials for consumer credit education programs. Officials invited to participate in such programs shall not use the occasion to promote the exclusive services of a particular financial institution.

(x) Agreement that the financial institution will reimburse the installation for the provision of logistical support (such as custodial, janitorial, and other services provided by the government) at rates set forth in the lease or agreement between the installation and the financial institution.

(xi) Statement that on-base financial institution operations shall be terminated, when required, under provisions specified in this part.

(2) Approved expansion of services will be documented as an amendment

to the existing operating agreement between the installation commander and the on-base financial institution. The amendment to the operating agreement and any required lease (to include a change to an existing lease) shall be in place prior to the initiation of new financial services or offices.

(j) *Installation financial services.* (1) Retail banking operations shall not be performed by any DoD Component or nonappropriated fund instrumentality including the Military Exchange Services and morale, welfare and recreation (MWR) activities or any other organizational entity within the Department of Defense.

(2) Financial services provided on DoD installations will be as uniform as possible for all personnel. As separately negotiated, or based on a fee schedule, custodians of nonappropriated funds shall compensate on-base financial institutions for services received. Compensation may be made with compensating balances or paying fees based on the services provided or a combination of these payment mechanisms. Fees shall not exceed the charge customary for the financial institution less an offsetting credit on balances maintained. Banking offices shall classify nonappropriated fund accounts as commercial accounts.

(3) At a minimum, banking offices shall provide the same services to individuals and nonappropriated fund instrumentalities as are available in the surrounding geographic area.

(4) On-base financial institutions may conduct operations during normal duty hours provided they do not disrupt the performance of official duties. Operating hours shall be set, in consultation with the bank or credit union liaison officer, to meet the needs of all concerned. ATMs may be used to expand financial services and operating hours.

(5) DoD personnel may use their allotment of pay privileges to establish sound credit and savings practices through on-base financial institutions.

(i) The on-base financial institution shall credit customer accounts not later than the deposit date of the allotment check or electronic funds transfer.

(ii) The initiation of an allotment is voluntary (See Volume 7a, Chapter 42, Section 4202 of The DoD Financial Management Regulation (7200.14–R)). Thus, DoD personnel generally cannot be required to initiate an allotment for the repayment of a loan. Allotments voluntarily established by DoD personnel for the purpose of repaying a loan or otherwise providing funds to an on-base financial institution shall continue in effect at the option of the allotter.

(6) In accordance with sound lending practice, policies on loans to individuals are expected to be as liberal as feasible while remaining consistent with the overall interests of the on-base financial institution. On-base financial institutions shall conform to the Standards of Fairness principles before executing loan or credit agreements. See DoD Directive 1344.9.

(7) On-base financial institutions shall make basic financial education and counseling services available without charge to individuals seeking these services. Financial education and counseling services refer to basic personal and family finances such as budgeting, checkbook balancing and account reconciliation, benefits of savings, prudent use of credit, how to start a savings program, how to shop and apply for credit, and the consequences of excessive credit. DoD personnel in junior enlisted or civilian grades, or newly married couples who apply for loans, shall be given special attention and counseling.

(8) On-base financial institutions must strive to provide the best service to all customers. On-base financial institutions that evidence a policy of discrimination in their services are in violation of this part. In resolving complaints of discrimination, use the procedures specified in § 231.5(h)(8).

(9) All correspondence regarding on-base financial institutions, and questions concerning their operation that cannot be resolved locally, shall be referred through command channels to the Secretary of the Military Department concerned (or designee) for consideration.

§ 231.5 Procedures—domestic banks.

(a) *General policy*. Given their role in promoting morale and welfare, on-base banks shall be recognized and assisted by DoD Components at all levels.

(b) *Establishment*. (1) The following information shall be included in the installation commander's request to the Secretary of the Military Department concerned (or designee) for establishment of banking offices:

(i) The approximate number of DoD personnel at the installation, and other persons who may be authorized to use the banking office.

(ii) The distance between the installation and the financial institutions in the vicinity, and the names of those institutions.

(iii) Available transportation between the installation and the financial institutions listed in paragraph (b)(1)(ii) of this section.

(iv) The number of DoD personnel in duty assignments that confine them to the installation or who cannot obtain transportation (such as hospital patients).

(v) The name and location of the depositary used to make official deposits for credit to the TGA.

(vi) A list of organizational and nonappropriated fund accounts, the name and location of the financial institutions where deposited, and the average daily activity and balance of each account.

(vii) A written description and photographs of the space proposed for banking office use.

(viii) A statement listing the requirements of the proposed banking office for safes and a vault, alarm systems, and surveillance equipment, when necessary.

(ix) Reasons for use of space controlled by the General Services Administration (GSA). All the GSA assigned space, whether leased space or federal office building space, is reimbursable to the GSA at the standard level user charge. As such, space occupied by a banking office to serve military needs will be assigned and charged by the GSA.

(x) Any other information pertinent to the establishment of a banking office.

(2) The Secretary of the Military Departments (or designee) shall:

(i) Review each request for the establishment of banking offices.

(ii) Conduct a solicitation for the services when warranted.

(iii) Approve proposals for banking offices.

(iv) Notify the selected financial institution either directly or through the installation commander. The selected banking institution will, in turn, obtain operating authority from their regulating agencies.

(v) Forward proposals to establish TGAs to the DFAS for subsequent forwarding to the Fiscal Assistant Secretary of the Treasury in accordance with Volume 5, Chapter 5, paragraph 050102 of The DoD Financial Management Regulation (7000.14–R).

(c) *Solicitations*. The Secretary of the Military Department concerned (or designee), or the installation commander with advice from the cognizant Secretary of the Military Department (or designee), shall conduct solicitations to include pre-proposal conferences for on-base banking. Subject to the criteria for selection outlined in paragraph (c)(4) of this section the preferred sources of on-base financial services at domestic installations are federally-insured, state-chartered or federally-insured, federally-chartered banking institutions operating in the local area. The guidance at paragraph (c)(1) of this section addresses distribution of the solicitation only and does not preclude any federally-insured, state-chartered or federally-insured, federally-chartered banking institution from responding at any stage (from local distribution in paragraph (c)(1)(i) of this section to publication in the *Commerce Business Daily* and financial institution trade journals as outlined in paragraph (c)(1)(iii) of this section of the solicitation process. No commitment may be made to any banking institution regarding its proposal until a designation is made by the appropriate regulatory agency.

(1) Solicitations for banking services shall be accomplished in the following order:

(i) Solicitation letters will be sent to local banking institutions and a solicitation announcement will be published

in the local newspaper(s) and forwarded to financial institution associations.

(ii) If the Secretary of the Military Department concerned (or designee) or, where delegated, the installation commander, determines that the geographic scope of the solicitation needs to be expanded, a prospectus will be forwarded to financial institutions in a larger geographic area, as well as financial institution associations and regulatory authorities in the state where the installation is located.

(iii) If the Secretary of the Military Department concerned (or designee) or, where delegated, the installation commander, determines that the geographic scope of the solicitation needs to be expanded further, the prospectus will be published in the Commerce Business Daily and financial institution trade journals.

(2) For solicitations conducted at the installation level, the installation commander shall review proposals to establish banking offices, select the banking institution making the best offer and forward a recommendation to the Secretary of the Military Department concerned (or designee) for final approval.

(3) Banking institutions shall not be coerced when banking arrangements are under consideration or after banking offices are established. If otherwise proper, this prohibition does not preclude:

(i) Discussions with banking institutions prior to submitting a proposal for a new banking office.

(ii) Helping banking offices extend their operations in support of an installation requirement.

(iii) Discussions with banking institutions to improve services or to create savings for the banking institution or DoD personnel.

(iv) Seeking proposals for banking service as directed by the Secretary of the Military Department concerned (or designee).

(v) Negotiations preparatory to signing a banking agreement.

(4) When soliciting for banking services, proposals shall be evaluated on specific factors identified in the solicitation. These factors, at a minimum, shall be predicated on the services to be provided as outlined in appendix A, paragraph 3, of this part, the financial institution's schedule of service fees and charges, and the extent of logistical support required. Prior to issuance of the solicitation, the preparing office shall identify (for internal use during the subsequent evaluation period) the weights to be applied to the factors reflected in the solicitation. Proposals shall be evaluated and ultimate selection made based upon the factors and weights developed for the solicitation.

(5) The Secretary of the Military Department concerned (or designee), or the installation commander with advice from the cognizant Secretary of the Military Department (or designee), shall make the selection of the banking institution based on the provisions outlined in this section.

(d) *Terminations.* (1) Requests for termination of financial services shall be approved by the installation commander, substantiated by sufficient evidence and forwarded to the Secretary of the Military Department concerned (or designee). The termination of banking office operations shall be initiated by the installation commander only under one of the following conditions:

(i) The mission of the installation has changed, or is scheduled to be changed, thereby eliminating or substantially reducing the requirement for financial services.

(ii) Active military operations prevent continuation of on-base financial services.

(iii) Performance of the banking office in providing services is not satisfactory according to standards ordinarily associated with the financial services industry or is inconsistent with the operating agreements or the procedures prescribed herein.

(iv) When merger, acquisition, change of control or other action results in violation of the terms and conditions of the existing operating agreement, the Secretary of the Military Department (or designee) shall terminate the operating agreement with the existing banking institution. When the merger, acquisition, change of control or other action does not result in violation of the terms and conditions of the

existing operating agreement, the Secretary of the Military Department (or designee) shall initiate a novation action of the operating agreement identifying the change in control.

(2) The installation commander shall forward requests for termination to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall coordinate all termination actions with the USD(C), through the Director, DFAS, before notification to the appropriate regulatory agency. Subsequent to this coordination process:

(i) The Secretary of the Military Department (or designee) shall inform the regulatory agency of the action.

(ii) The installation commander shall revoke the authority of the financial institution to operate. The lease will be terminated.

(3) Any banking office that intends to terminate its operations should notify the installation commander at least 180 days before the closing date. This notification should precede any public announcement of the planned closure. When appropriate, the commander shall attempt to negotiate an agreement permitting the banking office to continue operations until the installation has made other arrangements. Immediately upon notification of a closing, the commander shall advise the DoD Component headquarters concerned. If it is determined that continuation of banking services is justified, action to establish another banking office shall be taken in accordance with the guidance prescribed herein.

(e) *Use of space, logistical support, and military real property for domestic banks.*—(1) *Lease Terms.* (i) The consideration for a lease shall be determined by appraisal of fair market rental value in accordance with 10 U.S.C. 2667. Periodic reappraisals shall be based upon the fair market rental value exclusive of the improvements made by the banks.

(ii) The term of the lease shall not exceed 5 years except where the banking institution uses its own funds to improve existing government space as outlined in paragraph (e)(5) of this section. If space occupied is assigned by the GSA, charges to financial institutions for space and services shall be at the GSA standard level user rate.

(iii) Leases shall include the following provisions:

(A) The government has the right to terminate the lease due to national emergency; installation inactivation, closing, or other disposal action; or default by the lessee.

(B) The lessee shall provide written notice 180 days prior to voluntarily terminating the lease.

(C) Upon a lease termination, the government has the option to cause the title of all structures and other improvements to be conveyed to the United States without reimbursement, or require the lessee to remove the improvements and restore the land to its original condition.

(2) *Logistical support.* (i) The banking office shall be housed in a building accessible to DoD personnel on the installation and in a location permitting reasonable security.

(ii) Banking institutions shall perform all maintenance, repair, improvements, alterations, and construction on the banking premises.

(iii) Banking institutions shall pay for all utilities (i.e., electricity, natural gas or fuel oil, water and sewage), heating and air conditioning, intrastation telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal) at rates set forth in the lease, operating agreement or other written agreement between the installation and the banking institution.

(3) Leases executed before the issuance of this part may not be altered solely as a result of the provisions of this part unless a lessee specifically requests a renegotiation under these provisions. No lease may be negotiated or renegotiated, nor may any rights be waived or surrendered without compensation to the government.

(4) When a banking institution participates in the construction of a shopping mall complex the lease shall cover only land where the banking office physically is located.

(5) When a banking institution uses its own funds to improve existing government space, leases, for a period not to exceed 25 years subject to periodic

review every 5 years to assess changes in fair market value, may be negotiated for a period commensurate with the appraised value of the leasehold improvements divided by the annual lease fee.

(f) *Land leases.* (1) A lease for construction of a building to house a banking office shall be at the appraised fair market rental value. Charges shall apply for the term of the lease not to exceed 25 years, subject to periodic review every 5 years to assess changes in fair market value.

(2) If determined to be in the government's interest, an existing lease of land may be extended prior to expiration of its term. Passage of title to facilities shall be deferred until all extensions have expired. Such extensions shall be for periods not to exceed 5 years with lease payments set at the appraised fair market rental of the land only as determined on the date of each such extension. Banking institution lessees shall continue to maintain the premises and pay for utilities and services furnished.

(3) When, under the terms of a lease, title to improvements passes to the government, arrangements normally will be made as follows:

(i) When the square footage involved exceeds that authorized in DoD 4270.1–M[9], the banking institution shall be given first choice to continue occupying the excess space under a lease that provides for fair market rental for the land underlying that excess space.

(ii) The charge for continued occupancy of improved space by a banking office shall be at fair market rental value only for the associated land. The lessee shall continue to maintain the premises and pay the cost of utilities and services furnished.

(g) *Construction.* Banks may construct buildings subject to the following provisions:

(1) The building shall be solely for the use of the banking institution and may not provide for other commercial enterprises or government instrumentalities.

(2) Construction projects must meet the criteria in DoD 4270.1–M.

(3) *Construction projects approval authority.* (i) Projects costing $25,000 or more shall be approved by the Major Command with an information copy sent to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall have 30 days to provide comments to the Major Command before final approval can be granted.

(ii) Projects costing less than $25,000, to include interior alterations and room or office additions to existing banking offices, shall be approved by installation commanders. Copies of approvals, including the identification of project cost, shall be furnished to the Secretary of the Military Department concerned (or designee).

(4) The Congress shall be notified of all construction projects, using other than appropriated funds and costing over $500,000, in accordance with DoD Instruction 7700.18[10].

(5) Proposals for construction of structures on installations at a banking institution's expense shall be reviewed and reported in accordance with regulations of the Military Department concerned. The following information shall be listed to support each proposal:

(i) Number of DoD personnel at the installation plus others who may use the banking office.

(ii) Square footage of the proposed building.

(iii) Land area to be leased to the banking institution.

(iv) Term of the lease.

(v) Estimated cost of construction.

(vi) Estimated fair market value of the land to be leased.

(vii) Statement that the banking institution will be responsible for utility connections and other utility and maintenance costs.

(viii) Statement that the building will be used only for financial services.

(ix) A statement that financial institution officials understand the potential loss of the building in the event of installation closure or other delimiting condition.

[9] See footnote 1 to § 231.1(a).

[10] See footnote 1 to § 231.1(a).

(x) Justification for a waiver of space criteria if the building exceeds that specified in DoD 4270.1–M.

(6) Banks shall pay for interior alterations and maintenance as well as utilities, custodial, and other furnished services.

(7) Banks shall pay all construction costs.

(h) *Bank liaison officer (BLO).* Each installation commander having an on-base banking office shall appoint a BLO. The BLO's name and duty telephone number shall be displayed prominently at each banking office on the installation. As appropriate, the BLO's responsibility shall be assigned to comptroller or resource management personnel. Employees, officials or directors of a financial institution may not serve as BLOs. The BLO shall:

(1) Ensure that the banking institution operating the banking office has the latest version of this part.

(2) Ensure that traveler's checks and money orders are not being sold by other on-base organizations when banking offices are open for business. Postal units and credit unions, however, are exempt from this restriction. Also, ensure that other financial services, to include vehicle financing on domestic installations, are offered only by the banking office.

(3) Attend financial workshops, conferences, and seminars as appropriate. These gatherings offer excellent opportunities for personnel of financial institutions and the Department to improve the military banking program. Free discussion among the attendees gives an excellent forum for planning, developing, and reviewing programs that improve financial services made available to DoD personnel and organizations.

(4) Assist, when requested by the banking office manager or the installation commander, in locating and collecting from individuals tendering uncollectable checks, overdrawing accounts, or defaulting on loans (within the guidelines of subpart C) if not otherwise prohibited by law.

(5) Maintain regular contact with the banking office manager to confer and discuss quantitative and qualitative improvements in the services provided. In executing this authority, the BLO shall not become involved in the internal operations of the financial institution.

(6) Review the schedule of service charges and fees annually, and ensure that the operating agreement is updated at least every 5 years. Renegotiate the financial services offered and related service charges and fees as necessary.

(7) Assist in resolving customer complaints about banking services.

(8) Assist in resolving complaints of discrimination with financial services by the banking institution. If a complaint cannot be resolved, a written request for investigation shall be forwarded to the appropriate regulatory agency. Any such request must document the problem and command efforts taken toward its resolution. Information copies of all related correspondence shall be sent through channels to the Secretary of the Military Department concerned (or designee) for transmittal to the DFAS.

(9) Assist the installation commander to report to the appropriate regulatory agency any evidence suggesting malpractice by banking office personnel.

(i) *In-store banking.* Under the direction and approval of the installation commander, an on-base financial institution may provide in-store banking within the premises of a commissary operated by the Defense Commissary Agency, a Military Exchange, or any other on-base retail facility.

(1) Provision of the requested services, and any associated stipulations, shall be documented as an amendment to the existing operating agreement between the installation commander and the on-base financial institution that will provide in-store services.

(2) The amendment to the operating agreement shall be drafted through close coordination between the requesting DoD Component representative, the on-base financial institution representative, the bank liaison officer, and the installation commander (or designee). The final amendment shall be signed by the installation commander and the on-base financial institution with the acknowledgement of the DoD Component that will host the in-store banking operation.

(3) The installation commander shall extend the opportunity to provide the requested in-store banking services to all financial institutions located on the installation. The selection process is outlined in Appendix B of this part.

(4) Space shall be granted by the installation commander through a lease to the banking institution that will provide in-store service.

(j) *Domestic military banking facilities (MBFs).*—(1) *Domestic MBF establishment.* (i) Requests to establish MBFs shall be made only when a need for services cannot be met by other means. During mobilization, however, MBFs may be designated as an emergency measure.

(ii) Installation commanders shall send requests for an MBF with justification for its establishment through the Secretary of the Military Department concerned (or designee) to the Director, DFAS, for coordination with the Department of the Treasury. The Department of the Treasury may approve the designation of an MBF under provisions of 12 U.S.C. 265.

(iii) MBF operations may begin only after approval for MBF status is granted by the Department of the Treasury.

(2) *MBF conversion.* (i) Where MBFs exist, installation commanders shall encourage their conversion to independent or branch banks.

(ii) Proposals from the on-base banking institution to convert an existing MBF to an independent or branch bank shall be sent through command channels to the Secretary of the Military Department concerned (or designee) for approval. The Secretary of the Military Department (or designee) shall forward the request to the Director, DFAS, for coordination with the Department of the Treasury.

(iii) Unsolicited proposals from banking institutions to establish independent or branch banks where an MBF exists shall be forwarded through command channels to the Secretary of the Military Department concerned (or designee). Each proposal shall be evaluated on its own merits.

(A) The installation commander shall inform the banking institution operating the MBF that an unsolicited proposal for a banking office has been received and shall offer that incumbent institution the opportunity to submit its own proposal.

(B) Preference to operate an independent or branch bank shall be given to the banking institution that has operated the MBF, provided that the banking service previously rendered has been satisfactory and that the institution's proposal is adequate.

(3) *MBF termination.* The Director, DFAS, shall coordinate the termination of a financial institution's authority to operate an MBF with the Department of the Treasury.

[66 FR 46708, Sept. 7, 2001; 66 FR 54136, Oct. 26, 2001]

§ 231.6 Procedures—overseas banks.

(a) *General provisions of banking services overseas.* The Department acquires banking services overseas for use by authorized persons and organizations from the following sources:

(1) MBFs operated under contract and authorized by the pertinent status of forces agreement, other intergovernmental agreements, or host-country law.

(2) Domestic and foreign banking institutions located on overseas DoD installations. Each such institution shall be:

(i) Chartered to provide financial services in that country.

(ii) A party to a formal operating agreement with the installation commander to provide such services.

(iii) Identified, where applicable, in the status of forces agreements, other intergovernmental agreements, or host-country law.

(b) *Establishment*—(1) *Overseas MBFs Operated Under Contract.* Installation or community commanders requiring banking services will send a request through command channels to the Secretary of the Military Department concerned (or designee) for concurrence and subsequent transmittal to the Director, DFAS, for approval.

(i) Requests to establish MBFs shall include, but are not limited to, the following information:

(A) The approximate number of DoD personnel at the installation and in the community and any other persons who may be authorized to use the MBF.

(B) The distance between the installation and the nearest MBF and credit

union office, the names; addresses, and telephone numbers of the operators of those institutions; and the installations and communities where they are located.

(C) The availability of official and public transportation between the installation or community and the nearest MBF and credit union office.

(D) The name and location of the depository used to make official deposits for credit to the TGA.

(E) A list of organizational and nonappropriated fund accounts, the name and location of the financial institutions where deposited, and the average daily activity and balance of each account.

(F) A written description and photographs or drawings of the space proposed for MBF use. The extent and approximate cost of required alterations, including the construction of counters and teller cages.

(G) A statement that recognizes the logistical support, including equipment, to be provided by the local command as detailed in paragraph (c) of this section. The statement will include the costs of such equipment and the manner in which it will be acquired.

(H) In countries where no MBFs currently are operated under contract, a statement from the cognizant Combatant Command that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy and that the host country will permit the operation in accordance with paragraph (c)(1)(i) of this section.

(I) Any other pertinent information to justify the establishment of an MBF.

(ii) As a general rule, MBFs may be established only when the installation or community population meets the following criteria:

(A) *Full-time MBF.* Except in unusual circumstances, a total of at least 1,000 permanent military personnel and DoD civilian employees are necessary to qualify for a full-time MBF.

(B) *Part-time MBF.* Except in unusual circumstances, a total of at least 250 permanent military personnel and DoD civilian employees are necessary to qualify for a part time MBF.

(iii) If the population at a certain remote area is not sufficient to qualify under the criteria for full-time or part-time MBFs, the installation or community commander will explore all other alternatives for acquiring limited banking services before requesting establishment of an MBF as an exception to these provisions. Alternatives to limited banking services include installation of ATMs and check cashing and accommodation exchange service by disbursing officers and their agents.

(iv) Establishment of an overseas MBF is predicated on and requires:

(A) Designation of the MBF contractor as a depositary and financial agent of the U.S. Government by the Department of the Treasury.

(B) The availability of banking contractors interested in bidding for the operation of the facility and the viability of such proposals.

(C) The availability of appropriated funds to underwrite such banking services.

(D) Establishment of a U.S. dollar currency custody account to support banking operations.

(2) *Other overseas banking offices.* Where a need for financial services has been identified and either the banking and currency control laws of certain host countries do not permit MBFs to operate on DoD installations or MBFs, where permitted, have not been established, then the following applies:

(i) Installation or community commanders shall send requests for banking services or unsolicited proposals from foreign banking institutions to their Major Commands with supporting data as required in § 231.5(b)(1).

(ii) Major Commands shall forward installation or community commander requests to the Secretary of the Military Department concerned (or designee) for approval. The Secretary of the Military Department concerned (or designee) shall coordinate with the DFAS to seek the designation of the parent foreign banking institution as a depositary and financial agent of the U.S. Government by the Department of the Treasury.

(iii) Banking offices in this category cannot become operational until the foreign parent banking institution has

been designated a depositary and financial agent of the U.S. Government. The institution also shall indicate a willingness and ability to provide collateral backing for any official and nonappropriated fund U.S. dollar deposits. Any collateral pledged shall be in a form acceptable to the DFAS and the Department of the Treasury.

(c) *Logistical support.*—(1) *Overseas MBFs operated under contract.* (i) Given that appropriated funds support those MBFs that are operated under contract, installation or community commanders shall provide the MBFs logistical support to the maximum possible extent. Such support normally includes:

(A) Adequate office space, including steel bars; grillwork; security doors; a vault, safes, or both; security alarm systems and camera surveillance equipment (where deemed necessary) that meet documented requirements of the MBF contractor's insurance carrier; construction of counters, teller cages, and customer and work areas; necessary modifications and alterations to existing buildings; and construction of new MBF premises, if necessary.

(*1*) The size and arrangement of space should permit efficient operations. Space assigned may not exceed that prescribed in DoD 4270.1–M.

(*2*) All maintenance, repair, rehabilitation, alterations, or construction for banking offices shall comply with guidelines established by the installation commander.

(B) Office space in a building that is accessible to most users and permits the maximum security. In addition, office space for MBF area and district administrations and storage space for retention of records, files, and storage of supplies.

(C) DoD housing on a rental basis to assigned MBF staff that are designated as key and essential MBF managerial personnel who are unable to find suitable, reasonably priced housing in the vicinity of the DoD installation, subject to the assignment procedures and other requirements of DoD 4165.63–M.[11]

(D) Education, on a space-available, tuition-paying basis, provided by the Department of Defense Education Activity to minor dependents of assigned staff in accordance with DoD Directive 1342.13.[12]

(E) Air conditioning, which is considered a normal utility for banking offices located at installations that qualify for air conditioning under applicable regulations. Banking space is classified as administrative space at military installations.

(F) Utilities (i.e., electricity, natural gas or fuel oil, water and sewage), heating, intrastation telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal).

(G) Defense Switched Network (DSN) voice and data communication to include, where feasible, Internet access.

(H) Military guards, civilian guards (for use within the installation), military police, or other protective services to accompany shipments of money. This level of protective service also shall be provided at other times as required to include replenishment of ATM currency and receipts, alarm system failures, and to avoid undue risks or insurance costs on the part of the MBF.

(I) U.S. Military Postal Service access in accordance with DoD Directive 4525.6.[13] Use of free intra-theater delivery system (IDS) is authorized for all routine mail sent and received between Army Post Offices (APOs) and Fleet Post Offices (FPOs) within a theater.

(J) Office equipment and furniture on memorandum receipt if available from local stock. If office equipment or furniture is unavailable, statements of nonavailability shall be issued.

(K) Vehicle registration and fuel sales from government-owned facilities for bank-operated vehicles, if not in conflict with host government agreements. Vehicle registration shall be subject to normal fees.

(L) Issuance by local commanders of invitational travel orders, at no expense to the U.S. Government when required for official onsite visits by U.S. based banking institution officials.

[11] See footnote 1 to § 231.1(a).

[12] See footnote 1 to § 231.1(a).

[13] See footnote 1 to § 231.1(a).

(ii) Suggestions for changes to the logistical support provisions of the MBF contract may be forwarded for consideration through command channels to the Director, DFAS.

(2) *Other overseas banking offices.* (i) Logistical support provided to such offices will be negotiated with the parent foreign banking institution and incorporated into the written operating agreement.

(ii) Logistical support shall not exceed that provided to contract MBFs, as specified in paragraph (c)(1) of this section.

(d) *Operations*—(1) *General conditions of MBF operation.* (i) Before initiating MBF operations, a written agreement shall be negotiated directly and signed by the installation or community commander and a senior official of the banking contractor or other financial institution concerned. One copy of the agreement with U.S. banking contractors and two copies of the agreement with institutions other than U.S. banking contractors shall be forwarded through command channels to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall forward one copy of the agreement with institutions other than U.S. banking contractors through command channels to the Director, DFAS. A copy of the agreement also shall be maintained at all times by the installation or community commander and the banking institution manager.

(ii) For MBFs operated by U.S. banking contractors, the agreement shall state operating details not set forth in the contract. Though the contract limits the number of operating hours per week, local commanders and MBF managers should set days and hours of operation to best meet local needs. Operating times may include Saturdays and evening hours when necessary to complement other retail services for DoD personnel, provided the contractor can implement that service at no additional cost to the government. When added cost is involved, the commander shall send a request including reasons for expanded or modified times of operation, through command channels, to the Secretary of the Military Department concerned (or designee) for action. If approved, the request, with recommendations, shall be forwarded to the Director, DFAS (or designee).

(2) *Overseas MBFs operated under contract.*—(i) *General.* Overseas MBFs shall operate under terms and conditions established at the time of contract negotiations and confirmed in respective contracts or contracting officer determinations.

(ii) *Authorized customers.* DoD banking contracts specify the personnel authorized to receive service. Additionally, overseas major commanders may approve banking services for other individuals that qualify for individual logistic support under the regulations of the DoD Component concerned, provided that the use of banking services is not precluded by status of forces agreements, other intergovernmental agreements, or host-country law.

(iii) *Services rendered.* DoD banking contracts specify the services to be rendered and related charges. Suggestions for expansion or modification of authorized services, fees or charges may be forwarded through DoD Component channels to the Director, DFAS. Proposals for any new service must be coordinated with the appropriate Combatant Command and U.S. Chief of Diplomatic Mission or U.S. Embassy to make certain that the proposal does not conflict with the status of forces agreements, other intergovernmental agreements, or host-country law.

(iv) *Regulation to be provided.* The Director, DFAS (or designee) shall advise each U.S. banking contractor operating an overseas MBF of this Regulation and furnish a copy to the contractor.

(v) *Conditions of operation.* (A) Part-time and payday service MBFs shall provide limited services that mirror, to the extent feasible, those provided by full-time MBFs. Since part-time MBFs operate out of nearby MBFs, installation or community commanders shall provide and fund transportation and guards for their operation.

(B) Any deficiency of banking services under DoD banking contracts shall be reported to the manager of the MBF within 7 calendar days of noting the deficiency. If the problem has not been corrected within 30 calendar days after

being noted, the commander shall report the problem through DoD Component channels to the Director, DFAS (or designee).

(C) The MBF contractor and military disbursing officers shall establish cash management practices that minimize the cash required conducting business.

(D) Commanders shall assist MBF contractors to develop and update contingency plans for banking services in the event of hostilities or other emergencies.

(E) MBF provision of foreign currency shall be in accordance with Volume 5, Chapter 13 of The DoD Financial Management Regulation (DoD 7000.14–R).

(3) *Other overseas banking offices.*—

(i) *Authorized customers.* The list of authorized customers shall be negotiated between the installation commander and the foreign banking institution and shall be reflected in the operating agreement. The list of authorized customers included in the operating agreement shall be consistent with the applicable status of forces agreement, other intergovernmental agreements, or host-country law.

(ii) *Services rendered.* Services and charges shall parallel, whenever practical, the services and charges of MBFs operated under contract. Specific services shall be negotiated and included in the agreement with the foreign banking institution. A copy of the agreement shall be sent through DoD Component channels to the Director, DFAS (or designee).

(iii) *Operating agreements.* Before agreements are executed, they will be coordinated with and approved by the cognizant Combatant Command (or designee).

(iv) *Conditions of operation.* A foreign banking institution shall provide equipment (except that furnished by the installation or community), supplies, and trained personnel.

(4) *Relocation of MBF.* (i) When an MBF is moved from one location to another at the same installation or community, the commander shall notify the cognizant Military Department, through command channels. The Military Department shall forward the information to the Director, DFAS (or designee).

(ii) For all other relocations, prior approval from the Director, DFAS (or designee) shall be obtained through DoD Component channels.

(5) *Comments.* Installation or community commanders shall send their banking comments through DoD Component channels to the Director, DFAS (or designee) for any of the following:

(i) Major changes in installation population that would affect use of the MBF.

(ii) Opinion that the space assigned is not adequate for the efficient operation of the MBF including a statement concerning corrective action.

(iii) Suggestions that might improve the MBF operation, increase efficiency, or decrease costs.

(iv) Pending developments that may have a material impact on the MBF operation.

(6) *Bank liaison officer.* The duties of the BLO are outlined in § 231.5(h).

(e) *Termination.* Requests to eliminate any or all MBFs in a foreign country shall include documentation that the U.S. Chief of Diplomatic Mission has been informed and that arrangement for local termination announcements and procedures have been made with the U.S. Embassy.

(1) *Overseas MBFs operated under contract.* In cases where an installation or community no longer can justify overseas MBF operations, the commander shall notify the Secretary of the Military Department concerned (or designee) through command channels.

(i) The report shall state whether a part-time MBF should be established and specify the days each week that the MBF would be needed.

(ii) The Secretary of the Military Department (or designee) shall send this report with recommendations to the Director, DFAS (or designee).

(2) *Other overseas banking offices.* Termination actions, when required, shall be taken in accordance with the applicable clauses in the operating agreement. Notice of intent to terminate, including the closing date, shall be sent through DoD Component channels to Director, DFAS (or designee), who shall notify the Department of the Treasury so that the foreign banking institution's authority as a Depositary

and Financial Agent of the U.S. Government at that location may be revoked.

§ 231.7 Procedures—domestic credit unions.

(a) *General policy*. Given their role in promoting morale and welfare, on-base credit unions shall be recognized and assisted by DoD Components at all levels. These financial institutions shall provide services to DoD personnel of all ranks and grades within their respective fields of membership.

(b) *Establishment*. A demonstrated need for credit union services may be addressed by establishing a new full-service credit union or by opening a branch office or facility of an existing credit union under the common bond principle.

(1) DoD personnel seeking to establish a new full-service credit union shall submit a proposal to the installation commander for review. In addition to the information identified in § 231.5(b)(1), the proposal shall include a request for the establishment of a field of membership that includes all personnel at the installation. Upon installation commander concurrence, the proposal shall be forwarded through DoD Component channels to the Secretary of the Military Department (or designee).

(2) The Secretary of the Military Department concerned (or designee) shall:

(i) Obtain a list of credit unions that could establish eligibility to serve the installation's military members and civilian employees from the National Credit Union Administration (NCUA) Regional Office that has geographic jurisdiction and the applicable state regulatory agency.

(ii) Prepare and send formal solicitation letters to eligible credit unions informing them of an opportunity to establish a branch office at the installation.

(iii) In coordination with the installation commander, establish the criteria for selection of a specific credit union in accordance with § 231.5(c)(4). Proposals shall be evaluated, and a selection made, based upon the factors and weights developed for the solicitation.

(3) Upon approval by the Secretary of the Military Department (or designee), the NCUA or applicable state regulatory agency shall be notified and asked to establish or amend the selected credit union's charter to include the new location.

(4) No commitment may be made to a credit union regarding its proposal until the appropriate regulatory agency has approved the requested charter change.

(c) *Terminations.*—(1) *Voluntary credit union terminations.* (i) When a credit union plans to end operations on a DoD installation, it shall be required to notify the installation commander 180 days before the closing date. Such notification shall be required to precede public announcement of the planned closure. When appropriate, the commander shall attempt to negotiate an agreement permitting the credit union to continue operations until the installation has made other arrangements.

(ii) The installation commander shall inform the Secretary of the Military Department concerned (or designee) immediately upon receiving notification of a closing. The report shall include a recommendation about continued credit union service on the installation. Paragraph (b) of this section applies if continued service is needed.

(2) *Termination for cause.* If, after discussion with credit union officials, an installation commander determines that the operating policies of a credit union are inconsistent with this Regulation, a recommendation for termination of logistical support and space arrangements may be made through the Secretary of the Military Department concerned (or designee). A credit union shall be removed from the installation only with approval of the Secretary of the Military Department (or designee) after coordination with the USD(C) through the Director, DFAS, and the appropriate regulatory agency.

(3) *Termination in the interest of national defense.* At the option of the government, leases may be terminated in the event of national emergency or as a result of installation deactivation, closing, or other disposal action.

(4) *Termination resulting from merger, acquisition, or change of control.* When merger, acquisition, change of control

or other action results in violation of the terms and conditions of the existing operating agreement, the Secretary of the Military Department (or designee) shall, subsequent to coordination with the USD(C), through the Director, DFAS, terminate the operating agreement with the existing credit union. When the merger, acquisition, change of control or other action does not result in violation of the terms and conditions of the existing operating agreement, the Secretary of the Military Department (or designee) shall initiate a novation action of the operating agreement identifying the change in control.

(5) *Termination of lease.* The lessee shall provide written notice 180 days prior to a voluntary termination of the lease. Upon lease termination, the government has the option to cause the title of all structures and other improvements to be conveyed to the United States without reimbursement, or require the lessee to remove the improvements and restore the land to its original condition.

(d) *Use of space, logistical support, and military real property for domestic credit unions.*—(1) *Criteria for use of space in Government-owned real property.* (i) Criteria governing the assignment of space and construction of new space for credit unions are in DoD 4270.1–M.

(ii) A credit union may be furnished space on a DoD installation at one or more locations for periods not exceeding 5 years except where the credit union uses its own funds to improve existing government space as outlined in paragraphs (d)(1)(ii)(C) and (d)(1)(ii)(D) of this section. The cumulative total of space furnished shall be subject to the limitations of DoD 4270.1–M.

(A) The furnishing of office space (including ATM placement) to on-base credit unions is governed by section 170 of the Federal Credit Union Act (12 U.S.C. 1770). The provision of no-cost office space for a period not to exceed 5 years is limited to credit unions if at least 95 percent of the membership to be served by the allotment of space is composed of individuals who are, or who were at the time of admission into the credit union, military personnel or federal employees, or members of their families. A written statement to the effect that the credit union meets the 95 percent criterion shall be required to justify and document the allotment of free government space. This statement shall be prepared on the credit union's letterhead and signed either by the chairman of the board of directors or the president. A certification also shall be required whenever there is a merger, takeover, or significant change in a field of membership. This certification shall serve as justification and documentation for the continued allocation of free government space including space renovated with credit union funds. The statement shall be updated every 5 years and on renewal of each no-cost permit or license. (See appendix C of this part for a sample format of the statement.)

(B) Credit unions that fail to meet the 95 percent criterion shall be charged fair market rental for space provided. Except where more than one credit union exists on an installation prior to June 9, 2000, credit unions giving less than full service or not serving all assigned DoD personnel are not authorized no-cost office space.

(C) When a credit union that meets the 95 percent criterion uses its own funds to expand, modify, or renovate government-owned space, it may be provided a no-cost permit or license for a period commensurate with the extent of the improvements not to exceed 25 years as determined by the DoD Component concerned. The permit or license shall be effective until the agreed date of expiration or until the credit union ceases to satisfy the 95 percent criterion. In this latter case, the no-cost permit shall be cancelled in favor of a lease immediately negotiated at fair market value under the provisions of paragraph (d)(1)(ii)(B) of this section. If the credit union desires, this permit or license may extend through the period identified in the original permit or license not to exceed 25 years.

(D) Similarly, a credit union not meeting the 95 percent criterion that uses its own funds to expand, modify, or renovate government-owned space, may be provided a lease at fair market value for a period not to exceed 25 years subject to periodic review every 5 years to assess changes in fair market

value. Duration of this lease shall be commensurate with the extent of the improvements as determined by the DoD Component concerned.

(iii) All space assigned by the GSA, whether leased or in a federal office building, is reimbursable to the GSA at the standard level user charge. Consequently, the GSA shall charge the benefiting DoD Component for any space assigned for credit union operations. Such space is subject to the provisions of paragraph (d)(1)(i) and (ii) of this section.

(2) *Logistical support.* When available, custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal), heating and air conditioning, utilities (i.e., electricity, natural gas or fuel oil, water, and sewage), fixtures, and maintenance shall be furnished without cost to credit unions occupying no-cost office space in government buildings. With the exception of intrastation telephone service, credit unions shall be required to pay for all communication services to include telephone lines, long distance data services and Internet connections. Credit unions also shall pay for space alterations. Should a credit union fail to meet the 95 percent membership criterion, any logistical support furnished shall be on a reimbursable basis.

(3) Leases executed before the issuance of this part may not be altered solely as a result of the provisions of this part unless a lessee specifically requests a renegotiation under these provisions. No lease may be negotiated or renegotiated, nor may any rights be waived or surrendered without compensation to the government.

(4) When a credit union participates in the construction of a shopping mall complex the lease shall cover only land where the branch or facility physically is located.

(5) *Administrative fees.* All administrative fees associated with the initiation, modification, or renewal of an outgrant shall be borne by the installation, provided that the credit union satisfies the 95 percent membership criterion requirement for no-cost office space as outlined paragraph (d)(1)(ii)(A) of this section, and that the fees are associated with the no-cost space.

(e) *Land leases.* Credit unions entering into a land lease to construct a building on a DoD installation shall do so in accordance with § 231.5(f).

(f) *Construction.* Credit unions constructing a building on a DoD installation shall do so in accordance with § 231.5(g).

(g) Credit unions offering ATM service shall do so in accordance with § 231.4(d).

(h) *Staffing.* (1) On-base credit unions shall provide full service. To do so, credit union offices shall be staffed by:

(i) An official authorized to act on loan applications.

(ii) An individual authorized to sign checks; and

(iii) A qualified financial counselor available to serve members during operating hours.

(2) Exceptions to paragraph (h)(1)(i) of this section may be approved by the installation commander with advice from the Secretary of the Military Department concerned (or designee) in the case of newly organized credit unions.

(3) When an on-base credit union can support only minimum staffing, one of the positions required in paragraph (h)(1)(i) of this section or paragraph (h)(1)(ii) of this section also may be subsumed under the counselor duties.

(4) Credit union remote service locations at the same installation may be staffed with one person alone, provided that a direct courier or an electronic or automated message service links each remote location to the credit union's main office.

(i) *Credit union liaison officer (CULO).* When a credit union office is located on an installation, the commander shall appoint a CULO. As appropriate, the CULO responsibility should be assigned to comptroller or resource management personnel. The CULO's name and duty telephone number shall be displayed prominently at each credit union office on the installation. Anyone who serves as a credit union board member or in any other official credit union capacity may not serve as a CULO. The duties of a CULO are the same as the duties listed for a BLO (see § 231.5(h)).

(j) *In-store banking.* In-store banking services may be provided in accordance with § 231.5(i) except that:

(1) Credit unions interested in submitting proposals to provide requested in-store banking services shall provide a statement from the NCUA or applicable state regulatory agency certifying the credit union's authority to offer the requested financial services to the commissary, Military Exchange, or other on-base facilities.

(2) Space granted to a credit union selected to provide in-store banking services should be issued through a no-cost license in accordance with section 170 of the Federal Credit Union Act (12 U.S.C. 1770).

§ 231.8 Procedures—overseas credit unions.

(a) *General policy.* (1) Credit union services to authorized persons and organizations may be provided by domestic on-base credit unions operating under a geographic franchise.

(2) The extension of credit union service overseas is encouraged consistent with the principles prescribed for domestic credit unions and with applicable status of forces agreements or other intergovernmental agreements, or host-country law.

(3) Where permitted by the status of forces agreements or other intergovernmental agreements, or host-country law, only federal credit unions or federally insured state chartered credit unions may operate on overseas DoD installations. The ultimate decision to provide services overseas rests with the credit union itself.

(b) *Establishment.* (1) Commanders shall notify the Secretary of the Military Department concerned (or designee), through command channels, when overseas credit union services are needed. Such requests shall include:

(i) Full information about available space and logistical support.

(ii) The name and location of the nearest credit union facility or branch.

(iii) The distance between the installation and the nearest credit union facility or branch.

(iv) The availability of any official or public transportation.

(v) The number of DoD personnel in duty assignments that confine them to the installation or who cannot obtain transportation (such as hospital patients).

(vi) In countries not presently served, a statement concurred in by the cognizant Combatant Command that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy. The statement shall include that the host country will permit credit union operations and will indicate any conditions imposed by the host country with respect to those operations.

(2) Subsequent to approval of the request from the installation or community commander to establish an overseas credit union facility, the Secretary of the Military Department concerned (or designee) shall solicit proposals for the provision of full credit union services under the following provisions.

(i) Where there is a DoD designated geographic franchise with a specific field of membership, the Secretary of the Military Department (or designee) shall direct the installation or community commander to contact the supporting credit union and request that a branch or facility be established. The basic decision concerning such extensions of service rests with the servicing credit union. The Director, DFAS (or designee) shall maintain a listing of all geographic franchises assigned to credit unions serving DoD overseas installations.

(ii) Where there is no DoD designated geographic franchise, the Secretary of the Military Department (or designee) shall:

(A) Coordinate requests, through the Director, DFAS (or designee), to obtain a geographic franchise. A geographic franchise is the authorization granted to a credit union by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) to provide financial services in a specific geographic region located outside the United States, its territories and possessions.

(B) Solicit proposals from credit unions currently operating on DoD installations.

(C) Review proposals of interested credit unions.

(D) Coordinate with field commands, as needed.

(E) Recommend selection to the NCUA or applicable state regulatory agency with a copy to the DFAS and the OUSD(C), requesting that the appropriate field of membership adjustment be made. Such a recommendation shall identify the primary installations on which the credit union would operate and, if applicable, the contiguous geographic boundaries for future facilities and branches.

(3) Where there is an existing field of membership, the Secretary of the Military Department concerned (or designee) shall take the following actions:

(i) If a credit union on an installation terminates operation, afford any other credit union having a geographic franchise within that country an opportunity to assume the franchise being vacated. If all such institutions decline, the geographic franchise shall be offered to the federally insured credit union community. If, as a result of a credit union decision to decline service to an installation or a termination action, another credit union:

(A) Offers to provide service.

(B) Meets host country requirements (if any) and

(C) Is assigned the former geographic franchise or portion thereof, the NCUA or the applicable state regulatory agency shall be notified and requested to make appropriate field of membership adjustments.

(ii) When other credit union(s) having a geographic franchise within a country decline the opportunity, or there is no other credit union having a franchise within that country, the provisions of paragraph (b)(2)(ii) of this section apply.

(4) No commitment may be made to a credit union regarding its proposal until the appropriate regulatory agency has announced a selection.

(c) *Logistical support.* Installation or community commanders shall provide logistical credit union support. Such support normally shall include:

(1) Adequate office space, including steel bars; grillwork; security doors; a vault, safes or both; security alarm systems and camera surveillance equipment (where deemed necessary) that meet documented requirements of the credit union's insurance carrier; construction of counters, teller cages, and customer and work areas; necessary modifications and alterations to existing buildings. The size and arrangement of space should permit efficient operations. The credit union shall pay for all improvements to the space given. Space assigned may not exceed that prescribed in DoD 4270.1–M.

(2) DoD housing on a rental basis to key credit union personnel unable to find suitable, reasonably priced housing in the vicinity of the DoD installation, if available.

(3) Education, on a space-available, tuition-paying basis, provided by the Department of Defense Education Activity to minor dependents of assigned staff in accordance with DoD Directive 1342.13.

(4) Utilities (i.e., electricity, natural gas or fuel oil, water and sewage), heating, intrastation telephone service, and custodial and janitorial services.

(5) DSN voice and data communication to include, where feasible, internet access.

(6) U.S. Military Postal Service support under DoD Directive 4525.6. The use of free intra-theater delivery system (IDS) is authorized for all routine mail sent and received between Army Post Offices (APOs) and Fleet Post Offices (FPOs) within a theater.

(7) Military guards, civilian guards (for use within the installation), military police, or other protective services to accompany shipments of money from the MBF to the credit union and return where it is impractical or not authorized to have a local armored car service or civilian police authorities entering a military installation to provide cash escort service or when the cost of obtaining such service is prohibitive. This level of protective service also shall be provided at other times as required to include replenishment of ATM currency and receipts, alarm system failures, and to avoid undue risks or insurance costs.

(d) *Travel.* Travel by credit union officials must be at no expense to the U.S. Government. Overseas commanders may issue invitational travel orders for official on-base visits by credit union officials at no cost to the U.S. Government.

(e) *Operations.* (1) An overseas credit union shall confine its field of membership to individuals or organizations eligible by law or regulation to receive services and benefits from the installation. Services shall not be provided to those personnel precluded such services by the applicable status of forces agreement, other intergovernmental agreements, or host-country law.

(2) The Department assigns overseas credit unions a prescribed geographic franchise. Any credit union, however, may continue to serve its members stationed overseas by mail or telecommunications, to include access to the Internet.

(3) A credit union proposing a new service to be offered by a branch office that is not authorized by the operating agreement shall coordinate the establishment of the new service through the cognizant Component command to the Combatant Command. The new service shall be offered only after the appropriate command's approval and coordination with the U.S. Chief of Diplomatic Mission or U.S. Embassy to ensure that the service does not conflict with the applicable status of forces agreement, other intergovernmental agreements, or host-country law.

(4) Credit unions that operate full service branches shall have U.S. currency and coin available for member transactions. In areas served by currency custody accounts, transactional U. S. currency and coins shall be made available from the servicing MBF with no direct or analysis charge to the credit union, provided settlement is made via the local MBF account or equivalent arrangements are made with the MBF.

(5) In countries served by MBFs operated under contract, credit unions shall purchase foreign currency only from the servicing MBF.

(i) The bulk rate purchase price shall apply to currency used by the credit union to make payments to vendors or to make payroll payments.

(ii) Credit unions that desire and are authorized to provide accommodation exchange services to its members shall acquire foreign currency from the servicing MBF at the MBF wholesale rate and sell it at a rate of exchange no more favorable than that available to customers of the MBF.

(6) Credit unions operating under a geographic franchise on an overseas DoD installation shall not publicize, display or sell vehicles on the installation.

(7) The NCUA or applicable state regulatory agency may review operations of overseas credit union offices either when it examines the main credit union or at other times of its choosing. For federally insured, state chartered credit unions, the applicable state regulatory agency also may examine credit unions operations.

§ 231.9 Definitions.

(a) *Automated Teller Machine (ATM).* An electronic machine that dispenses cash, and may perform such other functions as funds transfers among a customer's various accounts and acceptance of deposits. Equipment generally is activated by a plastic card in combination with a personal identification number (PIN). Typically, when the cardholder's account is with a financial institution other than that operating the ATM, its use results in the assessment of a fee from the ATM network (e.g., Armed Forces Financial Network (AFFN), Cirrus, or PLUS) that processes the transaction.

(b) *Banking institution.* An entity chartered by a state or the federal government to provide financial services.

(c) *Banking office.* A branch bank, or independent bank operated by a banking institution on a domestic DoD installation or by a foreign banking institution on an overseas DoD installation.

(d) *Branch bank.* A separate unit chartered to operate at an on-base location geographically remote from its parent banking institution.

(e) *Credit union.* A cooperative nonprofit association, incorporated under the Federal Credit Union Act (12 U.S.C. 1751 *et seq.*), or similar state statute, for the purposes of encouraging thrift among its members and creating a source of credit at a fair and reasonable rate of interest.

(f) *Credit union facility.* A facility employing a communications system with the parent credit union to conduct business at remote locations where a

full-service credit union or credit union branch is impractical. Credit union facilities need not provide cash transaction services but must disburse loans and shares by check or draft and provide competent financial counseling during normal working hours.

(g) *Discrimination.* Any differential treatment in provision of services, including loan services, by a financial institution to DoD personnel and their dependents on the basis of race, color, religion, national origin, sex, marital status, age, rank, or grade.

(h) *DoD Component.* For the purposes of this part, DoD Components include the Office of the Secretary of Defense, the Military Departments, the Joint Chiefs of Staff, the Joint Staff and the supporting Joint Agencies, the Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, the Uniformed Services University of the Health Sciences, all nonappropriated fund instrumentalities including the Military Exchange Services, and morale, welfare and recreation activities, and all other organizational entities within the Department of Defense.

(i) *DoD Personnel.* All military personnel; DoD civil service employees; other civilian employees, including special government employees of all offices, Agencies, and Departments performing functions on a DoD installation (including nonappropriated fund instrumentalities); and their dependents. On domestic DoD installations, retired U.S. military personnel and their dependents are included.

(j) *Domestic DoD installation.* For the purposes of this Regulation, a military installation located within a state of the United States, the District of Columbia, Guam or the Commonwealth of Puerto Rico.

(k) *Fair market rental.* A reasonable charge for on-base land, buildings, or building space. Rental is determined by a government appraisal based on comparable properties in the local civilian economy. The appraiser, however, shall consider that on-base property may not always be comparable to similar property in the local commercial geographic area. Examples of circumstances that may affect fair market rental include limitations of usage and access to the financial institution by persons other than those on the installation, proximity to the community center or installation business district, and the government's right to terminate the lease or take title to improvements constructed at the financial institution's expense.

(l) *Field of membership.* A group of people entitled to credit union membership because of a common bond of occupation, association, employment, or residence within a well-defined neighborhood, community, rural district, and other persons sharing a common bond as described by credit union board of directors policy or by Interpretation Ruling and Policy Statement (IRPS) 99–1. A field of membership is defined in the credit union's charter by the appropriate regulatory agency.

(m) *Financial institution.* This term encompasses any banking institution, credit union, thrift institution and subordinate office branch or facility, each as separately defined herein.

(n) *Financial services.* Those services commonly associated with financial institutions in the United States, such as electronic banking (e.g., ATMs and personal computing banking), in-store banking, checking, share and savings accounts, funds transfers, sales of official checks, money orders, and travelers checks, loan services, safe deposit boxes, trust services, sale and redemption of U.S. Savings Bonds, and acceptance of utility payments and any other services provided by financial institutions.

(o) *Foreign banking institution.* A bank located outside the United States chartered by the country in which it is domiciled.

(p) *Full service credit union.* A credit union that provides full-time counter transaction services, to include cash operations, and is staffed during normal working hours by a loan officer, a person authorized to sign checks, and a qualified financial counselor. In overseas areas, ''full service'' includes cash operations where not prevented by:

(1) Status of forces agreements, other intergovernmental agreements, or host-country law.

(2) Physical security requirements that cannot be resolved by the credit union or local command.

(q) *Geographic franchise.* Authorization granted to a credit union by the Office of the Under Secretary of Defense (Comptroller) to provide financial services in a specific geographic region located outside the United States, its territories and possessions.

(r) *Independent bank.* A bank specifically chartered to operate on one or more DoD installations whose directors and officers usually come from the local business and professional community. Such operations are thus differentiated from county-wide or state-wide branch systems consisting of a head office and one or more geographically separate branch offices.

(s) *In-store banking.* An expansion of financial services provided by an on-base financial institution within the premises of a commissary store operated by the Defense Commissary Agency, a Military Exchange outlet, and other on-base retail facilities.

(t) *Malpractice.* Any unreasonable lack of skill or fidelity in fiduciary duties or the intentional violation of an applicable law or regulation or both that governs the operations of the financial institution. A violation shall be considered intentional if the responsible officials know that the applicable action or inaction violated a law or regulation.

(u) *Military banking facility (MBF).* A banking office located on a DoD installation and operated by a financial institution that the Department of the Treasury specifically has authorized, under its designation as a ''Depository and Financial Agent of the U.S. Government,'' to provide certain banking services at the installation.

(v) *National bank.* An association approved and chartered by the Comptroller of the Currency to operate a banking business.

(w) *On-base.* Refers to physical presence on a domestic or overseas DoD installation.

(x) *Operating agreement.* A mutual agreement between the installation commander and the on-base financial institution to document their relationships.

(y) *Overseas DoD installation.* A military installation (or community) located outside the states of the United States, the District of Columbia, Guam or the Commonwealth of Puerto Rico.

(z) *Part-time MBF.* A MBF that operates fewer than 5 days a week exclusive of additional payday service. When only payday service is provided, the MBF may be termed a ''payday service facility.''

(aa) *Regulatory Agency.* Includes the Office of the Comptroller of the Currency, Department of the Treasury; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; the respective Federal Reserve Banks; the National Credit Union Administration; Office of Thrift Supervision; the various state agencies and commissions that oversee financial institutions; and, for military banking facilities (MBFs), the Fiscal Assistant Secretary of the Treasury (or designee).

(bb) *State bank.* An institution organized and chartered under the laws of one of the states of the United States to operate a banking business within that state.

(cc) *Thrift institution.* An institution organized and chartered under federal or state law as a Savings Bank, Savings Association, or Savings and Loan Association.

[66 FR 46708, Sept. 7, 2001; 66 FR 54136, Oct. 26, 2001]

Subpart B—DoD Directive 1000.11

§ 231.10 Financial institutions on DoD installations.

(a) *Purpose.* This subpart:

(1) Updates policies and responsibilities for financial institutions that serve Department of Defense (DoD) personnel on DoD installations worldwide. Associated procedures are contained in subpart A of this part.

(2) Prescribes consistent arrangements for the provision of services by financial institutions among the DoD Components, and requires that financial institutions operating on DoD installations provide, and are provided, support consistent with the policies stated herein.

(b) *Applicability*. This subpart applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter collectively referred to as ''the DoD Components''), and all nonappropriated fund instrumentalities including the Military Exchange Services and morale, welfare and recreation (MWR) activities.

(c) *Definitions*. Terms used in this subpart are set forth in subpart A of this part.

(d) *Policy*. (1) The following pertains to financial institutions on DoD installations:

(i) Except where they already may exist as of May 1, 2000, no more than one banking institution and one credit union shall be permitted to operate on a DoD installation.

(ii) Upon the request of an installation commander and with the approval of the Secretary of the Military Department concerned (or designee), duly chartered financial institutions may be authorized to provide financial services on DoD installations to enhance the morale and welfare of DoD personnel and facilitate the administration of public and quasi-public monies. Arrangement for the provision of such services shall be in accordance with this subpart and the applicable provisions of subpart A of this part.

(iii) Financial institutions or branches thereof, shall be established on DoD installations only after approval by the Secretary of the Military Department concerned (or designee) and the appropriate regulatory agency.

(A) Except in limited situations overseas (see paragraph (d)(2)(ii)(C) of this section), only banking institutions insured by the Federal Deposit Insurance Corporation and credit unions insured by the National Credit Union Share Insurance Fund or by another insurance organization specifically qualified by the Secretary of the Treasury, shall operate on DoD installations. These financial institutions may either be State or federally chartered; however, U.S. credit unions operated overseas shall be federally insured.

(B) Military banking facilities (MBFs) shall be established on DoD installations only when a demonstrated and justified need cannot be met through other means. An MBF is a financial institution that is established by the Department of the Treasury under statutory authority that is separate from State or Federal laws that govern commercial banking. Section 265 of title 12, United States Code contains the provisions for the Department of the Treasury to establish MBFs. Normally, MBFs shall be authorized only at overseas locations. This form of financial institution may be considered for use at domestic DoD installations only when the cognizant DoD Component has been unable to obtain, through normal means, financial services from a State or federally chartered financial institution authorized to operate in the State in which the installation is located. In times of mobilization, it may become necessary to designate additional MBFs as an emergency measure. The Director, Defense Finance and Accounting Service (DFAS) may recommend the designation of MBFs to the Department of the Treasury.

(C) Retail banking operations shall not be performed by any DoD Component. Solicitations for such services shall be issued, or proposals accepted, only in accordance with the policies identified in this subpart. The DoD Components shall rely on commercially available sources in accordance with DoD Directive 4100.15.[14]

(iv) Installation commanders shall not seek the provision of financial services from any entity other than the on-base banking office or credit union. The Director, DFAS, with the concurrence of the Under Secretary of Defense (Comptroller) (USD(C)), may approve exceptions to this policy.

(v) Financial institutions authorized to locate on DoD installations shall be provided logistic support as set forth in subpart A of this part.

(vi) Military disbursing offices, nonappropriated fund instrumentalities (including MWR activities and the

[14] See footnote 1 to § 231.1(a).

Military Exchange Services) and other DoD Component activities requiring financial services shall use on-base financial institutions to the maximum extent feasible.

(vii) The Department encourages the delivery of retail financial services on DoD installations via nationally networked automated teller machines (ATMs).

(A) ATMs are considered electronic banking services and, as such, shall be provided only by financial institutions that are chartered and insured in accordance with the provisions of paragraph (d)(1)(iii) of this section.

(B) Proposals by the installation commander to install ATMs from other than on-base financial institutions shall comply with the provisions of paragraph (d)(1)(iv) of this section.

(viii) Expansion of financial services (to include in-store banking) requiring the outgrant of additional space or logistical support shall be approved by the installation commander. Any DoD activity or financial institution seeking to expand financial services shall coordinate such requests with the installation bank/credit union liaison officer prior to the commander's consideration.

(ix) The installation commander shall ensure, to the maximum extent feasible, that all financial institutions operating on that installation are given the opportunity to participate in pilot programs to demonstrate new financial-related technology or establish new business lines (e.g., in-store banking) where a determination has been made by the respective DoD Component that the offering of such services is warranted.

(x) The installation commander shall approve requests for termination of financial services that are substantiated by sufficient evidence and forwarded to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall coordinate such requests with the USD(C), through the Director, DFAS, before notification to the appropriate regulatory agency.

(xi) Additional guidance pertaining to financial services is set forth in subpart A of this part.

(2) The following additional provisions pertain to only to financial institutions on overseas DoD installations:

(i) The extension of services by MBFs and credit unions overseas shall be consistent with the policies stated herein and with the applicable status of forces agreements, other intergovernmental agreements, or host-country law.

(ii) Financial services at overseas DoD installations may be provided by:

(A) Domestic on-base credit unions operating overseas under a geographic franchise and, where applicable, as authorized by the pertinent status of forces agreements, other intergovernmental agreements, or host-country law.

(B) MBFs operated under and authorized by the pertinent status of forces agreement, other intergovernmental agreement, or host-country law.

(C) Domestic and foreign banks located on overseas DoD installations that are:

(*1*) Chartered to provide financial services in that country, and

(*2*) A party to a formal operating agreement with the installation commander to provide such services, and

(*3*) Identified, where applicable, in the status of forces agreements, other intergovernmental agreements, or host-country law.

(iii) In countries served by MBFs operated under contract, nonappropriated fund instrumentalities and on-base credit unions that desire, and are authorized, to provide accommodation exchange services shall acquire foreign currency from the MBF at the MBF accommodation rate; and shall sell such foreign currency at a rate of exchange that is no more favorable to the customer than the customer rate available at the MBF.

(e) *Responsibilities.* (1) The Under Secretary of Defense (Comptroller) (USD(C)) shall develop policies governing establishment, operation, and termination of financial institutions on DoD installations and take final action on requests for exceptions to this subpart.

(2) The Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L)) shall monitor policies and procedures governing

logistical support furnished to financial institutions on DoD installations, including the use of DoD real property and equipment.

(3) The Under Secretary of Defense (Personnel and Readiness) (USD(P&R)) shall advise the USD(C) on all aspects of on-base financial institution services that affect the morale and welfare of DoD personnel.

(4) DoD Component responsibilities pertaining to this subpart are set forth in subpart A of this part.

Subpart C—Guidelines for Application of the Privacy Act to Financial Institution Operations

§ 231.11 Guidelines.

(a) The following guidelines govern the application of DoD Directive 5400.11[15] to those financial institutions that operate under this part:

(1) Financial institutions and their branches and facilities operating on DoD military installations do not fall within the purview of 5 U.S.C. 552 *et seq*.

(i) These financial institutions do not fit the definition of ''agency'' to which the Privacy Act applies, that is, any executive department, Military Department, government corporation, government-controlled corporation, or other establishment in the executive branch of the government (including the Executive Office of the President), or an independent regulatory agency (5 U.S.C. 552(e) and 552a(a)(1)).

(ii) These financial institutions are not ''government contractors'' within the meaning of 5 U.S.C. 552a(o), as they do not operate a system of records on behalf of an agency to accomplish an agency function. According to the Office of Management and Budget Privacy Act Guidelines, the provision relating to government contractors applies only to systems of records actually taking the place of a federal system which, but for the contract, would have been performed by an agency and covered by the Privacy Act. Clearly, the subject institutions do not meet these criteria.

(iii) Since the Act does not apply to them, these financial institutions are not required to comply with 5 U.S.C. 552a(e)(3) in obtaining and making use of personal information in their relationships with personnel authorized to use such institutions. Thus, these institutions are not required to inform individuals from whom information is requested of the authority for its solicitation, the principal purpose for which it is intended to be used, the routine uses that may be made of it, or the effects of not providing the information. There also is no requirement to post information of this nature within on-base banking and credit union offices.

(2) The financial institutions concerned hold the same position and relationship to their account holders, members, and to the government as they did before enactment of OMB Circular A–130. Within their usual business relationships, they still are responsible for safeguarding the information provided by their account holders or members and for obtaining only such information as is reasonable and necessary to conduct business. This includes credit information and proper identification, which may include social security number, as a precondition for the cashing of checks.

(3) Financial institutions may incorporate the following conditions of disclosure of personal identification in all contracts, including loan agreements, account signature cards, certificates of deposit agreements, and any other agreements signed by their account holders or members:

> I hereby authorize the Department of Defense and its various Components to verify my social security number or other identifier and disclose my home address to authorized (name of financial institution) officials so that they may contact me in connection with my business with (name of financial institution). All information furnished will be used solely in connection with my financial relationship with (name of financial institution).

(ii) When the financial institution presents such signed authorizations, the receiving military command or installation shall provide the appropriate information.

[15] See footnote 1 to § 231.1(a).

(4) Even though an agreement described in paragraph (a)(3) of this section has not been obtained, the Department of Defense may provide these financial institutions with salary information and, when pertinent, the length or type of civilian or military appointment, consistent with DoD Directives 5400.11 and 5400.7.[16] Some examples of personal information pertaining to DoD personnel that normally can be released without creating an unwarranted invasion of personal privacy are name, rank, date of rank, salary, present and past duty assignments, future assignments that have been finalized, office phone number, source of commission, and promotion sequence number.

(5) When DoD personnel with financial obligations are reassigned and fail to inform the financial institution of their whereabouts, they should be located by contacting the individual's last known commander or supervisor at the official position or duty station within that particular DoD Component. That commander or supervisor either shall furnish the individual's new official duty location address to the financial institution, or shall forward, through official channels, any correspondence received pertaining thereto to the individual's new commander or supervisor for appropriate assistance and response. Correspondence addressed to the individual concerned at his or her last official place of business or duty station shall be forwarded as provided by postal regulations to the new location. Once an individual's affiliation with the Department of Defense is terminated through separation or retirement, however, the Department's ability to render locator assistance (i.e., disclose a home address) is severely curtailed unless the public interest dictates disclosure of the last known home address. The Department may, at its discretion, forward correspondence to the individual's last known home address. The Department may not act as an intermediary for private matters concerning former DoD personnel who are no longer affiliated with the Department.

[16] See footnote 1 to 231.1(a).

(b) Questions concerning this guidance should be forwarded through channels to the Deputy Chief Financial Officer, Office of the Under Secretary of Defense (Comptroller), The Pentagon, Washington, DC 20301–1100.

APPENDIX A TO PART 231—SAMPLE OPERATING AGREEMENT

SAMPLE OPERATING AGREEMENT BETWEEN MILITARY INSTALLATIONS AND FINANCIAL INSTITUTIONS

NOTE: The following operating agreement template identifies general arrangement and content. Content of the actual operating agreement may vary according to the circumstances of each installation.

Operating Agreement Between (Name of Installation), (State or Country Installation Located) and (Name of Financial Institution).

This Agreement is made and entered into this day by and between the installation commander of (name of installation) in his or her official capacity as installation commander, hereinafter referred to as the ''commander'' and the (name of financial institution), having its principal office at (location of home office) hereinafter referred to as the ''financial institution,'' together hereinafter referred to as ''the parties.'' Whereas the commander and the financial institution enter into this Operating Agreement upon the mutual consideration of the promises, covenants, and agreements hereinafter contained.

1. The parties understand and agree that this Agreement shall in no way modify, change, or alter the terms and conditions of Lease Number (number of lease) covering the use of real property described therein, and this Agreement shall continue, subject to the termination provisions herein-after set forth, during the terms of said lease and any extensions thereof. In the case of a banking institution operating a military banking facility (MBF) overseas, this agreement will not change the conditions of the contract between the banking institution and the Department of Defense.

2. The financial institution agrees to operate a (federally or state) chartered office onbase in accordance with the policies and procedures set forth in DoD Directive 1000.11, and Volume 5, Chapter 34, of the DoD 7000.14–R (as codified in the Code of Federal Regulations (CFR) at 32 CFR parts 230 and 231, respectively); and, in addition for the Overseas Military Banking Program (OMBP), the policies and procedures set forth in the applicable DoD contract. The hours of operations shall be between (hour office opens) and (hour office closes), and on the following

days (weekdays office open), except on government holidays when the financial institution may be closed. The Program Office for the OMBP shall notify the commander of any changes to the DoD contract.

3. The financial institution shall provide the following services:

a. *Services for Individuals.*

(1) Demand (checking) account services.

(2) Cashing personal checks and government checks for accountholders.

(3) Maintaining savings accounts and (any other interestbearing accounts).

(4) Selling official checks, money orders, and traveler's checks.

(5) Selling and redeeming United States savings bonds.

(6) Providing direct deposit service.

(7) Loan services.

(8) Electronic banking (i.e., automated teller machines, internet banking).

b. *Services for disbursing officers.*

(1) Furnishing cash (if the financial institution's terms for doing so is consistent with sound management practices).

(2) Accepting deposits for credit to the Treasury General Account (where the financial institution has entered into an agreement with the Department of the Treasury).

c. *Services for nonappropriated fund instrumentalities and private organizations.*

(1) Demand (checking) account services, including wire transfers.

(2) Savings accounts and nonnegotiable certificates of deposit or other interestbearing accounts offered by the banking institution.

(3) Currency and coin for change.

4. Service charges shall be as follows:

a. *Service for individuals.*

(1) No fees shall be charged to individuals for the services listed in subparagraphs 3.a.(2), and 3.a.(5), above, except for subparagraph 3.a.(2), wherein checks drawn on other financial institutions may be treated in accordance with the financial institution's established policy. Any charge to cash a government check shall not exceed that typically charged by financial institutions in the vicinity of the installation. Fees assessed to accountholders and nonaccountholders for use of automated teller machines shall be the customary service charges of the financial institution or those negotiated for base personnel per the attached schedule.

(2) Checking and savings accounts. Fees for individual checking and savings accounts shall be the customary service charges of the financial institution or those negotiated for base personnel per the attached schedule.

(3) Sale of official checks, money orders, traveler's checks and other types of financial paper. Charges for these services shall be the customary charges of the financial institution operating the on-base office.

b. *Service for Disbursing Officers.* No charge shall be made for the services listed in subparagraph 3.b.(2), above. Compensation to the financial institution shall be per its separate agreement with the Department of the Treasury. Charges, if any, for the services stated in subparagraph 3.b.(1) shall be as locally negotiated with the financial institution.

c. *Nonappropriated Fund Instrumentalities and Private Organizations.* State the charges or refer to a schedule of charges for funds and organizations that do not participate in a central banking program. For those activities participating in a central banking program, determine the compensation to the financial institution by account analysis.

5. It is agreed that the financial institution shall:

a. Notify the commander or designated representative of any proposed changes to the attached schedule of fees and services at least 30 days prior to implementation.

b. Follow the requirements in Volume 5, Chapter 34, of DoD 7000.14–R, as codified in the *Code of Federal Regulations* (CFR), and any changes thereto.

c. Comply with Department of the Treasury requirements for establishment and operation of a Treasury General Account where the financial institution agrees to act as a depository for government funds.

d. Absolve the (Military Service) and its representatives of responsibility or liability for the financial operation of the financial institution; and for any loss (including losses due to criminal activity), expenses, or claims for damages arising from financial institution operations.

e. Indemnify, and hold harmless the United States from (and against) any loss, expense, claim, or demand, including attorney fees, court costs, and costs of litigation, to which the government may be subjected as a result of death, loss, destruction, or damage in connection with the use and occupancy of (Military Service) premises occasioned in whole or in part by officers, agents or employees of the financial institution operating an office of the financial institution.

f. Favorably respond, whenever feasible, to reasonable local command requests for lectures and printed materials to support consumer credit education programs, financial management program and newcomer's briefings.

g. Prominently post in the lobby of the financial institution the name, duty telephone number of the (Bank or Credit Union) Liaison Officer.

h. Accept the government travel card in all on-base ATMs operated by the financial institution.

i. Abide by the installation fire protection program, including immediate correction of fire hazards noted by the installation fire inspector during periodic fire prevention inspections.

6. The commander shall provide the following space and support:

a. Space requirements for financial institution operations shall be administered in accordance with the existing outgrant (i.e., lease, permit or license). (Show Number of Outgrant).

b. Utilities (i.e., electricity, natural gas or fuel oil, water and sewage), heating and air conditioning, intrastation telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal) on a reimbursable basis.

c. DoD housing and minor dependent education in overseas locations for military banking facility (MBF) and credit union personnel in accordance with §§231.6(c)(1)(i)(C), 231.6(c)(1)(D), 231.8(c)(2) and 231.8(c)(3).

7. Termination of this Agreement shall be consistent with the termination provision of the real property lease and subpart A. The Secretary of the (Military Department) shall have the right to terminate this Agreement at any time. Any termination of the right of the financial institution to operate on the installation shall render this Agreement terminated without any applicable action by the commander.

8. Any provision of this Agreement that is contrary to or violates any laws, rules, or regulations of the United States, its agencies, or the state of (state in which the financial institution is located) that apply on federal installations shall be void and have no force or effect; however, both parties to this Agreement agree to notify the other party promptly of any known or suspected continuing violation of such laws, rules, or regulations.

9. So long as this Agreement remains in effect, it shall be reviewed jointly by the commander and the financial institution at least once every 5 years to ensure compatibility with current DoD issuances and to determine if any changes are required to the Agreement.

In witness whereof, the commander, and the financial institution, by their duly authorized office, have hereunto set their hands this day of (month, day, year).

Financial Institution Official

Installation Commander

APPENDIX B TO PART 231—IN-STORE BANKING

A. *Selection Process.* The purpose of this guidance is to assure an impartial and thorough process to select the best on-base financial institution to provide in-store banking services when such services are desired and approved by the installation commander.

1. Consistent with DoD Component delegation, the final decision to solicit for an in-store banking office rests with the installation commander.

2. The DoD Component seeking in-store banking (e.g., in buildings operated by the Defense Commissary Agency, Military Exchange Services and MWR activities) shall draft the solicitation letter.

3. Close coordination among all cognizant DoD organizations is essential throughout the selection process.

B. *Specific Procedures*

1. The need for in-store banking service may be identified from either:

a. An unsolicited proposal from an on-base financial institution,

b. A DoD Component's request, or

c. An installation commander's request.

2. The cognizant installation commander (or designee) is responsible for assessing the environment and authorizing the Bank/Credit Union Liaison Officer(s) to pursue the acquisition of in-store banking services. If no authorization is given, no further action is required.

3. The cognizant installation commander shall determine whether a solicitation is required. (A solicitation shall be required whenever there are two or more financial institutions on a DoD installation.) If no solicitation is required, then the Bank/Credit Union Liaison Officer shall work directly with the on-base financial institution to obtain the requested services. Where there is neither a banking office nor an on-base credit union, use the solicitation process outlined in §231.5(c) of this chapter, as supplemented by the provisions outlined in paragraph A, above.

4. The solicitation letter shall identify the financial services being requested and classify these services as either mandatory or optional. In addition, the solicitation letter shall highlight any services that will be weighed as more important than others during the evaluation of the proposals. Any space consideration and terms of the proposed agreement also shall be identified in the letter.

5. The installation commander (or designee) formally shall notify the selected financial institution and request that institution to coordinate with the proper activity to begin any construction, modifications or renovations necessary to open the in-store banking office. The cognizant facility management personnel shall begin the process of obtaining the necessary outgrant instruments. Concurrently, the requesting DoD Component representative and the financial institution representative shall draft the appropriate amendment to the operating agreement. The amendment should contain provisions regarding:

a. The roles and responsibilities of all parties involved.

b. The financial services to be provided, and

c. The logistical support arrangements to include custodial services and security provisions. The amendment should be coordinated with the Bank/Credit Union Liaison Officer(s) prior to forwarding that document to the installation commander for signature. The amendment shall be signed by the installation commander (or designee) and the appropriate financial institution official with a copy furnished to the Secretary of the Military Department concerned (or designee) and the Director, DFAS (or designee).

APPENDIX C TO PART 231—SAMPLE CERTIFICATE OF COMPLIANCE FOR CREDIT UNIONS CERTIFICATE OF COMPLIANCE

I, (name), Chairman of the Board of Directors or President of the (credit union), located at (place), certify that this credit union complies with the requirements of section 170 of the Federal Credit Union Act (12 U.S.C 1770), for the allotment of space in federal buildings without charge for rent or services. The provision of no-cost office space is limited to credit unions if at least 95 percent of the membership to be served by the allotment of space is composed of individuals who are, or who were at the time of admission into the credit union, military personnel or federal employees, or members of their families.

(Date)

(Name)
(Chairman of the Board of Directors or the President)

NOTE: The Certificate of Compliance shall be written on credit union letterhead.

PART 234—CONDUCT ON THE PENTAGON RESERVATION

Sec.
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AUTHORITY: 10 U.S.C. 131 and 2674(c).

SOURCE: 72 FR 29251, May 25, 2007, unless otherwise noted.

§ 234.1 Definitions.

As used in this part.

Authorized person. An employee or agent of the Pentagon Force Protection Agency, or any other Department of Defense employee or agent who has delegated authority to enforce the provisions of this part.

Operator. A person who operates, drives, controls, otherwise has charge of, or is in actual physical control of a mechanical mode of transportation or any other mechanical equipment.

Pentagon Reservation. Area of land and improvements thereon, located in Arlington, Virginia, on which the Pentagon Office Building, Federal Building Number 2, the Pentagon heating and sewage treatment plants, and other related facilities are located. Pursuant to 10 U.S.C. 674, the Pentagon Reservation also includes the area of land known as Raven Rock Mountain Complex (''RRMC''), located in Adams County, Pennsylvania, and Site ''C,'' which is located in Washington County, Maryland, and other related facilities. The Pentagon Reservation shall include all roadways, walkways, waterways, and all areas designated for the parking of vehicles.

Permit. A written authorization to engage in uses or activities that are otherwise prohibited, restricted, or regulated.

Possession. Exercising direct physical control or dominion, with or without ownership, over property.

State law. The applicable and nonconflicting laws, statutes, regulations, ordinances, and codes of the state(s) and other political subdivision(s) within whose exterior boundaries the Pentagon Reservation or a portion thereof is located.

Traffic. Pedestrians, ridden or herded animals, vehicles, and other conveyances, either singly or together, while using any road, path, street, or other thoroughfare for the purposes of travel.

Vehicle. Any vehicle that is self-propelled or designed for self-propulsion, any motorized vehicle, and any vehicle

drawn by or designed to be drawn by a motor vehicle, including any device in, upon, or by which any person or property is or can be transported or drawn upon a highway, hallway, or pathway; to include any device moved by human or animal power, whether required to be licensed in any state or otherwise.

Weapons. Any loaded or unloaded pistol, rifle, shotgun, or other device which is designed to, or may be readily converted to, expel a projectile by the ignition of a propellant, by compressed gas, or by spring power; any bow and arrow, crossbow, blowgun, spear gun, hand-thrown spear, slingshot, irritant gas device, explosive device, or any other implement designed to discharge missiles; any other weapon, device, instrument, material, or substance, animate or inanimate that is used for or is readily capable of, causing death or serious bodily injury, including any weapon the possession of which is prohibited under the laws of the state in which the Pentagon Reservation or portion thereof is located; except that such term does not include a pocket knife with a blade of less than 2½ inches in length.

§ 234.2 Applicability.

The provisions of this part apply to all areas, lands, and waters on or adjoining the Pentagon Reservation and under the jurisdiction of the United States, and to all persons entering in or on the property. They supplement those penal provisions of Title 18, United States Code, relating to crimes and criminal procedure and those provisions of State law that are federal criminal offenses by virtue of the Assimilative Crimes Act, 18 U.S.C. 13.

§ 234.3 Admission to property.

(a) Access to the Pentagon Reservation or facilities thereon shall be restricted in accordance with AI Number 30[1] and other applicable Department of Defense rules and regulations in order to ensure the orderly and secure conduct of Department of Defense business. Admission to facilities or restricted areas shall be limited to employees and other persons with proper authorization. Forward written requests for copies of the document to Washington Headquarters Services, Executive Services Division, Freedom of Information Division, 1155 Defense Pentagon, Washington, DC 20301–1155.

(b) All persons entering or upon the Pentagon Reservation shall, when required and/or requested, display identification to authorized persons.

(c) All packages, briefcases, and other containers brought into, on, or being removed from facilities or restricted areas on the Pentagon Reservation are subject to inspection and search by authorized persons. Persons entering on facilities or restricted areas who refuse to permit an inspection and search will be denied entry.

(d) Any person or organization desiring to conduct activities anywhere on the Pentagon Reservation shall file an application for permit with the applicable Building Management Office or Installation Commander. Such application shall be made on a form provided by the Department of Defense and shall be submitted in the manner specified by the Department of Defense. Violation of the conditions of a permit issued in accordance with this section is prohibited and may result in the loss of access to the Pentagon Reservation.

§ 234.4 Trespassing.

(a) Trespassing, entering, or remaining in or upon property not open to the public, except with the express invitation or consent of the person or persons having lawful control of the property, is prohibited. Failure to obey an order to leave under paragraph (b) of this section, or reentry upon property after being ordered to leave or not reenter under paragraph (b) of this section, is also prohibited.

(b) Any person who violates a Department of Defense rule or regulation may be ordered to leave the Pentagon Reservation by an authorized person. A violator's reentry may also be prohibited.

§ 234.5 Compliance with official signs.

Persons on the Pentagon Reservation shall at all times comply with official signs of a prohibitory, regulatory, or directory nature.

[1] Copies may be obtained at *http://www.dtic.mil/whs/directives/corres/ins2.html.*

§ 234.6 Interfering with agency functions.

The following are prohibited:

(a) *Interference.* Threatening, resisting, intimidating, or intentionally interfering with a government employee or agent engaged in an official duty, or on account of the performance of an official duty.

(b) *Violation of a lawful order.* Violating the lawful order of a government employee or agent authorized to maintain order and control public access and movement during fire fighting operations, search and rescue operations, law enforcement actions, and emergency operations that involve a threat to public safety or government resources, or other activities where the control of public movement and activities is necessary to maintain order and public health or safety.

(c) *False information.* Knowingly giving a false or fictitious report or other false information:

(1) To an authorized person investigating an accident or violation of law or regulation, or

(2) On an application for a permit.

(d) *False report.* Knowingly giving a false report for the purpose of misleading a government employee or agent in the conduct of official duties, or making a false report that causes a response by the government to a fictitious event.

§ 234.7 Disorderly conduct.

A person commits disorderly conduct when, with intent to cause public alarm, nuisance, jeopardy, or violence, or knowingly or recklessly creating a risk thereof, such person commits any of the following prohibited acts:

(a) Engages in fighting or threatening, or in violent behavior.

(b) Uses language, an utterance, or gesture, or engages in a display or act that is obscene, physically threatening or menacing, or done in a manner that is likely to inflict injury or incite an immediate breach of the peace.

(c) Makes noise that is unreasonable, considering the nature and purpose of the actor's conduct, location, time of day or night, and other factors that would govern the conduct of a reasonably prudent person under the circumstances.

(d) Creates or maintains a hazardous or physically offensive condition.

(e) Impedes or threatens the security of persons or property, or disrupts the performance of official duties by Department of Defense employees, or obstructs the use of areas such as entrances, foyers, lobbies, corridors, concourses, offices, elevators, stairways, roadways, driveways, walkways, or parking lots.

§ 234.8 Preservation of property.

Willfully destroying or damaging private or government property is prohibited. The throwing of articles of any kind from or at buildings or persons, improper disposal of rubbish, and open fires are also prohibited.

§ 234.9 Explosives.

(a) Using, possessing, storing, or transporting explosives, blasting agents or explosive materials is prohibited, except pursuant to the terms and conditions of a permit issued by the applicable Building Management Office or Installation Commander. When permitted, the use, possession, storage and transportation shall be in accordance with applicable Federal and State law.

(b) Using or possessing fireworks or firecrackers is prohibited.

(c) Violation of the conditions established by the applicable Building Management Office or Installation Commander or of the terms and conditions of a permit issued in accordance with this section is prohibited and may result in the loss of access to the Pentagon Reservation.

§ 234.10 Weapons.

(a) Except as otherwise authorized under this section, the following are prohibited:

(1) Possessing a weapon.

(2) Carrying a weapon.

(3) Using a weapon.

(b) This section does not apply to any agency or Department of Defense component that has received prior written approval from the Pentagon Force Protection Agency or the Installation Commander to carry, transport, or use a weapon in support of a security, law enforcement, or other lawful purpose while on the Pentagon Reservation.

§ 234.11 Alcoholic beverages and controlled substances.

(a) *Alcoholic beverages.* The consumption of alcoholic beverages or the possession of an open container of an alcoholic beverage within the Pentagon Reservation is prohibited unless authorized by the Director, Washington Headquarters Services, or his designee, the Installation Commander, or the Heads of the Military Departments, or their designees. Written notice of such authorizations shall be provided to the Pentagon Force Protection Agency.

(b) Controlled substances. The following are prohibited:

(1) The delivery of a controlled substance, except when distribution is made by a licensed physician or pharmacist in accordance with applicable law. For the purposes of this paragraph, delivery means the actual, attempted, or constructive transfer of a controlled substance.

(2) The possession of a controlled substance, unless such substance was obtained by the possessor directly from, or pursuant to a valid prescription or order by, a licensed physician or pharmacist, or as otherwise allowed by Federal or State law.

(c) Presence on the Pentagon Reservation when under the influence of alcohol, a drug, a controlled substance, or any combination thereof, to a degree that may endanger oneself or another person, or damage property, is prohibited.

§ 234.12 Restriction on animals.

Animals, except guide dogs for persons with disabilities, shall not be brought upon the Pentagon Reservation for other than official purposes.

§ 234.13 Soliciting, vending, and debt collection.

Commercial or political soliciting, vending of all kinds, displaying or distributing commercial advertising, collecting private debts or soliciting alms upon the Pentagon Reservation is prohibited. This does not apply to:

(a) National or local drives for funds for welfare, health, or other purposes as authorized by 5 CFR parts 110 and 950, Solicitation of Federal Civilian and Uniformed Services Personnel for Contributions to Private Voluntary Organizations, issued by the U.S. Office of Personnel Management under Executive Order 12353, 3 CFR, 1982 Comp., p. 139, as amended.

(b) Personal notices posted on authorized bulletin boards, and in compliance with building rules governing the use of such authorized bulletin boards, advertising to sell or rent property of Pentagon Reservation employees or their immediate families.

(c) Solicitation of labor organization membership or dues authorized by the Department of Defense under the Civil Service Reform Act of 1978.

(d) Licensees, or their agents and employees, with respect to space licensed for their use.

(e) Solicitations conducted by organizations composed of civilian employees of the Department of Defense or members of the uniformed services among their own members for organizational support or for the benefit of welfare funds for their members, after compliance with the requirements of § 234.3(d).

§ 234.14 Posting of materials.

Posting or affixing materials, such as pamphlets, handbills, or fliers on the Pentagon Reservation is prohibited except as provided by § 234.13(b) or when conducted as part of activities approved by the applicable Building Management Office or Installation Commander under § 234.3(d).

§ 234.15 Use of visual recording devices.

(a) The use of cameras or other visual recording devices on the Pentagon Reservation is prohibited, unless the use of such items are approved by the Pentagon Force Protection Agency, the Installation Commander, or the Office of the Assistant to the Secretary of Defense for Public Affairs.

(b) It shall be unlawful to make any photograph, sketch, picture, drawing, map or graphical representation of the Pentagon Reservation without first obtaining permission of the Pentagon Force Protection Agency, Installation Commander, or the Office of the Assistant to the Secretary of Defense for Public Affairs.

§ 234.16 Gambling.

Gambling in any form, or the operation of gambling devices, is prohibited. This prohibition shall not apply to the vending or exchange of chances by licensed blind operators of vending facilities for any lottery set forth in a State law and authorized by the provisions of the Randolph-Sheppard Act (20 U.S.C. 107, *et seq.*).

§ 234.17 Vehicles and traffic safety.

(a) *In general.* Unless specifically addressed by regulations in this part, traffic and the use of vehicles within the Pentagon Reservation are governed by State law. Violating a provision of State law is prohibited.

(b) *Open container of an alcoholic beverage.* (1) Each person within a vehicle is responsible for complying with the provisions of this section that pertain to carrying an open container. The operator of a vehicle is the person responsible for complying with the provisions of this section that pertain to the storage of an open container.

(2) Carrying or storing a bottle, can, or other receptacle containing an alcoholic beverage that is open or has been opened, or whose seal is broken, or the contents of which have been partially removed, within a vehicle on the Pentagon Reservation is prohibited.

(3) This section does not apply to:

(i) An open container stored in the trunk of a vehicle or, if a vehicle is not equipped with a trunk, an open container stored in some other portion of the vehicle designed for the storage of luggage and not normally occupied by or readily accessible to the operator or passengers; or

(ii) An open container stored in the living quarters of a motor home or camper.

(4) For the purpose of paragraph (a)(3)(i) of this section, a utility compartment or glove compartment is deemed to be readily accessible to the operator and passengers of a vehicle.

(c) *Operating under the influence of alcohol, drugs, or controlled substances.* (1) Operating or being in actual physical control of a vehicle is prohibited while:

(i) Under the influence of alcohol, a drug or drugs, a controlled substance or controlled substances, or any combination thereof, to a degree that renders the operator incapable of safe operation; or

(ii) The alcohol concentration in the operator's blood or breath is 0.08 grams or more of alcohol per 100 milliliters of blood or 0.08 grams or more of alcohol per 210 liters of breath. Provided, however, that if State law that applies to operating a vehicle while under the influence of alcohol establishes more restrictive limits of alcohol concentration in the operator's blood or breath, those limits supersede the limits specified in this paragraph.

(2) The provisions of paragraph (c)(1) of this section shall also apply to an operator who is or has been legally entitled to use alcohol or another drug.

(3) Tests.

(i) At the request or direction of an authorized person who has probable cause to believe that an operator of a vehicle within the Pentagon Reservation has violated a provision of paragraph (c)(1) of this section, the operator shall submit to one or more tests of the blood, breath, saliva, or urine for the purpose of determining blood alcohol, drug, and controlled substance content.

(ii) Refusal by an operator to submit to a test is prohibited and may result in detention and citation by an authorized person. Proof of refusal may be admissible in any related judicial proceeding.

(iii) Any test or tests for the presence of alcohol, drugs, and controlled substances shall be determined by and administered at the direction of an authorized person.

(iv) Any test shall be conducted by using accepted scientific methods and equipment of proven accuracy and reliability operated by personnel certified in its use.

(4) Presumptive levels.

(i) The results of chemical or other quantitative tests are intended to supplement the elements of probable cause used as the basis for the arrest of an operator charged with a violation of this section. If the alcohol concentration in the operator's blood or breath at the time of the testing is less than the alcohol concentration specified in paragraph (c)(1)(ii) of this section, this

fact does not give rise to any presumption that the operator is or is not under the influence of alcohol.

(ii) The provisions of paragraphs (c)(3) and (c)(4)(i) of this section are not intended to limit the introduction of any other competent evidence bearing upon the question of whether the operator, at the time of the alleged violation, was under the influence of alcohol, a drug or drugs, or a controlled substance or controlled substances, or any combination thereof.

§ 234.18 Enforcement of parking regulations.

Parking regulations for the Pentagon Reservation shall be enforced in accordance with the Pentagon Reservation Parking Program and State law; violating such provisions is prohibited. A vehicle parked in any location without authorization, or parked contrary to the directions of posted signs or markings, shall be subject to removal at the owner's risk and expense, in addition to any penalties imposed. The Department of Defense assumes no responsibility for the payment of any fees or costs related to such removal which may be charged to the owner of the vehicle by the towing organization. This section may be supplemented from time to time with the approval of the Director, Washington Headquarters Services, or his designee, or the Installation Commander, by the issuance and posting of such parking directives as may be required, and when so issued and posted such directive shall have the same force and effect as if made a part hereof.

§ 234.19 Penalties and effect on other laws.

(a) Whoever shall be found guilty of willfully violating any rule or regulation enumerated in this part is subject to the penalties imposed by Federal law for the commission of a Class B misdemeanor offense.

(b) Whoever violates any rule or regulation enumerated in this part is liable to the United States for a civil penalty of not more than $1,000.

(c) Nothing in this part shall be construed to abrogate any other Federal laws.

PART 235—SALE OR RENTAL OF SEXUALLY EXPLICIT MATERIAL ON DOD PROPERTY

Sec.
235.1 Purpose.
235.2 Applicability and scope.
235.3 Definitions.
235.4 Policy.
235.5 Responsibilities.
235.6 Procedures.
235.7 Information requirements.

AUTHORITY: 10 U.S.C. 2489a.

SOURCE: 71 FR 66459, Nov. 15, 2006, unless otherwise noted.

§ 235.1 Purpose.

This part implements 10 U.S.C. 2489a, consistent with DoD Instruction 1330.09,[1] by providing guidance about restrictions on the sale or rental of sexually explicit materials on property under the jurisdiction of the Department of Defense or by members of the Armed Forces or DoD civilian officers or employees, acting in their official capacities.

§ 235.2 Applicability and scope.

This part:

(a) Applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to as the ''DoD Components'').

(b) Shall not confer rights on any person.

§ 235.3 Definitions.

For the purpose of this part, the following definitions apply:

Dominant theme. A theme of any material that is superior in power, influence, and importance to all other themes in the material combined.

Lascivious. Lewd and intended or designed to elicit a sexual response.

Material. An audio recording, a film or video recording, or a periodical with

[1] Copies may be obtained at *http://www.dtic.mil/whs/directives/.*

visual depictions, produced in any medium.

Property under the jurisdiction of the Department of Defense. Commissaries, facilities operated by the Army and Air Force Exchange Service, the Navy Exchange Service Command, the Navy Resale and Services Support Office, Marine Corps Exchanges, and ship stores.

Sexually explicit material. Material, the dominant theme of which is the depiction or description of nudity, including sexual or excretory activities or organs, in a lascivious way.

§ 235.4 Policy.

It is DoD policy that:

(a) No sexually explicit material may be offered for sale or rental on property under the DoD jurisdiction, and no member of the Armed Forces or DoD civilian officer or employee, acting in his or her official capacity, shall offer for sale or rental any sexually explicit material.

(b) Material shall not be deemed sexually explicit because of any message or point of view expressed therein.

§ 235.5 Responsibilities.

(a) The Principal Deputy Under Secretary of Defense for Personnel and Readiness (PDUSD((P&R)), under the Under Secretary of Defense for Personnel and Readiness, shall:

(1) Monitor and ensure compliance with this part.

(2) Establish a Resale Activities Board of Review (the ''Board'') and approve senior representatives from the Army and Air Force Exchange Service, the Navy Exchange Service Command, and the Marine Corps Exchange Service; and approve a senior representative from each of the Military Departments, if designated by the Military Department concerned, to serve as board members on the Resale Activities Board.

(3) Appoint a Chair of the Board.

(4) Monitor the activities of the Board and ensure that the Board discharges its responsibilities as set forth in § 235.6.

(b) The Secretaries of the Military Departments shall ensure that their respective component DoD resale activities comply with this Part and may designate a senior representative to serve on the Board.

(c) The Secretary of the Army and the Secretary of the Air Force shall each appoint one senior representative from the Army and Air Force Exchange Service to serve on the Board.

(d) The Secretary of the Navy shall appoint a senior representative from the Navy Exchange Service Command and a senior representative from the Marine Corps Exchange Service to serve on the Board.

§ 235.6 Procedures.

(a) The Board shall periodically review material offered or to be offered for sale or rental on property under DoD jurisdiction and determine whether any such material is sexually explicit in accordance with this part.

(b) If the Board determines that any material offered for sale or rental on property under DoD jurisdiction is sexually explicit, such material shall be withdrawn from all retail outlets where it is sold or rented and returned to distributors or suppliers, and shall not be purchased absent further action by the Board.

(c) The Board shall convene as necessary to determine whether any material offered or to be offered for sale or rental on property under DoD jurisdiction is sexually explicit. The Board members shall, to the extent practicable, maintain and update relevant information about material offered or to be offered for sale or rental on property under DoD jurisdiction.

(d) If any purchasing agent or manager of a retail outlet has reason to believe that material offered or to be offered for sale or rental on property under DoD jurisdiction may be sexually explicit as defined herein, and such material is not addressed by the Board's guidance issued pursuant to paragraph (e) of this section, he or she shall request a determination from the Board about such material prior to purchase or as soon as possible.

(e) At the conclusion of each review and, as necessary, the Board shall issue guidance to purchasing agents and managers of retail outlets about the purchase, withdrawal, and return of sexually explicit material. The Board

may also provide guidance to purchasing agents and managers of retail outlets about material that it has determined is not sexually explicit. Purchasing agents and managers of retail outlets shall continue to follow their usual purchasing and stocking practices unless instructed otherwise by the Board.

(f) Material which has been determined by the Board to be sexually explicit may be submitted for reconsideration every 5 years. If substantive changes in the publication standards occur earlier, the purchasing agent or manager of a retail outlet under DoD jurisdiction may request a review.

§ 235.7 Information requirements.

The Chair of the Board shall submit to the PDUSD(P&R) an annual report documenting the activities, decisions, and membership of the Board. Negative reports are required. The annual report shall be due on October 1st of each year and is not subject to the licensing internal information requirements of DoD 8910.1–M.[2]

PART 237a—PUBLIC AFFAIRS LIAISON WITH INDUSTRY

Sec.

237a.1 Purpose.
237a.2 Applicability.
237a.3 Objective and policy.
237a.4 Procedures.

AUTHORITY: 5 U.S.C. 301.

SOURCE: 35 FR 10889, July 7, 1970, unless otherwise noted.

§ 237a.1 Purpose.

This part establishes (a) guidance for preparation of the Defense Industry Bulletin, and (b) includes guidance and procedures governing Department of Defense cooperation with industry on (1) public affairs matters in general, (2) industry-sponsored events, and (3) advertising defense themes and products.

§ 237a.2 Applicability.

The provisions of this part apply to all components of the DoD.

[2] Copies may be obtained at *http://www.dtic.mil/whs/directives/*.

§ 237a.3 Objective and policy.

(a) It is important that American industry—particularly defense contractors—understand the plans, programs, and activities of the DoD. Such understanding can be achieved by (1) wide dissemination of information to the business community, consistent with national security, and (2) cooperation with industry in public relations activities which are not contrary to the national or DoD interests.

(b) As outlined in part 237 of this subchapter, DoD components shall cooperate with industry at local and regional levels. However, they will notify the Assistant Secretary of Defense (Public Affairs) (ASD(PA)) promptly of any local or regional activity which has the potential of being escalated, or which has been escalated by unforeseen circumstances, to national or international interest.

§ 237a.4 Procedures.

(a) *Defense Industry Bulletin*. The bulletin, authorized by part 237 of this subchapter to apprise defense contractors, trade associations and other business organizations of DoD policies, plans, programs, and procedures which have an impact on business or industry, achieve widespread awareness and understanding of DoD policies, plans, programs, and procedures governing research, development and production, and the procurement of goods and services, and serve as a guide to and stimulate ideas throughout the industrial community concerning solutions of problems arising in fulfillment of DoD requirements, will be published and distributed by the Directorate for Community Relations, OASD(PA).

(1) DoD components may submit any of the items listed below to the Editor, Defense Industry Bulletin, OASD(PA), by the 20th day of each month. If no significant information exists, a negative report will be submitted.

(i) Articles, preferably by-lined, with supporting photographs or illustrations. (Suggested length is 2,000–2,500 words, but may be shorter or longer as coverage of subject requires.)

(ii) Material covering subjects that are timely and of particular interest to those organizations oriented toward

defense contracting, including, but not necessarily limited to:

(*a*) Research and development;

(*b*) Procurement;

(*c*) Contract management;

(*d*) Small business opportunity;

(*e*) DoD policies affecting industry;

(*f*) Management improvement programs, such as Zero Defects;

(*g*) Programs successfully conducted by industry and the DoD working together;

(*h*) Explanations of new DoD issuances affecting industry; and

(*i*) Major organizational changes.

(iii) Key personnel appointment and reassignment announcements, for the ''About People'' section.

(iv) New or revised official directives, instructions, regulations, and other publications, for the ''Bibliography'' section.

(v) Scheduled technical meetings and symposia sponsored by DoD organizations, projected at least forty-five (45) days, for the ''Meeting and Symposia'' section.

(vi) Announcements of meetings, conferences, briefings, demonstrations, exercises, etc., projected at least forty-five (45) days, for the ''Calendar of Events.''

(2) Each DoD component will designate one action officer and one alternate to assist the Directorate for Community Relations, OASD(PA), in carrying out responsibilities defined in paragraph (a)(1) of this section.

(b) *Participation in special events*—(1) *Industry-sponsored events.* (i) DoD components are encouraged to cooperate with and assist industry in activities and events beneficial to the Government, provided such cooperation and assistance is not in conflict with the provisions of part 40 of this chapter which authorizes participation in:

(*a*) Luncheons, dinners and similar gatherings when the host is an industrial, technical, or professional association, not an individual defense contractor or other commercial firm;

(*b*) Public ceremonies of mutual interest to industry, local committees, and the DoD (examples—ship launchings, rollouts, and first flights);

(*c*) Industrial programs which are in support of Government policy (example—international exhibits which offer the opportunity to promote U.S. scientific and technical leadership); and

(*d*) Civic and community projects in which industry relationship is remote from the purpose and tenor of the event (example—Armed Forces Day event sponsored by an individual firm).

(ii) Participation in events which benefit a particular firm (examples—open houses and ceremonies dedicating new facilities) will be limited, normally, to speaker participation (see part 238 of this subchapter).

(2) *DoD-sponsored events.* Generally, DoD public affairs programs will be performed within authorized resources. Contractor participation in DoD-sponsored events involving a firm's product or service may be authorized, provided such participation is in the Government's interest.

(3) *Jointly sponsored events.* Joint DoD-industry sponsorship may be desirable in certain instances (examples—seminars, conferences, and symposia). Industry assistance is normally provided by a trade, technical, or professional association. Requirements for clearance of DoD official information prepared for disclosure (see part 159 of this chapter and DoD Directive 5230.9, ''Clearance of Department of Defense Public Information'' [1]) will be adhered to when applicable.

(4) *General.* Participation in industrial events of national and international interest must be approved by the ASD(PA) in advance. Detailed proposals, including cost estimates, will be submitted to the ASD(PA) through the headquarters of the DoD component concerned. Requests for approval involving industry participation in either DoD or DoD-industry sponsored events will specify the nature and extent of industry-furnished assistance, if any.

(c) *Use of DoD insignia, themes, and products in advertising*—(1) *Insignia.* Use of insignia is governed by part 237 of this subchapter.

(2) *Themes and products.* Requests for use of DoD themes and products in

[1] Filed as part of the original. Copies available from U.S. Naval Publications and Forms Center, 5801 Tabor Ave., Philadelphia, Pa. 19120, Attn: Code 300.

commercial advertising and other promotions will be evaluated in terms of their benefit to the DoD. A determination as to whether cooperation should be extended will be made by the ASD (PA) (except in the case of DoD component-controlled insignia), in accordance with the provisions of part 237 of this subchapter. The DoD will bear only those advertising costs authorized by section XV of the Armed Services procurement regulation in part 15 of this chapter.

(3) *Filmed material.* Participation in the production of motion pictures and TV programs, including filmed commercials, will be governed by provisions of DoD Instruction 5410.15,[1] ''Delineation of DoD Audio-Visual Public Affairs Responsibilities and Policies,'' and DoD Instruction 5410.16,[1] ''Procedures for DoD Assistance on Production of Non-Government Motion Pictures and Television Programs.''

(d) *Use of contractor product identification.* DoD components may identify contractors in their information activities whenever the major responsibility for a product (example—an aircraft) can be clearly and fairly credited to an identifiable contractor. In these instances, DoD information releases will include both the manufacturer's name and the DoD component's designation of the product.

(e) *Solicitation.* (1) DoD representatives will not solicit, or authorize others to solicit, from contractors for advertising, contributions, donations, subscriptions, or other emoluments. Where there is a legitimate need for industry promotion items, such as scale models—for example in recruiting programs—the headquarters of the DoD Component concerned may authorize procurement of such items as required.

(2) Defense contractors wanting to distribute items through official DoD channels should be advised to contact the headquarters of the DoD component concerned for guidance.

(f) *Briefings.* (1) Advanced planning briefings for industry are governed by DoD Instruction 5230.14,[1] ''Advanced Planning Briefings for Industry.''

(2) Classified meetings are governed by DoD Directive 5200.12,[1] ''Security Measures, Approval and Sponsorship for Scientific and Technical Meetings Involving Disclosure of Classified Information.''

(g) *Visits to contractor facilities.* (1) Visits to contractor facilities will be governed by the provisions of DoD Manual 5220.22–M,[2] ''Industrial Security Manual for Safeguarding Classified Information (Attachment to DD Form 441).''

(2) When DoD Components desire to sponsor such visits by nationally known press representatives, approval will be obtained from both the contractor and the ASD(PA).

[1] See footnote 1 on previous page.

PART 239—HOMEOWNERS ASSISTANCE PROGRAM—APPLICATION PROCESSING

Sec.

239.1 Purpose.
239.2 Applicability and scope.
239.3 Objective and policy.
239.4 Procedures.
239.5 List of homeowners assistance field offices.

APPENDIX A TO PART 239—AGREEMENT, HOMEOWNERS ASSISTANCE PROGRAM AGREEMENT BETWEEN THE DEPARTMENT OF DEFENSE AND THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AUTHORITY: Sec. 1013(f), 80 Stat. 1255, 1292; 42 U.S.C. 3301, 3302, 12 U.S.C. 1715n.

SOURCE: 33 FR 2565, Feb. 3, 1968, unless otherwise noted.

§ 239.1 Purpose.

This part establishes policy and procedures for (a) providing information on eligibility requirements and on benefits available under the Homeowners Assistance Program authorized by Pub. L. 89–754, Demonstration Cities and Metropolitan Development Act of 1966 (80 Stat. 1255, 1290) and (b) initial processing of applications for assistance under the Program.

§ 239.2 Applicability and scope.

The provisions of this part apply to all Department of Defense components. The programs encompasses DoD military and civilian personnel as well as

[2] Available from Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402—$3.05.

affected personnel of other Federal agencies.

§ 239.3 Objective and policy.

(a) It is the objective of the DoD to assure that all applications for assistance under the program are given full consideration and that benefits under the program are extended to all homeowners who are determined to be entitled to assistance in accordance with applicable policies and procedures.

(b) Information on the program will be disseminated on the broadest possible basis by making full use of military and public news media and by distributing a fact sheet,[1] with an application form (DD Form 1607)[1] through military installations and offices and through other Government agencies where practicable.

(c) All possible assistance will be given to prospective applicants by explaining the program as described in the fact sheet, verifying employment or military service records, and advising in the preparation of the application form.

§ 239.4 Procedures.

(a) Pursuant to the provisions of DoD Directive 5100.54, ''Homeowners Assistance Program,'' December 29, 1967[1] the Department of the Army will establish a central office to administer, manage, and execute the program under policies and procedures prescribed by the Assistant Secretaries of Defense (Installations and Logistics) or (Comptroller). In implementing the program that office or field components thereof will take all appropriate actions, including but not limited to:

(1) Determination that a specific installation meets the requirements of Pub. L. 89–754, Demonstration Cities and Metropolitan Development Act of 1966 (80 Stat. 1255, 1290);

(2) Determination as to the eligibility of each applicant;

(3) Determine and advise as to the most appropriate type of assistance for each applicant;

(4) Determine amounts to be paid and make such payments or, when appropriate, authorize and arrange for Federal acquisition of the applicant's property; and

(5) Maintain such records and prepare such reports as may be necessary and/or required by ASD (I&L) and ASD (Comp). Field offices will be established at convenient locations throughout the United States to execute various functions of the central office as may be designated.

(b) Pursuant to the provisions of DoD Directive 5100.54, ''Homeowners Assistance Program,'' December 29, 1967[1] the Department of the Army will establish an appeals procedure and will adjudicate appeals from applicants previously determined to be ineligible for assistance as well as from those who are dissatisfied with action on their claims.

(c) Each Military Department and Defense Agency will appoint at least one representative at headquarters level to work with the central office and the Offices of ASD (I&L) and ASD (Comp) in order to insure that the operation of the program is effective insofar as that Department or Agency is concerned. Each military installation will establish liaison with the nearest field office to obtain any further guidance or assistance desired.

(d) Each Department of Defense component will be furnished an initial supply of the application form and related fact sheet for distribution on a worldwide basis. An appropriate supply thereof will be distributed to each installation having a military or civilian personnel officer and also to such other activities and establishments as recruiting offices, reserve training centers, procurement offices, radar and missile sites, quality control offices, communications stations, etc., so that each may serve as a source of information on the program. Subsequent supplies of the application form and fact sheet will be procured by each DoD component as required.

(e) Each installation or establishment not having a military or civilian personnel officer will be prepared to discuss the information contained in the fact sheet with each prospective applicant and to direct him to the nearest installation having a personnel or industrial relations officer for a

[1] Filed as part of original document.

more detailed explanation of the eligibility requirements and for initial processing of his application.

(f) Each installation or establishment having a military or civilian personnel officer will insure that such officers, or other appropriate officers or officials, are designated to:

(1) Provide information on the program in response to all inquiries, whether from prospective applicants or other interested parties. This will include explaining the purpose of the program, discussing eligibility requirements and benefits, providing copies of the fact sheet and application forms, and referring applicants to legal assistance officers for answers to questions of a legal nature.

(2) Advise applicants in filling out Parts I and II of DD Form 1607[1] (emphasizing the need for accuracy and answering all pertinent questions) and in determining what documents and other material would be acceptable as proof of homeownership and occupancy.

(i) Evidence of homeownership may include contract of sale or deed to the applicant, receipts for mortgage and tax payments, etc. as well as contract of sale or deed of conveyance from the applicant, record of foreclosure, etc. if the home has been disposed of.

(ii) Evidence of occupancy of the home by the applicant may include receipted utility bills, appointment affidavit (Standard Form 61), official correspondence or other Government forms showing the officially recognized residence address.

(iii) Documents submitted in evidence of homeownership and occupancy should be notarized or certified true copies which are complete, accurate, and legible. Certification by the applicant will be acceptable. Note that generally original copies should not be submitted because DoD cannot be responsible for the safekeeping or return of original documents.

(3) Upon receipt of a DD Form 1607[1] with Parts I and II completed, execute Part III of the form indicating the results of review of the applicant's service or employment. Official personnel records will be the only source of proof of service or employment; when such records are not available locally, they will be reviewed by reference to the National Personnel Records Center in St. Louis, to the personnel office at the applicant's current place of military service or Federal employment, or to any other office where the records are held.

(i) If the review verifies that the applicant was serving or employed after November 1, 1964, or meets prescribed exceptions to that date, the personnel officer or other appropriate official will forward to the appropriate field office the completed DD Form 1607[1] with all supporting documents, in triplicate, together with a return envelope addressed to the applicant, for use by the field office in acknowledging receipt of the application. The application will be forwarded to the field office having jurisdiction for the purpose of this program over the base or installation where the applicant was serving or employed at the time of the closure announcement. The list of States (§ 239.5), or parts thereof, covered by each field office will be used for this purpose. The map[1] may also be used as an aid in this determination.

(ii) If the review does not verify the applicant's statement of service or employment as prescribed in paragraph (f)(3)(i) of this section, the personnel officer will enter a statement to that effect in Part III of the DD Form 1607[1] giving details of any discrepancies. The form will then be returned to the applicant, who will be advised that he may forward his application, with a return envelope addressed to himself, to the appropriate field office for further review.

(iii) At the time of action under paragraph (f)(3) (i) or (ii) of this section the applicant will be informed that all future inquiries regarding his application must be directed to the field office.

(4) Each installation or establishment which is designated to perform the actions required under this paragraph (f) will maintain a chronological record of each inquiry regarding the program with appropriate notation as to disposition for submission of periodic reports as required to the nearest field office.

[1] Filed as part of original document.

§ 239.5 List of homeowners assistance field offices.

Installation ordered to be closed in whole or in part located in:	Send application to:	Map reference
Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.	U.S. Army Engineer Division, 424 Trapelo Rd., Waltham, Mass. 02154.	1
New York, New Jersey	U.S. Army Engineer District, 1 11 East 16th St., New York, N.Y. 10003.	2
Maryland, Delaware, District of Columbia, Pennsylvania, east of and excluding McKean, Elk, Clearfield, Blair, and Bedford Counties.	U.S. Army Engineer District, Post Office Box 1715, Baltimore, Md. 21203.	3
Virginia	U.S. Army Engineer District, Fort Norfolk, 803 Front St., Norfolk, Va. 23510.	4
Georgia, North Carolina, South Carolina	U.S. Army Engineer District, Post Office Box 889, Savannah, Ga. 31402.	5
Florida, east of and excluding Leon and Wakulla Counties.	U.S. Army Engineer District, Post Office Box 4970, Jacksonville, Fla. 32201.	6
Florida, west of and including Leon and Wakulla Counties, Alabama, Mississippi, Tennessee.	U.S. Army Engineer District, Post Office Box 2288, Mobile, Ala. 36601.	7
Kentucky, Ohio, Indiana, Clark, Floyd, and Jefferson Counties only, West Virginia, Pennsylvania, west of and including McKean, Elk, Clearfield, Blair, and Bedford Counties.	U.S. Army Engineer District, Post Office Box 59, Louisville, Ky. 40201.	8
Illinois, Indiana except Clark, Floyd, and Jefferson Counties, Michigan, Minnesota, Wisconsin.	U.S. Army Engineer District, 219 South Dearborn St., Chicago, Ill. 60604.	
Colorado, Iowa, Nebraska, North Dakota, South Dakota, Wyoming.	U.S. Army Engineer District, 6012 USPO and Courthouse, 215 North 17th St., Omaha, Nebr. 68102.	10
Kansas, Missouri	U.S. Army Engineer District, 700 Federal Office Bldg., 601 East 12th St., Kansas City, Mo. 64106.	11
Arkansas, Louisiana, Oklahoma, Texas, east of and including Hardeman, Foard, Knox, Haskell, Jones, Taylor, Runnels, Concho, Menard, Kimble, Val Verde, Kinney, Maverick, Witt, Zapata, Starr, Hidalgo and Cameron Counties.	U.S. Army Engineer District, Post Office Box 17300, Fort Worth, Tex. 76102.	12
New Mexico, Texas, west of and including Lipscomb, Hemphill, Wheeler, Collingsworth, Childress, Cottle, King, Stonewall, Fisher, Nolan, Coke, Tom Greene, Schleicher, Sutton, and Terrell Counties.	U.S. Army Engineer District, Post Office Box 1580, Albuquerque, N. Mex. 87103.	13
California, south of and including San Luis Obispo, Kern, and Inyo Counties, Arizona, Nevada, Clark, and Lincoln Counties only.	U.S. Army Engineer District, Post Office Box 2711, Los Angeles, Calif. 90053.	14
California, north of and including Monterey, Kings, Tulare, and Mono Counties, Nevada, except Clark and Lincoln Counties, Utah.	U.S. Army Engineer District, 650 Capitol Mall, Sacramento, Calif. 95814.	15
Idaho, Montana, Oregon, Washington	U.S. Army Engineer District, 1519 Alaskan Way, South, Seattle, Wash. 98134.	16
Alaska	U.S. Army Engineer District, Post Office Box 7002, Anchorage, Alaska 99501.	None
Hawaii	U.S. Army Engineer District, Fort Armstrong, Honolulu, Hawaii 96813.	None

Filed as part of original document.

APPENDIX A TO PART 239—AGREEMENT, HOMEOWNERS ASSISTANCE PROGRAM AGREEMENT BETWEEN THE DEPARTMENT OF DEFENSE AND THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ARTICLE I—INTRODUCTION

SECTION 1. Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966 (Pub. L. 89–754, enacted Nov. 3, 1966) authorizes the Secretary of Defense to provide assistance to owners of one- or two-family dwellings located at or near military installations, ordered to be closed in whole or in part subsequent to November 1, 1964, when certain determinations have been made with respect to eligibility. In certain instances this assistance may be rendered by acquiring title to the properties of such owners under terms and conditions prescribed by the statute.

SEC. 2. Section 1013(d) of the Act provides a fund for the purpose of this program, which has been established as the Homeowners

Assistance Fund, Defense. Section 1013(g) authorizes the Secretary of Defense to enter into agreement with the Secretary of Housing and Urban Development with respect to administration of the program. This agreement is executed on behalf of the Secretary of Defense by the Assistant Secretary of Defense (Installations and Logistics) pursuant to delegation of authority contained in DoD Directive 5100.54, dated December 29, 1967 (33 FR 2570) and by the Secretary of Housing and Urban Development.

SEC. 3. For the purposes of this agreement, the following definitions shall apply:

(a) *Act* means section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89–754, enacted November 3, 1966.

(b) *Secretary of Defense* means the Secretary of Defense or an officer or employee of the Department of Defense empowered to exercise any of the functions of the Secretary of Defense under the Act.

(c) *DoD* means the Department of Defense.

(d) *Secretary*, *HUD* or *HUD* means the Secretary of Housing and Urban Development or an officer or employee of the Department of Housing and Urban Development empowered to exercise any of the functions of the Secretary of Housing and Urban Development under the Act.

(e) *Corps* means the Office of the Chief of Engineers, Department of the Army.

(f) *Division/District Engineer* means either the Division Engineer of the Corps or the District Engineer of the Corps, as applicable under the circumstances, having military jurisdiction in the area in which the property is located.

(g) *FHA* means the Federal Housing Administration.

(h) *Assistant Commissioner-Comptroller* means the Assistant Commissioner-Comptroller of the Federal Housing Administration.

(i) *FHA Insuring Office* means the local insuring office of FHA having jurisdiction over the area where the property is located.

(j) *Fund* means the Homeowners Assistance Fund, Defense, established pursuant to the authority contained in section 1013(d) of the Act.

(k) *Acquired property* means property acquired pursuant to the Act.

ARTICLE II—POLICY AND OBJECTIVE

SECTION 1. As more fully set forth below, Secretary, HUD will accept custody, subject to funds made available by DoD, of property acquired pursuant to the Act and maintain, manage, and dispose of such properties on behalf of the Secretary of Defense. In the event the Fund no longer has any monies available, the Secretary, HUD may terminate this Agreement and DoD shall in that event assume custody and responsibility for all properties accepted, and mortgage payment liabilities assumed, by HUD pursuant to this agreement. It is the agreed objective that acquired properties will be held, managed and disposed of in such a way as to:

(a) Avoid further depression of local real estate market conditions in areas where the housing market is depressed, and

(b) Consistent with item (a) above and with the desirability of disposing of the properties as rapidly as feasible, seek to obtain the best possible financial return to the Fund. During the period properties are held by FHA, and when it is feasible and in the best interest of the Government, consistent with HUD/FHA policy as to Secretary, HUD-owned property in the areas acquired in the course of FHA mortgage insurance operations, properties will be rented to third parties at rates generally obtainable for comparable properties in the area.

SEC. 2. The Secretary of Defense and the Secretary, HUD will expedite action in all offices and at all levels of their organizations relative to matters that are the subject of this agreement, and each will use all available means to assure that the purposes of the Act are accomplished in accordance with the spirit and intent of the Act.

ARTICLE III—ACQUISITION AND ASSUMPTION OF CUSTODY

SECTION 1. As to properties acquired by the Corps under this Act, acquisition will be accomplished by the Division/District Engineer, who will negotiate with the owner as to terms, will effect the closing, and will pay to the property owner such sums as may be due to him. The Division/District Engineer will obtain a merchantable title to the property which meets the title requirements of the Attorney General of the United States.

SEC. 2. HUD/FHA, on behalf of the Fund, will assume custody of properties acquired as of the date that title in the property vests in the United States, for the purpose of holding, managing, renovating, renting, and disposing of said properties. The District/Division Engineer will file the deed for record promptly upon title vesting in the United States, and on the same date will notify the FHA insuring office of the acquisition, using FHA Form 1174,[1] Notice of Military Acquisition, copy attached hereto and made a part hereof, and will on the same date forward the keys to the property and any other data concerning the property which is requested by FHA to the FHA insuring office. The original and two copies of FHA Form 1174, completely executed, will be forwarded to the FHA insuring office for each property acquired. The FHA insuring office will assign an FHA identification number to the property, insert this identification number on one copy of Form

[1] Filed as part of original document.

1174 and promptly return this copy to the Division/District Engineer.

SEC. 3. Properties acquired pursuant to the Act shall be conveyed to, and acquired in the name of, the United States. Title to the properties shall be of sufficient quality and standard as to be readily merchantable in the locality. Encumbrances that do not affect the merchantability of the properties, such as easements for roads and utilities will not be required to be cleared from the title. In the event HUD/FHA determines that there is any encumbrance to title which, under local custom and legal procedures of the situs of the property, would preclude or diminish HUD/FHA's ability to dispose of the property, it is agreed that HUD/FHA may remove the encumbrance and that the costs of such removal will be borne by the Fund. In those instances where a defect in title is discovered, the Fund will be responsible for the cost of curing said defect.

SEC. 4. As a prerequisite to acquisition of the property, the Division/District Engineer will procure adequate title evidence covering the property and will have the title evidence continued through the date and time of recording the deed to the United States. When the opinion of the Attorney General approving the title has been received, the Division/District Engineer will transmit same by FHA Form 1175,[1] Transmittal of Recorded Deed and Title Assembly, copy attached hereto and made a part hereof, together with the recorded deed and other muniments of title, to the FHA Assistant Commissioner-Comptroller at his offices in Washington, D.C.

SEC. 5. Where title to a property is acquired subject to the existing mortgage, the Government will assume and agree to pay said mortgage in accordance with the terms of the mortgage. The mortgage will not be prepaid unless HUD/FHA determines that prepayment is mandatory to enable HUD/FHA to effectively manage and dispose of the property.

SEC. 6. Any mortgage, other than a first mortgage, which is assumed by the Government pursuant to the Act, will be paid off as a part of the closing of the purchase transaction. All mortgage arrears existing with respect to the first mortgage will be brought current at the time of the property acquisition. If HUD/FHA ascertains that mortgage arrears have not been brought current, HUD/FHA is authorized to make the necessary payment to restore the mortgage account to a current condition and the Fund will bear the costs of same.

SEC. 7. Possession of acquired properties will normally be obtained at the time title is vested in the United States and at the time FHA Form 1174 is forwarded to HUD/FHA. Properties will be delivered vacant to FHA, except in the following circumstances:

(a) HUD/FHA will accept custody of a property occupied under a lease which cannot be terminated and has an unexpired portion of less than 1 year provided all payments due under the lease are current, and provided, further, that the lessee will waive any right to exclusive extension of the lessee, other than month-to-month occupancy.

(b) Owners or tenants, on a month-to-month basis, of acquired properties may be permitted a 30-day period following acquisition of title in the name of the United States to vacate the property.

(c) Upon agreement with the Director of the FHA insuring office, HUD/FHA will accept custody of properties occupied under leases in excess of a year's duration.

SEC. 8. In cases where properties are acquired subject to existing leases, the leases must be assigned and transferred to the United States. Such leases will be delivered to the FHA insuring office with FHA Form 1174. All costs of eviction incurred by HUD/FHA will be reimbursed by the Fund. Except in cases involving a lease in which the unexpired portion is less than 1 year, no agreement shall be entered into with owners or occupants of properties to be acquired concerning their continued occupancy in the property without prior written approval of the Director of the FHA insuring office and the tenure of any occupancy will be entirely at the option of the FHA insuring office.

SEC. 9. The Government will normally be a self-insurer of acquired properties and hazard insurance will be cancelled by HUD/FHA as soon as possible after passing of title. Any unearned premium will be the property of the former owner who will be responsible for claiming same from the insurer. The Department of Defense understands that the decision as to whether or not hazard insurance must be carried is that of the mortgagee and HUD/FHA must abide by the requirements of the mortgagee. In the event the mortgagee, pursuant to the terms of the mortgage, requires that hazard insurance be carried, HUD/FHA will obtain a hazard insurance policy on the property in an amount sufficient to comply with the mortgage. In the event hazard insurance is obtained, HUD/FHA will pay for such insurance and will be reimbursed from the Fund.

ARTICLE IV—MAINTENANCE, MANAGEMENT AND DISPOSAL

SECTION 1. To the extent not inconsistent with the provisions of this Agreement, HUD/FHA will maintain, manage, renovate, rent, sell, and dispose of the acquired properties in the same manner and under the same procedures as are used by HUD/FHA for properties acquired pursuant to FHA insurance contracts. HUD/FHA will give neither advantage nor disadvantage insofar as sale or other activity is concerned to properties acquired pursuant to this Agreement. HUD/FHA will

treat such properties in the same manner as properties acquired pursuant to FHA insurance contracts. HUD/FHA is hereby authorized to repair, renovate, restore, or take any protective maintenance deemed necessary by HUD/FHA insofar as any property covered by this Agreement is concerned. The terms of rental, sale for cash or credit or by assumption of the existing mortgage, or by other means of disposal of any property covered by this Agreement which is contracted for or otherwise entered into by FHA shall be final.

SEC. 2. While any acquired property is under HUD/FHA's custody, payments in lieu of taxes will be made by the FHA Assistant Commissioner-Comptroller to local taxing authorities in amounts equivalent to the taxes which would be payable were the properties in private hands, except when the Government is making expenditures for streets, utilities or other public services. In such cases, the Division/District Engineer will advise the FHA Assistant Commissioner-Comptroller of such expenditures and specify what allowances are to be deducted. It shall be the responsibility of the Division/District Engineer to advise the FHA Assistant Commissioner-Comptroller in such cases sufficiently prior to the time that the Assistant Commissioner-Comptroller makes payment of any tax bill received by FHA on acquired properties. In the event that such notice is not received from the Division/District Engineer by such time, the Assistant Commissioner-Comptroller may pay the amount of the net tax bill without penalties.

SEC. 3. This agreement contemplates that disposal of the properties will be accomplished by the financing arrangements available to HUD/FHA and beneficial to DoD. The following financial arrangements will generally be used and FHA will be guided by the same considerations that govern FHA sales of its properties:

1. Sale of the property for cash or through the use of a conventional uninsured mortgage.

2. Sale of the property providing for assumption of the existing mortgage indebtedness by the buyer or sale of the property subject to the existing mortgage indebtedness.

3. Sale of the property by use of FHA's insured private financing program or FHA's instant FNMA closing program if available.

4. Sale of the property by use of a purchase money mortgage taken by the Secretary, Department of Housing and Urban Development. In those cases where an existing mortgage is assumed and the assumptor subsequently defaults, the Fund will be responsible for all costs, expenses or losses sustained by HUD/FHA in satisfying the Government's liability on the mortgage. In the event it is advantageous to the Government to sell by assumption and the sales price is less than the outstanding mortgage balance, the Fund shall be responsible for the money which is required to reduce the outstanding principal balance of the mortgage. When, in order to facilitate the sale of acquired properties, FHA insures the mortgage, the Fund will be responsible for all expenses incurred by FHA on the first sale, including losses in connection therewith, as computed by the FHA Assistant Commissioner-Comptroller.

ARTICLE V—FINANCING, ACCOUNTING, AND REPORTING

SECTION 1. The Corps will furnish to HUD/FHA by June 1 of each year an estimate of the number of housing units expected to be acquired and transferred to HUD/FHA during the succeeding fiscal year and those during the following budget year. The estimates will show the number of housing units, FHA insuring office jurisdiction, estimated average monthly principal and interest payments and expected quarterly phasing of transfer to FHA.

On August 1 of each year HUD/FHA will submit a budget estimate to the Corps setting forth the estimated financial requirements for the activities that FHA is to perform for the Secretary of Defense pursuant to the terms of this agreement covering the then current fiscal year and the following budget year. The estimate, in terms of obligations/expenditures, should be by FHA insuring office jurisdiction and in the same cost categories as maintained in the automatic tape record as set forth in Article V, section 2, for each acquired property and as included in the monthly reimbursement request set forth in Article V, section 3, for all other expenses. On May 1 of each year FHA will furnish to the Corps in the same format as the August 1 statement an updated estimate of obligations/expenditures then estimated to be incurred in the succeeding fiscal year.

Based on the estimated financial requirements, in consonance with budgetary and appropriation actions, the Corps will issue to FHA on July 1 of each year a reimbursable order including an obligation/expenditure limitation as to the amount which the FHA may, on a net basis, obligate/expend in anticipation of reimbursement from the Fund for that fiscal year. FHA will promptly advise the Corps whenever it determines that the performance of its responsibility under this Agreement requires any adjustment, together with an estimate and explanation of the changes needed so as to permit the continued effective operation of the program as contemplated under this agreement. The Corps of Engineers will arrange to provide for the necessary adjustment within its authority. Where this is unfeasible the Corps of Engineers will submit the requirement promptly to the Secretary of Defense. The Secretary of Defense will either provide the additional resources required or will directly

advise FHA as to the course of action necessary to be taken pending the availability of additional resources.

SEC. 2. The FHA will maintain in its automated tape records an account for each acquired property. The account will separately identify each of the following:

(a) The FHA identification number, which will be assigned by the FHA insuring office. The Corps will be advised of the FHA identification number on the copy of the FHA Form 1174 returned to the Corps per Article III, section 2.

(b) Property address, entered by the Corps on the FHA Form 1174 within the space allotted in ADP records.

(c) Outstanding mortgage balance at acquisition.

(d) Property acquired. Contra to (c) above, this will be established in the same amount and will offset the outstanding mortgage balance. In the event a property is sold with the purchaser assuming the mortgage or with FHA taking a purchase money mortgage the outstanding balance assumed by the purchaser or the amount of the purchase money mortgage accepted will be recorded as a reduction of the amount originally established.

(e) Principal payments including prepayments of the entire balance when necessary by FHA on the mortgage.

(f) Interest payments by FHA on the mortgage.

(g) Payments in lieu of taxes and insurance payments by FHA. The Corps will notify FHA on the FHA Form 1174 of Escrow Accounts retained by the mortgagee.

(h) Maintenance and operating expenses paid by FHA including any special payments for evictions and removal of title impediments. Direct expense transactions of $100 or more will be a direct charge to the affected property account. All other expenses, generally derived from net settlements with brokers, made pursuant to FHA 2570 Accounting Manual for Acquired Properties, as may be amended from time to time, will be prorated monthly to all home properties in FHA's inventory, including those acquired pursuant to this agreement. Net settlement means expenses paid by brokers less rental collections.

(i) Sales expenses paid by FHA which will be for sales, closing costs, and discount on notes.

(j) Net FHA incurred expense, which will be the net total of amounts recorded in items (e) through (j) of this section.

(k) Gross Sales Price agreed to by FHA. This is not the same as cash proceeds which will be reported separately by FHA.

(l) Net Expense or Collection on Sold Properties, which will be the gross sales price less adjustments to item (d) of this section less item (j) of this section.

(m) A Corps' furnished base identification and homeowner classification code consisting of 7 digits (2 digits for State code and 4 digits for installation number plus the number ''2'' for civilian or the number ''1'' for military homeowner).

SEC. 3. FHA will furnish to the Corps the following reports:

(a) Monthly, no later than 30 working days after the end of each calendar month the FHA Form 1131, ''Acquired Home Property, Maintenance Phase Trial Balance,'' showing separate totals to date for items (c) through (l) of Article V, section 2, for each FHA identification number.

(b) Monthly, no later than 30 working days after the end of each calendar month a statement supporting an SF 1080 billing setting forth the following:

(1) Net change in FHA expenses for acquired properties as reported on the current and prior month, Article V, section 3, item (a) reports, separately for ''on hand'' and for ''sold'' properties.

(2) Sales proceeds, which will be detailed by the gross sales price agreed to by FHA less amount of mortgages assumed by buyers less purchase money mortgages accepted by FHA.

(3) Principal and interest collections separately on purchase money mortgages.

(4) FHA insuring office expenses directly related to this agreement, developed on basis of reports received in accordance with FHA Manual, Field Expense and Performance Handbook, as may be amended from time to time. This item will be supported by a schedule showing total expenses incurred by each FHA insuring office.

(5) FHA Headquarters expenses directly related to this agreement developed on basis of reports received in accordance with FHA Manual, Departmental Expenses and Performance Handbook, as may be amended from time to time.

(6) HUD departmental level expenses directly related to this program which will include Automatic Data Processing (ADP) services, printing and some other minor expenses, which in the judgment of FHA are appropriately chargeable under this Agreement. ADP services will include the cost of magnetic tapes furnished the Corps under Article V, section 3, item (c) and Article V, section 4, and personal service costs.

Personal service costs included in items (4), (5), and (6) will be limited to those directly related to this program on the basis of time worked and will consist of salary cost plus FICA and the Government contribution for health benefits, life insurance, and retirement funds. An additional 15.9 percent of this total will be added to cover the cost of earned annual leave, sick leave taken, and holiday leave.

(7) Amount due FHA from the Fund or amount due the Fund from FHA.

(c) Quarterly, not later than 30 working days after the end of each calendar quarter a

duplicate of the FHA automated tape record for all acquired properties.

SEC. 4. Whenever FHA determines that they do not plan to offer properties for sale within 12 months after acquisition, the FHA will so advise the Secretary of Defense, with the expected prospects for such disposition. The Secretary of Defense will consult with the FHA on alternative means of disposal in such cases where such alternatives are considered feasible.

SEC. 5. FHA will not drop closed cases for properties acquired pursuant to the Act from the automated tape records except by special agreement with the Corps, at which time a duplicate of FHA's automated tape record of such cases will be furnished to the Corps.

SEC. 6. It is agreed and understood that, in performing the accounting and reporting operations set out herein, FHA will accomplish the objectives using its existing automated data processing routines and programs, and that no special programming or detailed printouts will be required from FHA.

SEC. 7. The Corps, within 6 working days after receipt of a monthly statement indicating an amount due FHA, will reimburse FHA by check for the amount shown on the statement. The check will be made payable to the Federal Housing Administration and will be forwarded to the FHA Assistant Commissioner-Comptroller.

SEC. 8. In those instances where the statement indicates an amount due the Fund, a check payable to the Homeowners Assistance Fund, Defense, for such amount will accompany the monthly statement submitted to the Corps by FHA.

SEC. 9. The following FHA issuances and changes thereto will be furnished to the Corps:

(a) FHA 2750, Accounting Manual for Acquired Properties;

(b) FHA Manual, Field Expense and Performance Handbook;

(c) FHA Manual, Departmental Expense and Performance Handbook.

SEC. 10. FHA will maintain a separate document file for each acquired property. The file will contain at least the FHA Form 1174 and FHA Form 1175 and attachments thereto.

ARTICLE VI—FINALITY OF ACTION

SECTION 1. This agreement embodies the full understanding of the Department of Defense and the Department of Housing and Urban Development concerning their responsibilities and it is understood that all decisions made and all actions taken by HUD/FHA within the terms of this agreement with respect to all aspects of clearing impediments of title, prepayment of mortgages, eviction of occupants, prepayment of hazard insurance coverage premiums, and all other matters relating to the maintenance, management, renovation, rental, sale, or other disposal of properties and the selection and use of brokers shall be final and conclusive as fully as if made or taken by the Secretary of Defense.

ARTICLE VII—DELEGATION OF AUTHORITY

SECTION 1. The Secretary of Housing and Urban Development is hereby authorized, with respect to acquired properties, to acquire title to, hold, manage, sell for cash or credit by taking a purchase money mortgage in the name of the Secretary of Housing and Urban Development, and, in connection therewith, to execute deeds of conveyance and all other instruments necessary to fulfill the purposes of section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966 (Pub. L. 89–754, enacted Nov. 3, 1966), to issue rules and regulations and to make any or all determinations and to take any or all further actions in connection with acquired properties which the Secretary of Defense is authorized to undertake pursuant to the provisions of the Act. The Secretary of Housing and Urban Development is further authorized to redelegate any of the functions, powers and duties delegated herein to officers and employees of HUD and to authorize successive redelegations.

[34 FR 18031, Nov. 7, 1969]

PART 240—CRITERIA AND PROCEDURES FOR PROVIDING ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES

Sec.
240.1 Purpose.
240.2 Applicability and scope.
240.3 Definitions.
240.4 Policy.
240.5 Responsibilities.
240.6 Procedures.

APPENDIX A TO PART 240—SAMPLE LETTER OF APPLICATION FOR FINANCIAL ASSISTANCE

AUTHORITY: Department of Defense Appropriations Act, 1991, Title II (Pub. L. 101–511, 104 Stat. 1860); 10 U.S.C. 113(d).

SOURCE: 56 FR 28821, June 25, 1991, unless otherwise noted.

§ 240.1 Purpose.

This part establishes policy, assigns responsibilities, and prescribes procedures under Title II of Pub. L. 101–511 for the Department of Defense to provide financial assistance to the LEAs that are heavily impacted by the military presence.

§ 240.2 Applicability and scope.

This part applies to:

(a) The Office of the Secretary of Defense (OSD).

(b) The schools operated by the LEAs providing free public education to dependent children of Armed Forces members or DoD civilian personnel who reside on Federal property.

§ 240.3 Definitions.

(a) *Applicant.* Any LEA whose ADA military section 3(a) and section 3(b) students equals at least 35 percent of its total ADA and that submits a letter of application to the Department of Defense; files an application for financial assistance; has received, or shall receive funds under section 3 of the Impact Aid Program; and submits documents and forms required by § 240.4(c)(5) (i) through (iii) of this part.

(b) *Current expenditures.* Expenditures for free public education, including expenditures for administration, instruction, attendance and health services, public transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities, but not including expenditures for community services, capital outlay, debt service, or any expenditures made from funds under Public Law No. 89–10, title I. See the amended definition of ''current expenditures'' in Public Law No. 100–297 (1988).

(c) *DoD Contribution.* The amount of financial assistance an applicant shall receive under Public Law No. 101–511, title II.

(d) *Federal property.* Real property that because of Federal law, agreement, or policy is exempt from taxation by a State or political subdivision of a State and that the United States owns in fee simple or leases from another party.

(e) *Local Education Agency (LEA).* A public organization (usually a school district) that has the authority to operate public schools within the limits of the applicable State law.

(f) *Military personnel.* A person who is an Armed Forces member serving on active duty.

(g) *Military 3(a) student.* A child who attends the school(s) of a LEA that provides free public education and who, while attending such school(s) of the LEA, resides on Federal property and has a parent who is on active duty in the Armed Forces (as defined in section 101 of 10 U.S.C.).

(h) *Military 3(b) student.* A child who attends the schools of a LEA that provides a free public education and who, while attending such school(s), has a parent who is on active duty in the Armed Forces (as defined in 10 U.S.C. 101) but does not reside on Federal property.

(i) *Parent.* The lawful father or mother of a person.

(j) *Per-Pupil Expenditure (PPE).* The average current expenditure for an individual student.

§ 240.4 Policy.

It is DoD policy that:

(a) During fiscal year (FY) 1991, the Department of Defense shall obligate 10 million dollars to assist the LEAs that meet criteria in paragraph (c) of this section. Of this 10 million dollars:

(1) Eight hundred and eighty-six thousand dollars shall be provided to the Killen, Texas, Independent School District.

(2) One hundred and sixty-seven thousand dollars shall be provided to the Copperas Cove, Texas, Independent School District.

(3) The remaining 8,947,000 dollars shall be used only to assist the eligible LEAs operating schools that provide free public education to dependent children of Armed Forces members of DoD civilian personnel who:

(i) While attending those schools, reside on Federal property.

(ii) Without such additional assistance, are unable to provide a level of education for such dependents equal to the comparable level of education provided in the State where such dependents reside.

(b) The OSD shall consult with the Office of the Secretary of Education before providing financial assistance to the LEAs.

(c) To be eligible for financial assistance:

(1) The LEA must be unable, without such additional assistance, to provide a level of education for such students equal to the comparable level of education provided in the State where such students reside (as determined by comparable student data).

(2) The LEA has in school year (SY) 1990–1991 an average daily attendance (ADA) of military section 3(a) or 3(b) students (see §240.3 (g) and (h)) or a combination of military section 3(a) and 3(b) students that is not less than 35 percent of the LEA's total ADA. At least two students attending the LEA must be the dependents of Armed Forces members or of DoD civilian personnel. (For the purposes of this section, the Department of Defense shall rely on ADA data from the U.S. Department of Education (DoED)).

(3) For the prior and current FYs, the LEA has applied for and received, or shall receive, financial assistance from all regular Federal and State educational aid programs available to it, including the Impact Aid Program (Pub. L. No. 81–874, Section 3).

(4) The eligibility of the LEA under State law for State aid for free public education, and the amount of that aid, is no different than the eligibility and amounts received by the LEAs without military dependent students.

(5) The LEA files the following with the Assistant Secretary of Defense (Force Management and Personnel (ASD (FM&P)):

(i) A letter of application (see appendix A to this part).

(ii) One original and two copies of table 8–3 and table 9, which are published by the DoED, from the following forms:

(A) ED Form 4019 (Revised 8/90 Page 8), ''Fiscal Report For Sections 2, 3(d)(2)(B), and 3(d)(3)(B)(ii) Payment Purposes.''

(B) ED Form 4019 (Revised 8/90 Page 9), ''Financial Burden and Effort Data.''

(iii) A copy of an independently audited financial report of the applicant LEA for the second preceding FY.

(d) The eligible LEAs shall receive financial assistance only for those students who are dependent children of military personnel residing on Federal property while attending a school of the applicant LEA.

(e) Applications for financial assistance, under paragraphs (a)(1) through (a)(3)(iii) of this section must be received no later than June 30, 1991.

(f) The amount of assistance (the DoD contribution) for the eligible LEAs may not exceed the amount derived from the following formula:

(1) Of the 10 million dollars available:

(i) Eight hundred and eighty-six thousand dollars shall be provided to the Killeen, Texas, Independent School District.

(ii) One hundred and sixty-seven thousand dollars will be provided to the Copperas Cove, Texas, Independent School District.

(iii) Of the 8,947,000 dollars remaining:

(A) Amounts of 6,531,310 dollars shall be obligated to those eligible LEAs, whose per-pupil expenditure (PPE) for the second preceding FY was less than the average PPE in the State for the second preceding FY.

(B) Amounts of 2,415,690 dollars shall be obligated to those eligible LEAs, whose PPE for the second preceding FY was equal to, or greater than, the average PPE in the State for the second preceding FY. (For the purposes of this section, the Department of Defense will rely on PPE data from the DoED.)

(2) For those eligible LEAs, whose average PPE for the second preceding FY was less than the average PPE in the State for the second preceding FY, the LEA shall receive an amount, as follows:

(i) Equal to the LEA's military section 3(a) ADA for SY 1990–1991.

(ii) Multiplied by the quotient of the funds available to those LEAs, whose PPE for the second preceding FY was less than the average PPE in the State for the second preceding FY (6,531,310 dollars).

(iii) Divided by the sum of the ADAs for SY 1990–1991 of military section 3(a) students of those same eligible LEAs.

(3) For those eligible LEAs, whose average PPE for the second preceding FY was equal to, or greater than the average PPE in the State for the second preceding FY, the LEA shall receive an amount, as follows:

(i) Equal to the LEA's military section 3(a) ADA for SY 1990–1991.

(ii) Multiplied by the quotient of the funds available to those LEAs, whose PPE for the second preceding FY was equal to, or greater than, the average PPE in the State for the second preceding FY (2,415,690 dollars).

(iii) Divided by the sum of the ADAs for SY 1990–1991 of military section 3(a) students of those same eligible LEAs.

(4) The sum of the ADAs for SY 1990–1991 for the military section 3(a) students in Killeen, Texas, Independent School District, and the Copperas, Texas, Independent School District, shall:

(i) Be deducted from the sum of the ADAs for SY 1990–1991 for the military section 3(a) students of all the eligible LEAs.

(ii) Not be used in calculating the DoD contribution.

(5) The LEAs that have been identified in Public Law No. 101–511, title II, shall receive the specified amount, but shall not be eligible for additional funding under paragraphs (f)(1)(i) through (iii) of this section.

(6) The ASD (FM&P) shall calculate the proposed contribution.

(g) The contribution may be used for all students in the LEA, at the discretion of the appropriate officials in the LEA.

§ 240.5 Responsibilities.

(a) The *Assistant Secretary of Defense (Force management and Personnel)* shall:

(1) Ensure the implementation of those policies and procedures.

(2) Provide assistance, as required, to the potentially eligible LEAs to meet the requirements in § 240.4(c)(5)(i) through (iii) of this part.

(b) The *General Counsel of the Department of Defense* shall provide legal advice for the implementation of this part.

§ 240.6 Procedures.

(a) An applicant requesting assistance under those criteria for FY 1991 in § 240.4(c) (1) through (4) of this part, shall submit the following:

(1) A letter of application (see sample in appendix A to this part).

(2) One original and two copies of table 8–3 and table 9, which are published by the DoED, from the following forms:

(i) ED Form 4019 (Revised 8/90 Page 8), ''Fiscal Report For Sections 2, 3(d)(2)(B), and 3(d)(3)(B)(ii) Payment Purposes.''

(ii) ED Form 4019 (Revised 8/90 Page 9), ''Financial Burden and Effort Data.''

(3) A copy of an independently audited financial report of the applicant LEA for the second preceding FY, requesting a contribution and ensuring the ADS(FM&P) that the LEA has applied for, has received, or shall receive all financial assistance from other sources for which it is qualified.

(4) The letter of application to the following address:

Assistant Secretary of Defense (Force Management and Personnel) Washington, DC 20301–4000.

(b) The applicant shall file a copy of the letter of application for financial assistance and required supportive information with the State educational agency (SEA). The SEA may submit comments on the LEA's application to the Department of Defense (at the address in § 240.6(a) of this part), by July 15, 1991. Such comments shall be considered, when applications are reviewed by the OSD.

(c) The application and all required supporting information must reach the ASD(FM&P) no later than June 30, 1991.

Appendix A to Part 240—Sample Letter of Application for Financial Assistance

Assistant Secretary of Defense (Force Management Personnel), Washington, DC 20301–4000

Dear Mr. Assistant Secretary:

Pursuant to title II of Public Law 101–511, ''Department of Defense Appropriations Act,'' November 5, 1991, the (name of the local educational agencies (LEA)) requests financial assistance for the LEA for school year 1990–1991.

We certify that the LEA has applied for financial assistance from all sources, including the State of (name). We understand that funds available for that purpose shall be paid on a per-pupil basis for military section 3(a) students only. Enclosed find an original, and two copies, of tables 8–3 and 9 from the ''Application For School Assistance in Federally Affected Areas,'' published by the U.S. Department of Education, and a copy of our independent audit ''(title)'' prepared by (name of firm or agency). We have submitted a complete and timely application for section 3 impact aid assistance to the Secretary of Education. A copy of this letter, with the

above supporting information, is being submitted to the State educational agency.

Sincerely,

(Authorized LEA Official)

PART 242—ADMISSION POLICIES AND PROCEDURES FOR THE SCHOOL OF MEDICINE, UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

Sec.

242.1 Purpose.
242.2 Applicability.
242.3 Definitions.
242.4 Policies.
242.5 Admission procedures.
242.6 Central point of contact.
242.7 Responsibilities.
242.8 Academic, intellectual, and personal requirements for admission to the first-year class.
242.9 Academic, intellectual, and personal requirements for admission to advanced standing.
242.10 Effective date and implementation.

AUTHORITY: 10 U.S.C. 2112, *et seq.* Pub. L. 92–426.

SOURCE: 41 FR 5389, Feb. 6, 1976, unless otherwise noted.

§ 242.1 Purpose.

This part establishes policies and procedures and assigns responsibilities for the selection of entrants to the School of Medicine of the Uniformed Services University of the Health Sciences (DoD Directive 5105.45, ''Uniformed Services University of the Health Sciences,'' April 16, 1974).[1]

§ 242.2 Applicability.

This part applies to the Office of the Secretary of Defense, the Military Departments, the Uniformed Services University of the Health Sciences (USUHS), and the Department of Defense Medical Examination Review Board (DoD MERB).

§ 242.3 Definitions.

As used herein, the following definitions apply:

(a) *Uniformed Services.* As used herein, means the Army, Navy, Air Force, Marine Corps, and the Commissioned Corps of the Public Health Service.

(b) *Military Personnel.* For purposes of this Directive, ''Military Personnel'' shall include the following:

(1) Individuals currently on (or on orders for) active duty for a period of 90 days or more in any of the three Military Departments.

(2) Reserve component personnel enrolled in the Armed Forces Health Professions Scholarship Program.

(3) Persons enrolled in scholarship ROTC or advanced (junior-senior level) nonscholarship ROTC.

(4) Individuals in attendance at any of the three Military Department Service Academies.

(c) *Federal-duty obligation.* The obligation to serve on active duty in the Army, Navy, Air Force, or the Commissioned Corps of the Public Health Service.

(d) *The program.* Means the Medical School program of the Uniformed Services University of the Health Sciences.

(e) *Member of the program.* An individual who is enrolled in the School of Medicine of USUHS.

(f) *Accredited institution.* A college, university, or institution located in the United States or Puerto Rico or Canada, and accredited by an accrediting agency or association that is recognized for such purpose by the U.S. Commissioner of Education. Included within this definition are those institutions which are in the process of seeking accreditation and currently have provisional or conditional accreditation, or candidacy status for accreditation, based solely on the newness of the institution.

(g) *Medical college admission test.* A nationally standardized examination, administered by the American Medical College Testing Program, which is designed to measure general and specific aptitude for medical studies.

§ 242.4 Policies.

(a) The School of Medicine, USUHS, shall consider applications for admission from persons who:

(1) Are citizens of the United States;

(2) Are at least 18 years old at the time of matriculation, but have not become 28 years old as of June 30 in the

[1] Filed as part of original. Copies available from Naval Publications and Forms Center, 5801 Tabor Avenue, Philadelphia, Pa. 19120, Attn: Code 300.

year of admission. However, any student who has served on active duty in the Armed Forces may exceed the age limitation by a period equal to the time served on active duty provided that student has not become 34 years old by June 30 in the year of admission.

(3) Are not under 18 years of age at time of entry to the first-year class;

(4) Are of good moral character;

(5) Meet the physical qualifications and security requirements for a Regular commission in the Uniformed Services.

(i) Standards of medical fitness for commissioning in the Uniformed Services shall be chapter 5, AR 40–501[2] except for eyes and vision which shall be as prescribed in paragraphs 2–12 and 2–13, chapter 2.

(ii) Security requirements for commissioning in the Military Departments are prescribed in DoD Directive 5200.2.[3]

(6) Meet the academic, intellectual, and personal qualifications specified in §§ 242.8 and 242.9.

(7) Are motivated to pursue a medical career in the Uniformed Services;

(8) Are not otherwise obligated or committed for service in the Army, Navy, Air Force or Marine Corps as a result of current or prior participation in programs of study or training sponsored by these Military Services. (Unless specifically prohibited by law or Department of Defense policy, individuals may be permitted to interrupt sponsored training programs and/or associated service commitments for the purpose of entering the School of Medicine, at the discretion of the appropriate Military Department sponsor. See also paragraph (e) of this section on obligated service requirements.)

(b) In making admissions decisions, the School will adhere to the principle of equal educational opportunity for all. Sex, race, religion, national origin, marital status, and State of residence shall not be factors influencing the selection process. Aspirants seeking entrance shall be judged strictly on merit, in terms of demonstrated aptitude, motivation, and potential for succeeding in medicine, both academically and professionally. Only the most promising and best qualified of the applicants shall be accepted for admission.

(c) While enrolled in School, students shall serve on active duty as Reserve commissioned officers (Medical Officer Candidates), pay grade O–1, in one of the Uniformed Services, the Uniformed Service of assignment to be determined under procedures established by the Secretaries of the Military Departments and the Assistant Secretary of Defense Health Affairs in coordination with the President of the University. Applicants' preferences shall be honored to the extent possible in making Service assignments. However, to insure that the makeup of each entering class is equitably constituted, students shall be assigned proportionally to the three Military Departments, based on projected end strengths of the individual Medical Corps at time of graduation. Students shall not be counted against any prescribed Service strengths while in School. Individuals admitted to the School of Medicine holding Regular commissions must resign their Regular appointments to enter the School.

(d) Upon satisfactory completion of the medical school program, graduates shall, if qualified, be tendered Regular Medical Corps appointments, unless otherwise covered under 10 U.S.C. 2115.

(e) Graduates of the School shall incur a Federal active-duty obligation of 21 months for each year or portion thereof spent in medical training, except that in no case will the minimum obligation be less than 27 months. Except as law or Department of Defense policy otherwise prescribes, this obligation shall be served consecutively with any other active-duty obligation.

(f) If dropped from the School for deficiencies in conduct or studies, or for other reasons, the student shall immediately be referred for disposition to the appropriate Military Department, which shall have the prerogative of either:

[2] Army standards of medical fitness will be used as agreed to by the Secretaries of the Military Departments. AR 40–501 filed as part of original. Copies available at the Army Publications Counter, Rm 18928, The Pentagon, Washington, D.C. 20310.

[3] See footnote 1 to § 242.1.

(1) Requiring the individual to fulfill his incurred service obligation, as stated in the Uniformed Services Health Professions Revitalization Act of 1972 (10 U.S.C., 2101 *et seq.*), by performing duty in some appropriate capacity, as determined by the Secretary of the Military Department concerned. (In no case shall any such member be required to serve on active duty for any period in excess of a period equal to the period he participated in the program, except that in no case may any such member be required to serve on active duty less than one year.); or

(2) Waiving the individual's incurred service obligation, if that action would be in the best interests of that Service. (Such relief, though, shall not relieve the individual from any other active-duty obligation imposed by established law.) Individuals whose service obligation is waived may, at the discretion of the Secretary of the Military Department concerned, be required to reimburse the Government for all or a part of the tuition and other educational costs incurred. However, a member of the program may not be relieved of his Service obligation solely because he is willing and able to reimburse the Government for all educational expenses.

(g) Periods of time spent in sponsored graduate medical education shall not count toward satisfying the medical school Federal-duty obligation.

[54 FR 31335, July 28, 1989]

§ 242.5 Admission procedures.

(a) *Application*—(1) *Civilians.* Civilians seeking admission to the School of Medicine shall make direct application following instructions published in the School catalog. These applications shall include an indication of Service preference(s).

(2) *Military personnel.* Formal application requirements shall be the same as those for civilians except that military personnel shall be required to have approval, in writing, from the Secretary of the Military Department concerned or his designee prior to submitting formal application to the School of Medicine for admission. The individual concerned shall initiate the request for approval to apply through appropriate Service channels. The Secretaries of the Military Departments, or their designees, shall consider the criteria in § 242.4(a) (1) through (5) and paragraph (a)(8) of that section as the basis for approving/disapproving such requests. An information copy of each approval shall be forwarded to the School of Medicine, USUHS, Attn: Assistant Dean for Academic Support. The School of Medicine shall not process a military person's application until official approval is received from the Military Department concerned.

(b) *Conditional selection of candidates for admission.* The School of Medicine shall review all applications and conditionally select candidates to fill available class spaces. Those conditionally selected shall be the best qualified applicants, based on aptitude, intelligence, maturity, personality, emotional stability, diligence, stamina, enthusiasm, motivation, and other relevant factors, consistent with the practices followed by other professional training institutions.

(1) *Civilian selectees.* The School of Medicine shall ensure that civilian selectees meet the eligibility criteria in § 242.4(a) (1) through (4), paragraph (a) (6) and (7) of that section.

(2) *Military selectees.* Military Departments are required to screen and approve their personnel for criteria in § 242.4(a) (1) through (5), and paragraph (a)(8) of that section before they apply for admission. The School of Medicine shall ensure that all military selectees meet the eligibility criteria of § 242.4 (6) and (7).

(c) *Notification of conditional selection for admission.* The School of Medicine shall notify selectees in writing of their conditional selection for admission, with the stipulation that it is subject to review and confirmation by the Service in which selectees are assigned to serve.

(d) *Confirmation of selectees.* (1) The names and relevant credentials of selectees shall be referred by the School of Medicine to the Secretaries of the Military Departments or their designees. An informational copy of this action will be provided to the Assistant Secretary of Defense Health Affairs.

(2) The Secretaries, or their designees, shall initiate necessary actions (records checks, physical examinations, and National Agency Checks, as

required, consistent with §242.4(a)(5)) to determine whether or not the selected candidates are acceptable for commissioning. (Physical examinations for military personnel, if required, shall be performed at the individual's supporting military medical facility and reviewed by the Department of Defense Medical Examination Review Board (DoDMERB). Physical examinations for civilians shall be scheduled and reviewed by the DoDMERB, in accordance with the procedures and policies that agency establishes.) Secretaries of the Military Departments, or their designees, shall advise the School of Medicine as to the acceptability for commissioning of candidates within 45 days of receipt of referral lists, furnishing reasons for those found nonacceptable.

(e) *Notification of acceptance for admission.* As soon as candidates are approved for commissioning by their appropriate components, they shall be advised in writing by the School of Medicine that they are unconditionally accepted for admission.

[54 FR 31335, July 28, 1989]

§ 242.6 Central point of contact.

The Assistant Dean for Academic Support, USUHS, is designated as the central point of contact for matters pertaining to the admission procedures outlined in §242.5.

§ 242.7 Responsibilities.

(a) The President of the University shall:

(1) Develop and prescribe formal application procedures for admission to the School, consistent with the provisions of this part.

(2) Select candidates for admission to the School of Medicine in accordance with the policies and procedures prescribed in this part.

(3) Coordinate, as required, with the Military Department Secretaries or their designees to ensure the proper administration of the admissions process.

(4) Monitor, review, and evaluate the admissions process to assure its effectiveness and efficiency operationally, and make recommendations as required for the revision of the policies and procedures herein set forth.

(b) Secretaries of the Military Departments shall:

(1) Approve/disapprove requests of military personnel who want to apply to the School of Medicine, as prescribed herein.

(2) Carry out confirmatory requirements and ensure that the suspense for accomplishing these actions is met.

(3) Designate a representative in their respective areas to be responsible for overseeing and coordinating confirmatory action requirements. (Names of designees and any changes in designations shall be furnished to the President of USUHS.)

(4) Ensure coordination of proposed implementing regulations with the President, USUHS.

(c) Assistant Secretary of Defense Health Affairs shall determine, in coordination with the Secretaries of the Military Departments and the President, USUHS, the number of spaces in each entering class to be allocated to the respective components.

(d) Director, DoDMERB, shall:

(1) Establish necessary policies and procedures, in coordination with the Military Departments, for scheduling and reviewing physical examinations for civilian selectees, and reviewing examinations for military selectees.

(2) Review and take final action on any requests for waiver of physical standards for admission to the School.

[54 FR 31335, July 28, 1989]

§ 242.8 Academic, intellectual, and personal requirements for admission to the first-year class.

Admission to the School of Medicine of the Uniformed Services University of the Health Sciences is on a competitive basis, with selection predicated on:

(a) Evidence of sound character and high motivation for a career in the Medical Corps of the Uniformed Services, and

(b) Evidence of sufficient intellectual ability and preparation to undertake successfully the study of medicine.

(1) *Academic requirements.* Recognizing that Service medicine needs individuals with a wide variety of interests and talents, the School of Medicine welcomes applications from individuals with a diversity of educational

backgrounds. However, there are certain specific academic requirements that are requisite for admission. These are as follows:

(i) *College preparation.* All applicants must have attained a baccalaureate degree from an accredited academic institution prior to matriculation.

(ii) *Prerequisite course work.* Area of specialization in college is not a limiting factor in gaining admission to the School, but a strong foundation in the sciences basic to the study of medicine is a requirement for all entering students. The minimum undergraduate science prerequisites for entrance are:

(*a*) *Chemistry* (*inorganic or general*). 1 academic year including appropriate laboratory.

(*b*) *Organic chemistry.* 1 academic year including laboratory.

(*c*) *Mathematics.* 1 academic year.

(*d*) *Physics.* 1 academic year including laboratory.

(*e*) *Biology.* 1 academic year including laboratory.

An academic year of course work equates to that course work which extends over a two-semester or three-quarter period and carries a total credit of between 6 to 8 semester hours or 9 to 12 quarter hours. No application will be considered unless the applicant has completed the science prerequisites or is in the process of completing the last 8 semester hours (or 12 quarter hours) of these courses at time of making application.

In addition to the science requirements, all applicants must complete 6 semester hours (or the equivalent) of college English before matriculating. While the foregoing represent the minimum academic prerequisites for admission, preference generally will be shown to applicants who also have had some college course work in the humanities and/or the social and behavioral sciences, for these disciplines complement the study of medicine, contributing to an understanding of human behavior both in sickness and health.

(2) *Testing requirements.* Applicants for admission are required to have taken the Medical College Admission Test.

(3) *Evidence of character and motivation.* Judgments about character and motivation will be based on letters of reference, personal statements, evaluation reports, personality inventories, interviews, and such other credentials/techniques necessary, as determined by the School of Medicine, to assess thoroughly the noncognitive nature and potential of the aspirant. The School of Medicine will take the initiative in gathering data upon which to make noncognitive assessments of applicants.

§ 242.9 Academic, intellectual, and personal requirements for admission to advanced standing.

(a) Selection of students to advanced standing will be competitive, based on both cognitive and noncognitive factors. Demonstrated aptitude and motivation for a career in medicine in the Uniformed Services will be prime considerations in making admissions decisions. Only the most promising of candidates will be accepted, as judged by scholastic records, letters of recommendation, interviews, and such other credentials and/or appraisal techniques as may be deemed appropriate to use by the School of Medicine.

(b) To be eligible academically for admission to advanced-standing, applicants must have successfully completed the year of medical studies preceding the year in which they desire advanced placement. Only students from fully accredited medical schools will be eligible for transfer.

(c) Individuals who have received the D.D.S., D.M.D., Ph.D., D.O., or D.V.M. degrees, or candidates for these degrees will not be eligible for advanced placement in the School of Medicine at this time. They will only be considered for admission to the Freshman class. Advanced standing applicants are required to have taken the Medical College Admission Test.

§ 242.10 Effective date and implementation.

This part will become effective immediately. Three copies of proposed implementing regulations shall be forwarded to the Assistant Secretary of Defense Health Affairs within 30 days.

[54 FR 31335, July 28, 1989]

PART 242a—PUBLIC MEETING PROCEDURES OF THE BOARD OF REGENTS, UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

Sec.
242a.1 Applicability.
242a.2 Definitions.
242a.3 Open meetings.
242a.4 Grounds on which meetings may be closed, or information may be withheld.
242a.5 Procedure for announcing meetings.
242a.6 Procedure for closing meetings.
242a.7 Transcripts, recordings, and minutes of closed meetings.
242a.8 Effective date.

AUTHORITY: 5 U.S.C. 552b (g); Pub. L. 94–409.

SOURCE: 42 FR 12853, Mar. 7, 1977, unless otherwise noted.

§ 242a.1 Applicability.

These procedures apply to meetings of the Board of Regents, Uniformed Services University of the Health Sciences (USUHS), including committees of the Board of Regents.

§ 242a.2 Definitions.

(a) *Board* or *Board of Regents* means the collegial body that conducts the business of the Uniformed Services University of the Health Sciences as specified in Title 10, U.S. Code 2113, consisting of:

(1) Nine persons outstanding in the fields of health and health education appointed from civilian life by the President, by and with the advice and consent of the Senate;

(2) The Secretary of Defense, or his designee, an ex officio member;

(3) The surgeons general of the uniformed services, ex officio members; and

(4) The Dean (President) of the University, an ex officio non-voting member.

(b) *Board Representative* means the individual named as Executive Secretary by the Board, or any person officially designated by the Board.

(c) *Chairman* means the presiding officer of the Board, designated by the President, as specified in Title 10, U.S. Code 2113.

(d) *Committee* means any formally designated subdivision of the Board, consisting of as least two Board members, authorized to act on behalf of the Board, including, the Board's standing committees (the Executive, Administrative Affairs, Educational Affairs, Fine Arts and Gifts, and Nominating Committees) and any ad hoc committees appointed by the Board for special purposes.

(e) *Meeting* means the deliberations of at least a majority of all Regents in being or for committees, the deliberations of at least the number of individual voting members of the Board required to take action on behalf of the Board, where such deliberations determine or result in the joint conduct or disposition of official business of the Board, but does not include:

(1) Deliberations to open or close a meeting, or to release or withhold information, required or permitted by § 242a.5 or § 242a.6;

(2) Notation voting or similar consideration of matters whether by circulation of material to members individually in writing, or polling of members individually by telephone or telegram; and

(3) Instances where individual members, authorized to conduct business on behalf of the Board or to take action on behalf of the Board, meet with members of the public or staff. Conference telephone calls that involve the requisite number of members, and otherwise come within the definition, are included.

(f) *Member* means a member of the Board of Regents.

(g) *Public Announcement* means posting notices on the Board's public notice bulletin board, and mailing announcements to persons on a mailing list maintained for those who desire to receive notices of Board meetings, and who pay such fee as may be determined by the Executive Secretary, not to exceed $10.00 per year, to cover the costs involved in such distribution.

(h) *Staff* includes the employees of the USUHS, other than the members of the Board.

[42 FR 12853, Mar. 7, 1977, as amended at 42 FR 63775, Dec. 20, 1977]

§ 242a.3 Open meetings.

(a) Members shall not jointly conduct or dispose of business of the Board of Regents other than in accordance with

these procedures. Every portion of every meeting of the Board of Regents or any committee of the Board shall be open to public observation subject to the exceptions provided in § 242a.4.

(b) Open meetings will be attended by members of the Board, certain staff, and any other individual or group desiring to observe the meeting. The public will be invited to observe and listen to the meeting but not to record any of the discussions by means of electronic or other devices or cameras unless approval in advance is obtained from the Executive Secretary. The public will not participate in the meeting unless public participation is invited by the Board.

(c) The Executive Secretary shall be responsible for making physical arrangements that provide ample space, sufficient visibility, and adequate acoustics for public observation of meetings.

§ 242a.4 Grounds on which meetings may be closed, or information may be withheld.

Except in a case where the Board or a committee finds that the public interest requires otherwise, the open meeting requirement set forth in the second sentence of § 242a.3(a) shall not apply to any portion of a Board or committee meeting, and the informational disclosure requirements of §§ 242a.5 and 242a.6 shall not apply to any information pertaining to such meeting otherwise required by this part to be disclosed to the public, where the Board or committee as applicable, properly determines that such portion or portions of its meetings or the disclosure of such information is likely to:

(a) Disclose matters that are:

(1) Specifically authorized under criteria established by an Executive order to be kept secret in the interests of national defense or foreign policy; and

(2) Properly classified pursuant to such executive order;

(b) Relate solely to the internal personnel rules and practices of the USUHS;

(c) Disclose matters specifically exempted from disclosure by statute (other than Title 5, U.S. Code 552), provided that such statute:

(1) Requires that the matters be withheld from the public in such a manner as to leave no discretion on the issue; or

(2) Establishes particular criteria for withholding or refers to particular types of matters to be withheld;

(d) Disclose trade secrets and commercial or financial information obtained from a person, privileged or confidential;

(e) Involve accusing any person of a crime or formally censuring any person;

(f) Disclose information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;

(g) Disclose investigatory records compiled for law enforcement purposes, or information which if written would be contained in such records, but only to the extent that the production of such records or information would:

(1) Interfere with enforcement proceedings;

(2) Deprive a person of a right to a fair trial or an impartial adjudication;

(3) Constitute an unwarranted invasion of personal privacy;

(4) Disclose the identity of a confidential source and, in the case of a record compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, confidential information furnished only by the confidential source;

(5) Disclose investigative techniques and procedures; or

(6) Endanger the life or physical safety of law enforcement personnel;

(h) Disclose information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions;

(i) Disclose information the premature disclosure of which would be likely to significantly frustrate implementation of a proposed agency action, except that this subsection shall not apply in any instance where the agency has already disclosed to the public the content or nature of its proposed action, or where the agency is required by law to make such disclosure on its

own initiative prior to taking final agency action on such proposal; or

(j) Specifically concern the issuance of a subpoena, or USUHS participation in a civil action or proceeding, an action in a foreign court or international tribunal, or an arbitration, or the initiation, conduct, or disposition by the USUHS of a particular case of formal adjudication pursuant to the procedures in Title 5, United States Code, section 554 or otherwise involving a determination on the record after opportunity for a hearing.

§ 242a.5 Procedure for announcing meetings.

(a) Except to the extent such information is exempt from disclosure under the provisions of § 242a.4, in the case of each Board or committee meeting, the Board representative, shall make public announcement, at least 7 days before the meeting, of the following:

(1) Time of the meeting;

(2) Place of the meeting;

(3) Subject matter of the meeting;

(4) Whether the meeting or parts thereof are to be open or closed to the public; and

(5) The name and telephone number of the person designated by the Board or committee to respond to requests for information about the meeting.

(b) The 7 day period for the public announcement required by paragraph (a) of this section may be reduced if a majority of the members of the Board or committee, as applicable, determine by a recorded vote that Board or committee business requires that such expedited meeting be called at an earlier date. The Board or committee shall make public announcement of the time, place, and subject matter of such meeting, and whether open or closed to the public, at the earliest practicable time.

(c) The time or place of a meeting or deletion of subject matter may be changed following the public announcement required by paragraph (a) of this section only if the Board representative publicly announces such change at the earliest practicable time. Such change need not be voted on by the members.

(d) The subject matter of a meeting or the determination of the Board or committee, as applicable, to open or close a meeting, or portion of a meeting, to the public, may be changed following the public announcement required by paragraph (a) of this section only if:

(1) A majority of the entire voting membership of the Board of a majority of the entire voting membership of a committee, determines by a recorded vote that Board or committee business so requires and that no earlier announcement of the change was possible; and

(2) The Board or committee publicly announces such change and the vote of each member upon such change at the earliest practicable time.

(e) The *earliest practicable time* as used in this section, means as soon as possible, which should in few, if any, instances be no later than commencement of the meeting or portion in question.

(f) Immediately following each public announcement required by this section, notice of the time, place and subject matter of a meeting, whether the meeting is open or closed, any change in one of the preceding, and the name and telephone number of the person designated by the Board or committee to respond to requests for information about the meeting, shall also be submitted for publication in the FEDERAL REGISTER.

§ 242a.6 Procedure for closing meetings.

(a) Action to close a meeting or portion thereof, pursuant to the exemptions set forth in § 242a.4 shall be taken only when a majority of the entire voting membership of the Board or a majority of the entire voting membership of a committee, as applicable, vote to take such action.

(b) A separate vote of the Board or committee members shall be taken with respect to each Board or committee meeting a portion or portions of which are proposed to be closed to the public pursuant to § 242a.4 or with respect to any information which is proposed to be withheld under § 242a.4.

(c) A single vote of the Board or committee may be taken with respect to a

series of meetings, a portion or portions of which are proposed to be closed to the public, or with respect to any information concerning such series of meetings, so long as each meeting in such series involves the same particular matters and is scheduled to be held no more than 30 days after the initial meeting in such series.

(d) The vote of each member shall be recorded, and may be by notation voting, telephone polling or similar consideration.

(e) Whenever any person whose interests may be directly affected by a portion of a meeting requests that the Board or a committee close such portion to the public under any of the exemptions relating to personal privacy, criminal accusation, or law enforcement information referred to in § 242a.4 (e), (f), and (g), the Board or committee, as applicable, upon request of any one of its members, shall vote by recorded vote whether to close such meeting. Where the Board receives such a request prior to a meeting, the Board's representative may ascertain by notation voting, or similar consideration, the vote of each member of the Board, or committee, as applicable, as to the following:

(1) Whether the business of the Board or committee permits consideration of the request at the next meeting, and delay of the matter in issue until the meeting following, or

(2) Whether the members wish to close such meeting.

(f) Within 1 day following any vote taken pursuant to paragraphs (a), (b), (c), or (e), of this section, the Board or committee shall make publicly available a written copy of such vote reflecting the vote of each member on the question. If a portion of a meeting is to be closed to the public, the Board or committee shall, within 1 day of the vote taken pursuant to paragraphs (a), (b), (c), or (e) of this section, make publicly available a full written explanation of its action closing the portion together with a list of all persons expected to attend the meeting and their affiliation. The information required by this paragraph shall be disclosed except to the extent it is exempt from disclosure under the provisions of § 242a.4.

(g) For every meeting closed pursuant to paragraphs (a) through (j) of § 242a.4, the General Counsel or chief legal officer of the USUHS shall publicly certify before the meeting that, in his or her opinion, the meeting may be closed to the public and shall state each relevant exemptive provision. A copy of such certification, together with a statement from the presiding officer of the meeting setting forth the time and place of the meeting, and the persons present, shall be retained by the Board as part of the transcript, recording or minutes required by § 242a.7.

§ 242a.7 Transcripts, recordings, and minutes of closed meetings.

(a) The Board of Regents shall maintain a complete transcript or electronic recording adequate to record fully the proceedings of each meeting, or portion of a meeting, closed to the public, except that in the case of a meeting, closed to the public pursuant to § 242a.4(j), the Board shall maintain either such a transcript or recording, or a set of minutes.

(b) Where minutes are maintained they shall fully and clearly describe all matters discussed and shall provide a full and accurate summary of any action taken, and the reasons for such actions, including a description of each of the views expressed on any item and the record of any roll call vote (reflecting the vote of each member on the question). All documents considered in connection with any action shall be identified in such minutes.

(c) The Board shall maintain a complete, verbatim copy of the transcript, a complete copy of the minutes, or a complete electronic recording of each meeting or portion of a meeting, closed to the public, for a period of at least 2 years after such meeting, or until 1 year after the conclusion of any Board proceeding with respect to which the meeting or portion was held, whichever occurs later.

(d) Public availability of records shall be as follows:

(1) Within 10 days of receipt of a request for information (excluding Saturdays, Sundays, and legal public holidays), the Board shall make available to the public, in the offices of the Board of Regents, USUHS, Bethesda,

Maryland, the transcript, electronic recording, or minutes of the discussion of any item on the agenda, or of any item of the testimony of any witness received at the meeting, except for such item or items of such discussion or testimony as the Executive Secretary determines to contain information which may be withheld under § 242a.4.

(2) Copies of such transcript, or minutes, or a transcription of such recording disclosing the identity of each speaker, shall be available at the actual cost of duplication or transcription.

(3) The determination of the Executive Secretary to withhold information pursuant to paragraph (d)(1) of this section may be appealed to the Board. The appeal shall be circulated to individual board members. The Board shall make a determination to withhold or release the requested information within 20 days from the date of receipt of a written request for review (excluding Saturdays, Sundays, and legal public holidays).

(4) A written request for review shall be deemed received by the Board when it has arrived at the offices of the Board in a form that describes in reasonable detail the material sought.

§ 242a.8 Effective date.

This part shall become effective on March 12, 1977.

PART 242b—GENERAL PROCEDURES AND DELEGATIONS OF THE BOARD OF REGENTS OF THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

Sec.

242b.1 Regents.
242b.2 Meetings of the Board.
242b.3 Notice.
242b.4 Quorum.
242b.5 Voting.
242b.6 Committees.
242b.7 Officers of the University.
242b.8 Amendment of procedures—Rules of Order.

AUTHORITY: Uniformed Services Health Professions Revitalization Act, 10 U.S.C. 2112–17.

SOURCE: 42 FR 63775, Dec. 20, 1977, unless otherwise noted.

§ 242b.1 Regents.

(a) *History and name.* The Congress of the United States in the Uniformed Services Health Professions Revitalization Act of 1972, 10 U.S.C. 2112–17 (1972) created a collective body to conduct the business of the Uniformed Services University of the Health Sciences, and designated this body ''the Board of Regents of the Uniformed Services University of the Health Sciences,'' referred to in these procedures as ''the Board.''

(b) *Number, duties.* Section 2113 of Title 10, United States Code, provides:

(1) The number of Regents on the Board;

(2) The manner of selection of the Regents;

(3) The terms of office of the Regents;

(4) The powers and duties of the Regents;

(5) The manner of selection of a Chairman of the Board;

(6) The compensation of the Regents.

(c) *Officers*—(1) *Designation—term—vacancies.* (i) The officers of the Board shall consist of a Chairman and a Vice Chairman.

(2) *Chairman of the Board.* (i) The Chairman of the Board shall preside at all meetings of the Board in accordance with these procedures.

(ii) The Chairman of the Board shall have the power to execute on behalf of the Board all instruments in writing which have been authorized by the Board and shall exercise such other powers as may be conferred upon him or her from time to time by the Board.

(3) *Vice Chairman of the Board.* (i) The Board of Regents shall elect from their own members a Vice Chairman.

(ii) The Vice Chairman shall serve for a term of one year or until a successor is elected.

(iii) The term of office of the Vice Chairman shall commence immediately upon election.

(iv) If the Chairman is absent or unable to act, the Vice Chairman shall exercise the powers and perform the duties of the Chairman.

(v) The Vice Chairman shall perform such other duties as may be directed from time to time by the Chairman and the Board.

(vi) If both the Chairman and Vice Chairman are absent or unable to act,

the Board shall elect a member Acting Chairman.

(4) *Executive Secretary*. (i) The Board shall appoint an Executive Secretary, referred to in these procedures as ''the Secretary.''

(ii) The Secretary shall have the power to perform such duties as generally pertain to the office and as may be conferred from time to time by the Board.

(iii) The Secretary shall notify the Regents of the time and place of all meetings of the Board, in accordance with these Procedures, and shall keep a complete record of its proceedings.

(iv) The Secretary shall furnish to every Regent prior to each meeting of the Board a copy of the Minutes of the preceding meeting.

(v) The Secretary shall give notice of the time and place of committee meetings, and if desired by the committee or its chairman, the Secretary or an assistant shall attend the meeting and keep a record of the meeting.

(vi) The Secretary shall prepare and distribute expeditiously the minutes of all meetings of standing committees to all Regents.

(vii) The Secretary shall keep at the office of the University a copy of these General Procedures and Delegations, and the Public Meeting Procedures of the Board of Regents as periodically amended.

(viii) During the Secretary's absence or inability to act, an Assistant Secretary, appointed by the Chairman, shall act in the Secretary's place.

§ 242b.2 Meetings of the Board.

(a) *Regular meetings*. (1) The Board shall hold at least four (4) meetings in each annual period from October 1 to September 30.

(2) Unless otherwise determined by the Board, meetings shall be held at the offices of the University, 4301 Jones Bridge Road, Bethesda, Md. 20014.

(b) *Additional meetings*. (1) Additional meetings shall be called by the Secretary upon the written request of three or more Regents, delivered to the Secretary, or upon the direction of the Chairman or of the Dean of the University (President).

(2) Additional meetings of the Board shall be held at such times and places as shall be specified in the notice of meeting.

§ 242b.3 Notice.

(a) Notice of all meetings of the Board shall be sent by the Secretary to each Regent by mail, telegraph, or telephone.

(b) Mailing a notice not less than 7 days before any meeting, or sending a telegram not less than twenty-four hours before a meeting, addressed to each Regent at his or her residence or place of business; or actual notice by telephone to such person not less than twenty-four hours before the meeting, shall be sufficient notice of any meeting. The recital by the Secretary in the minutes that notice was given shall be sufficient evidence of the fact.

(c) A Regent may waive in writing notice of any meeting either prior to or subsequent to the holding of the meeting.

(d) Public announcement of meetings shall conform to the Public Meeting Procedures of the Board of Regents, 32 CFR 242a.5.

§ 242b.4 Quorum.

A majority of all Regents in being shall constitute a quorum of the Board.

§ 242b.5 Voting.

(a) The concurrence of a majority of the Regents present at a meeting shall be necessary for the transaction of business.

(b) Unless a written ballot is required by a Regent, no actions taken by the Board need be by written ballot.

(c) The Chairman of the Board and of each Committee is entitled to move, second, vote, and participate fully in any session to the same extent as if not a presiding officer.

(d) At the direction of the Chairman, action may be taken by a majority of the Regents by notation voting, by voting on material circulated to Regents individually or serially, or by polling of Regents individually or collectively by telephone or by telegram, or by similar procedure. Such action shall be reported by the Secretary at the next Board meeting.

§ 242b.6 Committees.

(a) The Executive Committee shall be the one regular standing committee of the Board.

(b) The Executive Committee will be composed of:

(1) The Chairperson of the Board;

(2) The Vice Chairperson of the Board;

(3) The Secretary of Defense or his designee;

(4) The Dean of the University (President); and

(5) A member of the Board appointed by the Chairperson. The Dean of the University will be a non-voting member whose presence will not be counted for the purpose of determining a quorum at any Executive Committee meeting.

(c) The Executive Committee will possess all powers of the Board of Regents except the power:

(1) To change the General Procedures and Delegations;

(2) To appoint or remove the Dean of the University (President), Dean of the School of Medicine, Dean of the Military Medical Education Institute, Chairpersons of Departments and tenured faculty;

(3) To amend the tenure policy of the University;

(4) To establish post doctoral, post graduate and technological institutes;

(5) To establish programs in continuing medical education;

(6) To agree to utilize Federal medical resources on a reimbursable basis;

(7) To affiliate with other universities.

[54 FR 11946, Mar. 23, 1989]

§ 242b.7 Officers of the University.

(a) *Dean of the University*. (1) The Regents will appoint a Dean of the University who will also be known as the President.

(2) The President will be appointed or removed only by an affirmative vote of a majority of the Regents.

(3) At meetings of the Board of Regents, the President will be counted for the purpose of determining the presence of a quorum but will not vote.

(4) The President will be responsible for the management of the University and all its departments.

(5) The President will report to the Board at each regular meeting on the progress of the University, and will make recommendations for action.

(6) To assist in the performance of his or her duties, the President with the approval of the Board, will appoint, to act under the President's authority and direction, officers as follows:

(i) Vice President of the University.

(ii) Vice President for Operations of the University.

(iii) Commandant of the University.

(iv) Dean of the School of Medicine.

(v) Associate Dean for Academic Affairs of the School of Medicine.

(vi) Associate Dean for Operations of the School of Medicine.

(vii) Associate Dean for Continuing Education of the School of Medicine.

(viii) Associate Dean for Clinical and Academic Affairs.

(ix) Dean of the Military Medical Education Institute.

(7) The President, with the approval of the Board, may appoint and prescribe the powers and duties of other officers, as he or she may deem proper.

(8) If there is no one holding the office of President, the Board of Regents may appoint an Acting President to perform the duties of the President for such period of time as the Board may determine. If the Acting President is also a Regent, he or she will retain the powers and duties of a Regent while so acting.

(b) *Duties of officers*—(1) *Vice President of the University*. (i) The Vice President of the University will assist the President and will perform such duties as may be directed from time to time by the President.

(ii) In the absence of the President, the Vice President will act for the President.

(2) *Vice President for Operations of the University*. (i) The Vice President for Operations will be responsible for the support of the educational and research activities of the University to include but not limited to:

(A) Financial Management;

(B) Building Services and Materiel Acquisition;

(C) Military Personnel;

(D) Civilian Personnel;

(E) Computer Operations; and

(F) Contracting.

(ii) He or she will be responsible for the preparation of the University budget estimates and program submission presentations for the approval of the Board.

(iii) He or she will recommend to the President persons for appointment as the Assistant Vice President for Administration and such other administrative positions as he or she deems proper.

(iv) For reporting purposes, Financial Management and Computer Operations will report directly to the Vice President for Operations; the Civilian Personnel Office, Military Personnel Office, Building Services and Material Acquisition, and Contracting will report to the Assistant Vice President for Administration, who in turn shall report to the Vice President for Operations.

(v) Serves as Acting President in absence of President and Vice President.

(3) *Commandant of the University.* (i) The Commandant will assist the President of the University in planning, developing, and directing the military activities and functions of the University.

(ii) In the absence of the President; Vice President; Vice President for Operations; Dean, School of Medicine; and the Dean, MMEI, he or she will act for the President.

(4) *Dean of the School of Medicine.* (i) The Dean of the School of Medicine will be responsible for planning, directing, and managing the activities of the School of Medicine.

(ii) He or she will recommend to the President and to the Board, personnel for faculty appointments and will perform such duties as may be directed from time to time by the Board or the President.

(iii) He or she will recommend to the President persons for appointment as the Associate Dean for Operations, Associate Dean for Academic Affairs, Associate Dean for Continuing Education, Associate Deans for Clinical and Academic Affairs, and such other administrative positions as he or she deems proper.

(iv) For reporting purposes, the Associate Dean for Operations, Associate Dean for Academic Affairs, Associate Dean for Continuing Education, Associate Deans for Clinical and Academic Affairs, Assistant Dean for Clinical Sciences, Assistant Dean for Graduate Medical Education Liaison, and Assistant Dean for Student Affairs will report directly to the Dean, School of Medicine.

(5) *Associate Dean for Academic Affairs of the School of Medicine.* (i) The Associate Dean for Academic Affairs will be responsible for the overall management and supervision of the University's Basic Sciences Departments, Clinical Sciences Departments, and the Academic Sections. The Assistant Dean for Graduate Education will report to the Associate Dean for Academic Affairs.

(ii) In the absence of the Dean, he or she will act for the Dean.

(6) *Associate Dean for Operations of the School of Medicine.* (i) The Associate Dean for Operations will be responsible for the support of the education and research activities of the School of Medicine to include but not limited to:

(A) Grants Management;

(B) Teaching and Research Support;

(C) Learning Resource Center; and

(D) Laser Biophysics Center.

(ii) He or she will be responsible for the preparation of the School of Medicine budget estimates and program submission presentations for the approval of the Board.

(iii) In the absence of the Dean and Associate Dean for Academic Affairs, he or she will act for the Dean.

(7) *Associate Dean for Continuing Education of the School of Medicine.* (i) The Associate Dean for Continuing Education will be responsible for all continuing education at the University to include its accreditation.

(ii) The Associate Dean for Continuing Education will report to the Dean, School of Medicine, or to the individual acting on behalf of the Dean.

(8) *Associate Deans for Clinical and Academic Affairs.* (i) The military medical officer next in line to succeed to command in each of the major affiliated Military Medical Centers, i.e., Walter Reed Army Medical Center, National Naval Medical Center, and Malcolm Grow U.S. Air Force Medical Center, respectively, will be the ex-officio incumbent of the position: Associate

Dean for Clinical and Academic Affairs.

(ii) The respective Associate Dean for Clinical and Academic Affairs for each designated Center will exercise the authority and responsibilities of that position subject to respective Command regulations and policies. The incumbents will serve in a co-equal administrative status to each other within the School of Medicine's scope of authority and responsibility. Military medical officers will be appointed ex-officio and will serve in additional duty status in the Associate Dean for Clinical and Academic Affairs position in addition to their regular assignment.

(iii) Each Associate Dean for Clinical and Academic Affairs will be responsible to the Dean, School of Medicine, for central coordination, supervision, and implementation of School of Medicine/Uniformed Services University of the Health Sciences academic and investigative/research activities performed within his/her respective Military Medical Center Command. Additionally, each Associate Dean for Clinical and Academic Affairs will represent the interests of his/her affiliated Medical Center Command within the School of Medicine and serve as principal advisor to the Dean, School of Medicine, for all professional and military matters within that command which are relevant to the School of Medicine or the Uniformed Services University of the Health Sciences.

(9) *Dean of the Military Medical Education Institute.* (i) The Dean of the Military Medical Education Institute will be responsible for planning, directing, and managing the activities of the Military Medical Education Institute.

(ii) He or she will recommend to the President and to the Board, personnel for faculty appointments and will perform such duties as may be directed from time to time by the Board or the President.

(iii) He or she will recommend to the President persons for appointment to such administrative positions as he or she deems proper.

[54 FR 11947, Mar. 23, 1989]

§ 242b.8 Amendment of procedures—Rules of Order.

(a) *Amendments.* These general procedures and delegations may be amended at any meeting of the Board of Regents by the affirmative vote of two-thirds (⅔) of the Regents present at the meeting; provided, however, that notice of proposed amendments and the text of such amendments have been distributed at the preceding meeting and have accompanied the notice of the current meeting, or there is a duly completed waiver of notice.

(b) *Order of business.* The order of business shall be at the discretion of the Chairman unless otherwise specified by the Board.

(c) *Rules of Order.* In the determination of all questions of parliamentary usage, the decision of the presiding officer shall be based upon the latest available revision of *Robert's Rules of Order*.

PART 245—PLAN FOR THE EMERGENCY SECURITY CONTROL OF AIR TRAFFIC (ESCAT)

Sec.

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245.33 Approval.

AUTHORITY: 5 U.S.C. 301, 552.

SOURCE: 71 FR 61889, Oct. 20, 2006, unless otherwise noted.

Subpart A—General

§ 245.1 Purpose.

This part:

(a) Is authorized by the Communications Act of 1934, as amended, 5 U.S.C. 301, 552, Executive Order 12656 (''Assignment of Emergency Preparedness Responsibilities'', November 18, 1988), as amended.

(b) Defines the jointly developed and agreed upon responsibilities of the Department of Transportation/Federal Aviation Administration (DOT/FAA), Department of Homeland Security/Transportation Security Administration (DHS/TSA), and Department of Defense (DoD) authorities for the security control of civil and military air traffic. It implements policy, assigns responsibilities, and prescribes procedures for implementation and performance of the ESCAT Plan. The Emergency Security Control of Air Traffic (ESCAT) is an emergency preparedness plan that prescribes the joint action to be taken by appropriate elements of the DoD, the DOT and the DHS in the interests of national security to control air traffic under emergency conditions.

§ 245.2 Applicability.

This part applies to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, the Combatant Commands, the DOT, the FAA, the DHS, and the TSA.

§ 245.3 Responsibilities.

The Assistant Secretary of Defense for Networks and Information Integration will ensure the responsibilities of the DoD are implemented. The DOT and the DHS shall implement the procedures and actions requested by the Department of Defense.

Subpart B—Explanation of Terms, Acronyms and Abbreviations

§ 245.5 Terms.

For the purpose of this part, the words ''will'' and ''shall'' denote mandatory action by the affected person(s) or agency(ies).

Air control measures. Airspace and/or flight restrictions that may be issued in support of National Defense or Homeland Security initiatives.

Air defense. All defensive measures designed to destroy attacking enemy aircraft or missiles as well as enemy operated aircraft or missiles in the Earth's envelope of atmosphere, or to nullify or reduce the effectiveness of such attack.

Air defense area (ADA). Airspace of defined dimensions designated by the appropriate agency within which the ready control of airborne vehicles is required in the interest of national security.

Air defense emergency (ADE). An emergency condition, declared by the appropriate military authority, that exists when attack upon the continental United States, Alaska, Hawaii, other U.S. territories and possessions or Canada by hostile aircraft or missiles is considered probable, is imminent, or is taking place.

Air defense identification zone (ADIZ). Airspace of defined dimensions within which the ready identification, location, and control of airborne vehicles are required.

Air defense liaison officer (ADLO). FAA representative at a North American Aerospace Defense Command (NORAD) air defense facility (NORAD Region or NORAD Air Defense Sector).

Air defense region. A geographical subdivision of an air defense area.

Air defense sector. A geographical subdivision of an air defense region.

Air traffic control system command center (ATCSCC). FAA Command Center responsible for the efficient operation of the National Airspace System, ensuring safe and efficient air travel within the United States.

Anchor annex flight. Classified DoD mission.

Appropriate military authority. The military commander with the authority to direct the implementation of this part. The appropriate military authorities are designated in part 245.11, (a)(1), (a)(2), (a)(3) and (b)(1), (b)(2), (b)(3).

Chief of the Defense Staff (CDS). Canada's counterpart to the Chairman, Joint Chiefs of Staff.

Civil reserve air fleet (CRAF). Those aircraft allocated, or identified for allocation, to the DoD under section 101 of the Defense Production Act of 1950 (50 U.S.C. App. 2071), or made available (or agreed to be made available) for use by the DoD under a contract made under this title, as part of the program developed by the DoD through which the DoD augments its airlift capability by use of civil aircraft.

Combatant Command. A command with a broad continuing mission under a single commander established and so designated by the President, through the Secretary of Defense and with the advice and assistance of the Chairman of the Joint Chiefs of Staff. The Combatant Commands typically have geographic or functional responsibilities. For the purposes of this part, the term ''combatant command'' also includes NORAD.

Continental United States (CONUS). All U.S. territory of the 48 contiguous states (does not include Alaska and Hawaii), including the adjacent territorial waters within 12 miles of the coast of the 48 contiguous states.

Contingency operations. A military operation that:

(1) Is designated by the Secretary of Defense as an operation in which members of the armed forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States or against an opposing military force; or

(2) Results in the call or order to, or retention on, active duty of members of the uniformed services under section 688, 12301 (a), 12302, 12304, 12305, or 12406 of title 10 U.S.C., chapter 15, as amended by E.O. 13286, February 28 2003, or any other provision of law during a war or during a national emergency declared by the President or Congress.

Defense emergency. An emergency condition that exists when:

(1) A major attack is made upon U.S. forces overseas or on allied forces in any theater and is confirmed by either the commander of a command established by the Secretary of Defense or higher authority; or

(2) An overt attack of any type is made upon the United States and is confirmed either by the commander of a command established by the Secretary of Defense or higher authority.

Dispersal. Relocation of forces for the purpose of increasing survivability.

Diversion. A change made in a prescribed route or destination for operational or tactical reasons.

Domestic event network (DEN). A 24/7 FAA sponsored, telephonic conference call network that includes all of the Air Route Traffic Control Centers (ARTCC) in the U.S. It also includes various other governmental agencies that monitor the DEN. The purpose of the DEN is to provide timely notification to the appropriate authorities that there is an emerging air-related problem or incident within the CONUS.

ESCAT air traffic priority list (EATPL). A list comprised of eight priorities designed to control the volume of air traffic when ESCAT has been implemented.

National Airspace System (NAS). The NAS consists of the overall environment for the safe operation of aircraft that are subject to the FAA's jurisdiction. It includes: air navigation facilities, equipment and services, airports or landing areas; aeronautical charts,

information and services; rules, regulations and procedures, technical information, and manpower and material. Included are system components used by the DoD.

National emergency. A condition declared by the President or the Congress by virtue of powers previously vested in them that authorize certain emergency actions to be undertaken in the national interest. Actions to be taken may include partial, full, or total mobilization of national resources.

Navigational aids (NAVAIDs). Aids to navigation, including but are not limited to, Global Positioning System (GPS), Tactical Air Navigation (TACAN), VHF Omnidirectional range (VOR), VHF Omnidirectional range/Tactical Air Navigation (VORTAC), Radar, and Long Range Navigation (LORAN). GPS also includes its Federal government-provided augmentations, *i.e.*, the FAA Wide Area Augmentation System (WAAS) and Local Area Augmentation System (LAAS), United States Coast Guard (USCG) Maritime Differential GPS (MDGPS) and USCG Nationwide Differential GPS (NDGPS).

North American Aerospace Defense Command (NORAD). A combined military command established by the Governments of Canada and the United States responsible for North American aerospace warning and control. Headquartered in Colorado Springs, CO, NORAD is subdivided into three geographic regions: Alaska NORAD Region (ANR), Canadian NORAD Region (CANR) and the CONUS NORAD Region (CONR).

Security assurance check. Measures taken by DoD/DHS, as appropriate, to ensure aircraft, cargo and crew security has not been compromised by hostile organizations or individuals who are or may be engaged in espionage, sabotage, subversion, terrorism or other criminal activities.

Security control authorization (SCA). Authorization for an EATPL category eight aircraft to take off when ESCAT has been implemented, which will be coordinated between DHS and the appropriate military authority.

Special Use Airspace (SUA). Airspace of defined dimensions identified by an area on the surface of the earth wherein activities must be confined because of their nature, and/or wherein limitation may be imposed upon aircraft operations that are not part of those activities. Types of special use airspace include Military Operations Areas, Prohibited Areas, Restricted Areas and Warning Areas.

[71 FR 61889, Oct. 20, 2006; 71 FR 66110, Nov. 13, 2006]

§ 245.6 Abbreviations and acronyms.

AADC—Area Air Defense Commander
ADE—Air Defense Emergency
ADIZ—Air Defense Identification Zone
ADLO—Air Defense Liaison Officer
AMC—Air Mobility Command
ANR—Alaska NORAD Region
AOR—Area of Responsibility
ARTCC—Air Route Traffic Control Center
ATC—Air Traffic Control
ATCSCC—Air Traffic Control System Command Center
CARDA—Continental U.S. Airborne Reconnaissance for Damage Assessment
CDS—Chief of the Defence Staff (Canada)
CERAP—Center-RAPCON
CJCS—Chairman, Joint Chiefs of Staff
CONR—CONUS NORAD Region
CONUS—Continental United States
CRAF—Civil Reserve Air Fleet
DEN—Domestic Event Network
DHS—Department of Homeland Security
DND—Department of National Defence (Canada)
DoD—Department of Defense
DOT—Department of Transportation
EATPL—ESCAT Air Traffic Priority List
E.O.—Executive Order
ESCAT—Emergency Security Control of Air Traffic
FAA—Federal Aviation Administration
IFR—Instrument Flight Rules
LEA—Law Enforcement Agencies
LIFEGUARD—Civilian air ambulance flights
LNO—Liaison Officer
MEDEVAC—Medical air evacuation flight
NAS—National Airspace System
NEADS—Northeast Air Defense Sector (NORAD)
NORAD—North American Aerospace Defense Command

PACAF—Pacific Air Forces
SCA—Security Control Authorization
SEADS—Southeast Air Defense Sector (NORAD)
SUA—Special Use Airspace
TSA—Transportation Security Administration
USNORTHCOM—U.S. Northern Command
USPACOM—U.S. Pacific Command
VFR—Visual Flight Rules
WADS—Western Air Defense Sector (NORAD)

[71 FR 61889, Oct. 20, 2006; 71 FR 66110, Nov. 13, 2006]

Subpart C—The ESCAT Plan

§ 245.8 Purpose.

This part establishes responsibilities, procedures, and instructions for the security control of civil and military air traffic in order to provide effective use of airspace under various emergency conditions.

§ 245.9 Authority.

(a) E.O. 12656, 18 November 1988, which assigns emergency preparedness functions to Federal departments and agencies.

(b) E.O. 13074, Amendment to E.O. 12656, February 9, 1998.

(c) E.O. 13286, Amendment of E.O. 13276, 13274, 13271, 13260, 13257, 13254, and 13231, and Other Actions, in Connection With the Transfer of Certain Functions to the Secretary of Homeland Security, February 28, 2003.

(d) Title 10 U.S.C.—Armed Forces.

(e) Title 49 U.S.C., Subtitle VII—Aviation Programs.

(f) Communications Act of 1934, as amended.

(g) Aviation and Transportation Security Act of 2001 (Pub. L. 107–71), establishes the TSA and transfers civil aviation security responsibilities from FAA to TSA.

(h) Homeland Security Act of 2002 (Pub. L. 107–296), establishes DHS and transfers the transportation security functions of the DOT and Secretary of Transportation and the TSA to DHS.

(i) DoD Directive 5030.19,[1] ''DoD Responsibilities on Federal Aviation and National Airspace System Matters,'' outlines DoD/ NORAD responsibilities for the development of plans and policies in concert with the DOT, FAA and USCG for the establishment of a system for identification and emergency security control of air traffic.

§ 245.10 Scope.

This part applies to all U.S. territorial airspace and other airspace over which the FAA has air traffic control jurisdiction by international agreement.

§ 245.11 General description of the ESCAT plan.

The part defines the authorities, responsibilities, and procedures to identify and control air traffic within a specified air defense area during air defense emergencies, defense emergency, or national emergency conditions.

(a) For the purpose of this part, the appropriate military authorities are as follows:

(1) Contiguous 48 U.S. states, including Washington, DC; Alaska; and Canada—Commander NORAD or individual NORAD Region/Sector commanders.

(2) Hawaii, Guam, Wake Island, other U.S. Pacific Territories, and Pacific oceanic airspace over which FAA has air traffic control jurisdiction by international agreement—Commander, U.S. Pacific Command (USPACOM) or designated AADC.

(3) Puerto Rico and U.S. Virgin Islands—Commander, NORAD.

(b) This part provides for security control of both civil and military air traffic. It is intended to meet threat situations such as:

(1) An emergency resulting in the declaration of an Air Defense Emergency by the appropriate military authority. Under this condition, NORAD and USPACOM Commanders have authority to implement ESCAT and may consider executing this part.

(2) An adjacent Combatant Command is under attack and an Air Defense Emergency has not yet been declared. Under these conditions, NORAD and USPACOM Commanders may direct implementation of ESCAT for their own AORs individually, if airspace control measures are warranted and agreed upon by DoD/DHS/DOT.

[1] Copies may be obtained at *http://www.dtic.mil/whs/directives/corres/dir2.html.*

(3) Emergency conditions exist that either threaten national security or national interests vital to the U.S., but do not warrant declaration of Defense Emergency or Air Defense Emergency. Under these conditions, NORAD and USPACOM Commanders may direct implementation of ESCAT for their own AORs individually, if airspace control measures are warranted and agreed upon by DoD/DHS/DOT.

§ 245.12 Amplifying instructions.

(a) Prior to any formal ESCAT implementation, the appropriate military authority will consult with DOT through the FAA Administrator and DHS through the TSA Administrator to discuss the air traffic management, airspace and/or security measures required. Every effort will be made to obtain the approval of the Secretary of Defense prior to ESCAT declaration, time and circumstance permitting. Any ESCAT implementation will be passed as soon as possible through the Chairman of the Joint Chiefs of Staff to the Secretary of Defense.

(b) ESCAT may be implemented in phases to facilitate a smooth transition from normal air traffic identification and control procedures to the more restrictive identification and control procedures specific to the situation.

(c) Once ESCAT is implemented, the appropriate military authority will consult regularly with DOT (through the FAA Administrator) and DHS (through the TSA Administrator) as appropriate, regarding any changes in the air traffic management, airspace, and/or security measures required.

(d) Interference with normal air traffic should be minimized.

(e) The process for implementation of measures for mitigation of hostile use of NAVAID signals, when required, will be subject to separate agreement between DoD and other Departments and Agencies.

(f) Upon the formal declaration of ESCAT, the appropriate military authority has the final authority regarding the extent of measures necessary for successful mission completion.

(g) The rules/procedures governing Special Use Airspace (SUA) will remain in effect until notified by the appropriate military authority. The appropriate military authority will address SUA use in the ESCAT activation message.

(h) Appropriate Combatant Commanders, in conjunction with their FAA and TSA Liaisons, will prepare supplements to this part for their area of responsibility. These supplements are to consider the special requirement of organized civil defense and disaster relief flights, agricultural and forest fire flights, border patrol flights, and other essential civil air operations so that maximum use of these flights, consistent with air defense requirements, will be made when ESCAT is in effect.

(i) Flight operations vital to national defense, as determined by appropriate military commanders, will be given priority over all other military and civil aircraft.

(j) Prior to or subsequent to the declaration of an Air Defense Emergency, Defense Emergency, or National Emergency, there may be a requirement to disperse military aircraft for their protection. If such dispersal plans are implemented when any part of this part has been placed in effect, operations will be in accordance with the requirements of that portion of the ESCAT plan that is in effect. If any part of the ESCAT plan is ordered while dispersal is in progress, dispersal operations will be revised as required to comply with ESCAT.

(k) Direct communications are authorized between appropriate agencies and units for the purpose of coordinating and implementing the procedures in this part.

(l) To ensure implementation actions can be taken expeditiously, ESCAT tests will be conducted periodically, but at least annually in accordance with § 245.31 of this part.

(m) The area of responsibility of the appropriate military authority does not always align with ARTCC boundaries, especially in the NORAD area where one ARTCC's boundaries may lie within two or more CONUS NORAD Sectors. For NORAD and USPACOM, the FAA ARTCCs/CERAPs are aligned as follows:

Command/region/sector	ARTCC's
CONR South East Air Defense Sector (SEADS)	Atlanta, Fort Worth, Houston, Indianapolis, Jacksonville, Kansas City, Memphis, Miami, Washington, San Juan CERAP.
CONR North East Air Defense Sector (NEADS)	Boston, Chicago, Cleveland, Minneapolis, New York, Indianapolis, Kansas City, Atlanta, Memphis, Washington.
CONR Western Air Defense Sector (WADS)	Albuquerque, Denver, Los Angeles, Oakland, Salt Lake City, Seattle, Fort Worth, Houston, Kansas City, Minneapolis.
ANR (Alaskan NORAD Region)	Anchorage.
PACOM	Honolulu CERAP, Oakland, Anchorage.

(n) Commander NORAD, acting for the DoD, will process and distribute administrative and organizational changes as they occur; however, this part will be reviewed at least once every two years by DHS/TSA, DOT/FAA, and DoD and reissued or changed as required. Recommended changes should be forwarded to: Headquarters North American Air Defense Command, Commander NORAD/J3, ATTN: NJ33C, 250 Vandenberg Street, Suite B106, Peterson AFB, CO 80914–3818.

§ 245.13 Responsibilities.

(a) The NORAD and USPACOM Commanders will:

(1) Establish the military requirements for ESCAT.

(2) Implement the plan as appropriate by declaring ESCAT (including the timing and scope) within their AOR.

(3) Terminate the plan as appropriate by discontinuing ESCAT (including the timing and scope) within their AOR.

(4) Coordinate with the Secretary of Defense or his designee, the CJCS, other Combatant Commands, the Department of Transportation, the Department of Homeland Security and the Canadian Minister of National Defence, as appropriate, regarding procedures for ESCAT implementation.

(b) The DOT (through the FAA Administrator) will:

(1) Establish the necessary FAA directives/plans including special ATC procedures to implement this part.

(2) Maintain liaison with Combatant Commands whose AORs include FAA areas of authority through the appropriate LNO, or FAA ADLO offices.

(3) Administer this part in accordance with established requirements.

(4) Ensure authorized FAA ADLO positions at NORAD facilities are staffed.

(5) Publish a common use document describing ESCAT and its purpose for use by civil aviation.

(6) Ensure FAA participation with the Combatant Commands in the testing of this part.

(7) Ensure the FAA Air Traffic Organization Service Units will:

(i) Disseminate information and instructions implementing this part within their AORs.

(ii) Place in effect procedures outlined in this part.

(iii) Assist appropriate military authorities in making supplemental agreements to this part as may be required.

(iv) Ensure each ARTCC/CERAP has a plan for diverting or landing expeditiously all aircraft according to the ESCAT priorities imposed upon implementation of ESCAT. Ensure a review and verification of the diversion plan is accomplished each calendar year.

(8) Ensure the ATCSCC/ARTCC/CERAPs will:

(i) Participate with Combatant Commanders in the training/testing of this part at all operational level.

(ii) Ensure dissemination of information and instructions implementing this part within their AORs.

(iii) Place in effect procedures outlined in this part.

(iv) Develop a plan for diverting or landing expeditiously all aircraft according to the ESCAT priorities imposed upon implementation of ESCAT. Review the diversion plan each calendar year.

(c) The DHS (through the TSA Administrator) will:

(1) Establish the necessary TSA directives/plans including special security procedures to implement this part.

(2) Maintain liaison with Combatant Commands whose AORs include TSA geographic areas of authority through the appropriate Federal Security Directors or other field offices.

(3) Administer this part in accordance with established requirements.

(4) Ensure authorized TSA liaison positions at NORAD facilities are staffed.

(5) Issue security directives describing ESCAT and its purpose for use by airport and aircraft operators.

(6) Ensure TSA participation with the Combatant Commands in the testing of this part.

(7) Ensure TSA Federal Security Directors and field offices:

(i) Disseminate information and instructions implementing this part within their AOR.

(ii) Implement procedures outlined in this part.

(iii) Assist appropriate military authorities in making supplemental agreements to this part, as necessary.

(d) The Commanders of Combatant Commands will:

(1) Ensure that departing North American strategic flights are coordinated with appropriate NORAD and FAA/NAVCANADA authorities.

(2) Ensure training/testing of this part at all levels within their command, as appropriate.

Subpart D—Procedures for Implementation of ESCAT

§ 245.15 Appropriate military authority.

Appropriate military authority will take the following actions:

(a) Notify or coordinate, as appropriate, the extent or termination of ESCAT implementation with DOT and DHS.

(b) Disseminate the extent of ESCAT implementation through the Noble Eagle Conferences and the FAA DEN.

(c) Specify what restrictions are to be implemented. Some examples of restrictions to be considered include:

(1) Defining the affected area.

(2) Defining the type of aircraft operations that are authorized.

(3) Defining the routing restrictions on flights entering or operating within appropriate portions of the affected area.

(4) Defining restrictions for the volume of air traffic within the affected area, using the EATPL, paragraph 245.22 of this part) and Security Control Authorizations, as required.

(5) Setting altitude limitations on flight operations in selected areas.

(6) Restricting operations to aircraft operators regulated under specified security programs (e.g., the Aircraft Operator Standard Security Program (AOSSP), and the Domestic Security Integration Program (DSIP).

(d) Revise or remove restrictions on the movement of air traffic as the tactical situation permits.

§ 245.16 ATCSCC.

ATCSCC will direct appropriate ARTCCs/CERAPs to implement ESCAT restrictions as specified by the appropriate military authority. ARTCCs/CERAPs will take the following actions when directed to implement ESCAT:

(a) Provide the appropriate military authority feedback through the ATCSCC on the impact of restrictions and when the restrictions have been imposed.

(b) Impose restrictions on air traffic as directed.

(c) Disseminate ESCAT implementation instructions to U.S. civil and military air traffic control facilities and advise adjacent air traffic control facilities.

§ 245.17 U.S. civil and military air traffic control facilities.

U.S. civil and military air traffic control facilities will:

(a) Maintain current information on the status of restrictions imposed on air traffic.

(b) Process flight plans in accordance with current instructions received from the ARTCC. All flights must comply with the airspace control measures in effect, the EATPL, or must have been granted a Security Control Authorization.

(c) Disseminate instructions and restrictions to air traffic as directed by the ARTCCs.

§ 245.18 Transportation security operations center (TSOC).

TSOC will direct appropriate FSDs and field offices to implement ESCAT restrictions as specified by the appropriate military authority. FSDs and field offices will take the following actions when directed to implement ESCAT:

(a) Provide the appropriate military authority feedback through the TSOC on the impact of restrictions and when the restrictions have been implemented.

(b) Impose restrictions on civil aviation as directed by DOT/DHS.

(c) Disseminate ESCAT implementation instructions to U.S. civil aircraft operators and airports.

Subpart E—ESCAT Air Traffic Priority List (EATPL)

§ 245.20 Purpose.

When ESCAT is implemented, a system of traffic priorities may be required to make optimum use of airspace, consistent with air defense requirements. The EATPL is a list of priorities that may be used for the movement of air traffic in a defined area. Priorities shall take precedence in the order listed and subdivisions within priorities are equal.

§ 245.21 ESCAT air traffic priority list.

(a) *Priority One.* (1) The President of the United States, Prime Minister of Canada and respective cabinet or staff members essential to national security, and other members as approved or designated by the Secretary of Defense and Chief of the Defence Staff.

(2) Aircraft engaged in active continental defense missions, including anti-submarine aircraft, interceptors, air refueling tanker aircraft, and airborne early-warning and control aircraft (e.g., E–3, E–2, P–3).

(3) Military retaliatory aircraft, including direct tanker support aircraft, executing strategic missions.

(4) Airborne command elements which provide backup to command and control systems for the combat forces.

(5) Anchor annex flights.

(b) *Priority Two.* (1) Forces being deployed or in direct support of U.S. military offensive and defensive operations including the use of activated Civil Reserve Air Fleet (CRAF) aircraft as necessary, and/or other U.S. and foreign flag civil air carrier aircraft under mission control of the U.S. military.

(2) Aircraft operating in direct and immediate support of strategic missions.

(3) Search and rescue aircraft operating in direct support of military activities.

(4) Aircraft operating in direct and immediate support of special operations missions.

(5) Federal flight operations in direct support of homeland security, e.g., Law Enforcement Agencies (LEA) and aircraft performing security for high threat targets such as Nuclear Power Plants, Dams, Chemical Plants, and other areas identified as high threat targets.

(c) *Priority Three.* (1) Forces being deployed or performing pre-deployment training/workups (e.g., Navy Field Carrier Landing Practice) in support of the emergency condition.

(2) Aircraft deployed in support of CONUS installation/base defense, i.e., aircraft operating in direct/immediate security support, or deploying ground forces for perimeter defense.

(3) Search and rescue aircraft not included in Priority Two.

(4) Flight inspection aircraft flights in connection with emergency restoration of airway and airport facilities in support of immediate emergency conditions.

(5) Continental U.S. Airborne Reconnaissance for Damage Assessment (CARDA) missions in support of immediate emergency conditions.

(d) *Priority Four.* (1) Dispersal of tactical military aircraft.

(2) Dispersal of U.S. civil air carrier aircraft allocated to the CRAF Program.

(3) Repositioning of FAA/DoD/DND flight inspection aircraft.

(4) Flight inspection activity in connection with airway and airport facilities.

(5) Specific military tactical pilot currency or proficiency in support of homeland defense.

(6) Military tactical aircraft post-maintenance test flights.

(7) Federal aircraft post maintenance check flights in support of homeland security.

(e) *Priority Five.* (1) Air transport of military commanders, their representatives, DoD/DND-sponsored key civilian personnel, non-DoD/DND or other Federal key civilian personnel who are of importance to national security.

(2) Dispersal of non-tactical military aircraft for their protection.

(3) Aircraft contracted to and/or operated by Federal agencies

(f) *Priority Six.* (1) State and local LEA directly engaged in law enforcement missions.

(2) Flight operations in accordance with approved Federal and State emergency plans.

(3) LIFEGUARD and MEDEVAC aircraft in direct support of emergency medical services.

(4) Flight operations essential to the development, production, and delivery of equipment, personnel, materials, and supplies essential to national security.

(5) Other essential CARDA missions not covered in Priority Three.

(g) *Priority Seven.* Other military flight operations.

(h) *Priority Eight.* Other flight operations not specifically listed in priorities 1 through 7.

§ 245.22 Policy for application of EATPL.

(a) The originator of an aircraft flight operation under the EATPL shall be responsible for determining and verifying that the mission meets the appropriate definition and priority in accordance with the list described in § 245.22 of this part , and ensuring a security check of crew, cargo and aircraft has been completed prior to take off.

(b) The individual filing the flight plan will be responsible for including the priority number as determined by the originator of the aircraft flight operation, in the remarks section of the flight plan.

(c) Situations may occur that cannot be controlled by the EATPL. Aircraft emergencies and inbound international flights that have reached the point of no return, including foreign air carrier flights en route to safe haven airports in accordance with specific international agreements are examples of such situations. These events must be treated individually through coordination between ATC and appropriate military authorities in consideration of the urgency of the in-flight situation and existing tactical military conditions.

(d) *Exceptions to EATPL.* (1) DoD aircraft in priorities three through seven that do not meet EATPL restrictions may request an exemption from the appropriate military authority. For the contiguous 48 U.S. states, Alaska, Puerto Rico, U.S. Virgin Islands and Canada, requests shall be submitted to the appropriate NORAD Sector. For Hawaii, Guam, Wake Island, other U.S. Pacific Territories, and Pacific oceanic airspace over which FAA has air traffic control jurisdiction by international agreement, requests shall be submitted to the designated AADC.

(2) For Federal, State, local government agencies and aircraft in priority eight, a Security Control Authorization may be granted on a case-by-case basis. Requests for SCAs will be coordinated through TSA. TSA will forward those requests that it recommends for approval to the appropriate military authority. Aircraft with a SCA shall have a Security Assurance Check prior to take off. Refer to specific SCA procedures provided in separate agreement between the appropriate military authority and TSA.

[71 FR 61889, Oct. 20, 2006; 71 FR 66110, Nov. 13, 2006]

Subpart F—Procedure for Movement of Air Traffic Under ESCAT

§ 245.24 Aircraft assigned an EATPL number 1 or 2.

Aircraft assigned an EATPL number 1 or 2 will not be delayed, diverted, or rerouted by Combatant Commanders. However, commanders may recommend that this traffic be rerouted to avoid critical or critically threatened areas.

§ 245.25 Aircraft assigned an EATPL number other than 1 or 2.

Aircraft assigned an EATPL number other than 1 or 2 may be delayed, diverted, or rerouted by Combatant Commanders to prevent degradation of the air defense system.

§ 245.26 Aircraft being recovered.

Aircraft being recovered will be expedited to home or an alternate base.

Search and Rescue aircraft may be expedited on their missions. Such aircraft may be diverted to avoid critical areas or takeoff may be delayed to prevent saturation of airspace.

§ 245.27 Data entry.

Aircraft will file IFR or VFR flight plans, assigned a discrete transponder code, and must be in direct radio communication with ATC. The appropriate EATPL number will be entered in the remarks section of the flight plan. The EATPL number will be passed with flight plan data from one ATC facility to the next, and to the appropriate air defense control facilities.

Subpart G—Test Procedures

§ 245.29 Purpose.

The purpose of establishing training/test procedures is to specify procedures that will allow all participants to determine the time required and assure the capability to notify all agencies/personnel, down to the lowest action level, that ESCAT has been implemented. To ensure the proper level of participation, the appropriate military authority will provide, at a minimum, 30 days notice of a test to the appropriate civil agencies. Testing shall be conducted at least annually.

§ 245.30 ESCAT test procedures restrictions.

(a) Aircraft will not be grounded or diverted.

(b) Test messages will not be broadcast over air/ground frequencies.

(c) Radio communications will not be interrupted.

(d) Navigation Aids will not be affected.

§ 245.31 ESCAT test.

For ESCAT testing, the responsible military commander will notify the ATCSCC using the following sample statement:

(a) Exercise, Exercise, Exercise, this is CONUS NORAD Region with a NORAD exercise message for _____ (State exercise name) _____.

Simulate implementing ESCAT for _____ (Specified Area) _____.

The following air control measures are being implemented. (Some examples are: Flight restricted zones, Temporary Flight Restrictions, and/or other specific air control measures for operators.) _____, _____, _____, _____.

All aircraft not previously mentioned as exemptions are restricted from flight in the affected area until further notice.

and/or

EATPL Priorities _____ through _____ are being implemented.

ATCSCC will advise the appropriate military commander when the affected FAA ATC facilities have reported simulating ESCAT.

This is an exercise message for _____ (State exercise name) _____. Exercise, Exercise, Exercise.

(b) ATCSCC will notify ARTCC(s)/CERAP(s).

(c) ARTCC(s)/CERAP(s) will notify all appropriate U.S. civil and military approach control facilities and FSS. Upon completion of all actions, the implementation completion time will be forwarded to the ATCSCC.

(d) ATCSCC will provide completion times to the appropriate military authority.

(e) Tests should normally be conducted in conjunction with scheduled headquarters NORAD approved exercises. Individual NORAD Regions and Sectors may conduct tests when test objectives are local in nature and prior coordination has been effected with the ATCSCC.

(g) A narrative summary of each test will be prepared by the ATCSCC and copies sent to the appropriate military authority. Each military authority will, in turn, forward copies of the summary to HQ NORAD and DHS.

Subpart H—Authentication

§ 245.33 Approval.

Authentication will be accomplished via secure communications means between the appropriate military authority and the ATCSCC for the implementation of ESCAT. Implementation will be validated with a call back via secure communications to the appropriate

military authority. Further dissemination of information may be accomplished over non-secure communications.

PART 246—STARS AND STRIPES (S&S) NEWSPAPER AND BUSINESS OPERATIONS

Sec.
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APPENDIX A TO PART 246—MISSION
APPENDIX B TO PART 246—BUSINESS AND FINANCIAL OPERATIONS
APPENDIX C TO PART 246—PERSONNEL POLICIES AND PROCEDURES
APPENDIX D TO PART 246—EDITORIAL OPERATIONS
APPENDIX E TO PART 246—STARS AND STRIPES (S&S) BOARD OF DIRECTORS

AUTHORITY: 10 U.S.C. 136.

SOURCE: 59 FR 19137, Apr. 22, 1994, unless otherwise noted.

§ 246.1 Purpose.

This part:

(a) Establishes policy, assigns responsibilities, and prescribes procedures for the S&S organizations owned by designated Unified Commands consistent with 32 CFR part 372.

(b) Supersedes policies and procedures in 32 CFR part 247 about the S&S newspapers.

(c) Authorizes the establishment, management, operation, and oversight of the Stars and Stripes, including the resale of commercial publications necessary to support the overall S&S mission, production, distribution authority, and business operations as mission-essential activities of the Department of Defense and the designated Unified Commands.

(d) Designates the Secretary of the Army as the DoD Executive Agent for providing administrative and logistical support to the American Forces Information Service (AFIS), designated Unified Commands, and the S&S.

(e) Authorizes the Commander in Chief, U.S. European Command, and the Commander in Chief (CINC), U.S. Pacific Command, to establish and maintain a S&S board of directors to address S&S business operations in their Unified Commands.

§ 246.2 Applicability.

This part applies to the Office of the Secretary of Defense, the Military Departments (including their National Guard and Reserve components), the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Commands, the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as ''the DoD Components''). The term ''the Military Services,'' as used herein, refers to the Army, the Navy, the Air Force, and the Marine Corps.

§ 246.3 Definitions.

(a) *Adverse Conditions.* Conditions that may adversely affect the survival of the newspapers such as troop drawdown, increase in troop population, currency fluctuations, inflation, armed conflict, national contingency deployment, and others.

(b) *S&S Commander/Publisher.* The senior position in each S&S responsible for simultaneously performing dual functions. This military officer commands the S&S to which assigned, while also serving as the publisher of the Stars and Stripes produced by that organization.

(c) *S&S Management Action Group (MAG) and S&S Steering Committee.* These are ad hoc joint committees between the Office of the Assistant Secretary of Defense (Public Affairs) [OASD (PA)] and the Office of the Assistant Secretary of Defense (Force Management and Personnel) [OASD (FM&P)] that address S&S personnel and business policies. The S&S MAG is chaired by the senior OASD (PA) AFIS member and includes members from the OASD (FM&P) and other DoD offices with the authority and expertise to address various S&S problems. The Director of the AFIS, and the Deputy Assistant Secretary, OASD (FM&P), serves as co-chairman of the S&S Steering Committee that addresses DoD-level S&S issues. Neither the DoD S&S Steering Committee, nor the S&S

MAG, involve themselves in Stars and Stripes editorial policies.

(d) *S&S Ombudsman*. A highly qualified journalist hired from outside the Department of Defense for a term of 3 years who independently advises the Unified Command CINCs, the S&S commander/publisher, the Stars and Stripes editor, the Director of the AFIS, and the Congress on matters of readership interest in the Stars and Stripes.

(e) *Stars and Stripes*. The title of one, or both, depending on the context of usage, of the newspapers produced by the S&S.

(f) *Stars and Stripes Editor*. The senior civilian position on the newspaper editorial staff of the S&S to which he or she is assigned. All mention of ''the editor'' in this part refers exclusively to this position, unless otherwise specified.

(g) *Stars and Stripes (S&S)*. The organizations that perform the administrative, editorial, and business operations, which include newspapers, bookstores, job-printing plants, etc. necessary to do their mission.

§ 246.4 Policy.

It is DoD policy that:

(a) The U.S. European Command and the U.S. Pacific Command are authorized to publish the Stars and Stripes and provide support to the S&S. The Unified Command component commanders and their public affairs staffs shall provide the Stars and Stripes editorial staffs the same help provided to commercial newspapers, in compliance with the principles governing the release of information to media in 32 CFR part 375.

(b) Editorial policies and practices of the Stars and Stripes shall be in accordance with journalistic standards governing U.S. daily commercial newspapers of the highest quality, with emphasis on matters of interest to the Stars and Stripes readership. Except as provided in paragraph (e) of this section, the DoD policy for the Stars and Stripes is that there shall be a free flow of news and information to its readership without news management or censorship. The calculated withholding of unfavorable news is prohibited.

(c) The S&S are basically self-sustaining operations. Each S&S shall be administered in accordance with DoD Directive 1015.1[1] as a joint-Service nonappropriated fund (NAF) instrumentality (NAFI) in its Unified Command, except where different procedures are specified in this part. Funding shall be provided through newspaper sales, resale of commercial publications, authorized advertising, job printing, and appropriated fund (APF) support as authorized by this part, DoD Directive 1015.6[2] and DoD Instruction 1330.18[3]. The S&S shall conduct bookstore operations similar to business operations of commercial bookstores in the United States. The Stars and Stripes and the S&S bookstores provide important news and information to U.S. personnel and their families stationed overseas while generating NAF revenues.

(d) The Stars and Stripes personnel procedures shall differ from commercial newspapers only because the S&S are U.S. Government organizations that are required to operate in accordance with the following:

(1) 32 CFR part 40, other Federal laws and DoD Directives that affect all DoD employees, and the Manual for Courts Martial (MCM), 1984[4], for S&S military personnel on active duty.

(2) National security constraints prescribed by E.O. 12356 (47 FR 14874 and 15557, 3 CFR, 1982 Comp., p. 166).

(3) Overseas status of forces agreements (SOFAs), where applicable.

(e)(1) The only circumstances under which news or information that is not in the public domain may be directed to be withheld from publication in the Stars and Stripes by a Unified Command CINC are when such publication:

(i) Involves disclosure of classified national security information.

(ii) Would adversely affect national security.

(iii) Clearly endangers the lives of U.S. personnel.

(2) Those circumstances in paragraphs (e)(1)(i) through (e)(1)(iii) may

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[2] See footnote 1 to § 246.4(c).

[3] See footnote 1 to § 246.4(c).

[4] See footnote 1 to § 246.4(c).

not be construed to permit the calculated withholding of news unfavorable to the Department of Defense, the Military Services, or the U.S. Government. Only the Unified Command CINC may authorize withholding of news or information from the Stars and Stripes. When the CINC directs withholding of publication, the Unified Command shall immediately inform the ASD(PA) by telephone and then forward an immediate precedence, appropriately classified, message to the following: SECDEF Washington DC// OATSD-PA, with information copies to the Director, AFIS, and the Special Assistant for Public Affairs to the Chairman of the Joint Chiefs of Staff. The CINC may include the appropriate ''AMEMBASSY'' as an information addressee.

(f) Sensitivities of host-nations shall not be a reason to withhold any story from publication in the Stars and Stripes. The Unified Command theater host-nation sensitivity lists prepared for the Armed Forces Radio and Television Service (AFRTS) shall not be used to restrict the content of the Stars and Stripes. If representatives of other governments show an interest in, or concern about, the content of the Stars and Stripes, they shall be informed that:

(1) The Stars and Stripes does not represent the official position of the U.S. Government, including the Department of Defense or the Unified Command.

(2) The Stars and Stripes is an unofficial, abstracted collection of commercial news and opinion available to commercial newspapers in the United States, along with Stars and Stripes editorial staff-generated DoD, command, and local news and information. The Stars and Stripes provides this information to the members of the Department of Defense and their family members serving overseas, as do commercial daily newspapers that are published and sold throughout the United States in keeping with the principles of the First Amendment to the U.S. Constitution.

(g) The Department of the Army shall be the DoD Executive Agency to provide APF and NAF support to the S&S. APFs shall be provided, when required by adverse conditions or special circumstances as defined in §246.3, by the Military Services, as agreed on through a memorandum of agreement (MOA) detailing the shared responsibilities, and approved by the OSD and the Unified Commands.

§ 246.5 Responsibilities.

(a) The Assistant to the Secretary of Defense (Public Affairs), under 32 CFR part 375, as the principal staff assistant to the Secretary of Defense for internal information policy and programs, including S&S matters, shall:

(1) Provide policy and broad operational guidance to the Director of the AFIS.

(2) Monitor and evaluate the overall effectiveness of the policies in §246.4, and procedures in §246.6.

(b) The Director, American Forces Information Service, under 32 CFR part 372 shall:

(1) Develop, issue, and oversee the implementation of policies and procedures for the Unified Commands and the Military Departments for the operation of the S&S.

(2) Provide business and policy counsel on the mission performance and financial operations of the S&S.

(3) Serve as the DoD point of contact with the Congressional Joint Committee on Printing (JCP) for S&S matters.

(4) In coordination with the Chairman of the Joint Chiefs of Staff and the ATSD(PA), provide broad and overall planning guidelines to the Unified Commands for S&S wartime operations that involve more than one area of responsibility.

(5) Chair, as required, at the Deputy Assistant to the Secretary of Defense level, or above, the steering committee providing guidance to the S&S MAG.

(6) Select and employ the S&S Ombudsman.

(c) The Secretaries of the Military Departments shall:

(1) Nominate the most highly-qualified military personnel for positions in the S&S in accordance with appendix C to this part.

(2) Enter into appropriate MOAs, as provided by the Unified Commanders and, as required by the Office of the Secretary of Defense (OSD), to provide

APF and/or NAF support when required by adverse conditions as defined in § 246.3(a).

(d) The Secretary of the Army shall:

(1) Provide administrative and logistic support, as the DoD Executive Agent, to the S&S organizations.

(2) Support NAF and APF accounting and reporting procedures required by DoD Instruction 7000.12[5], in coordination with the Unified Commands and the Director of the AFIS.

(3) Designate the successor-in-interest to the S&S, as agreed upon by the applicable Unified Command and the Director of the AFIS.

(e) The Commander in Chief, U.S. European Command, and the Commander in Chief, U.S. Pacific Command, shall:

(1) Authorize a Stars and Stripes newspaper, provide operational direction to the S&S commander publisher, and support the S&S throughout the Unified Command area of responsibility, consistent with each organization's status as a category B NAFI.

(2) Provide Unified Command regulations and guidance, as needed, to carry out this part.

(3) Establish procedures to resolve situations wherein a U.S. Ambassador (or, if so designated, the chief of mission) believes a specific issue in his or her nation of responsibility, not already in the public domain through other news sources, would violate national security or endanger the safety of American citizens, or other persons under their jurisdiction, if it were to be published in the Stars and Stripes.

(4) Select the S&S commander/publisher and other military officers in S&S positions.

(5) Aid the S&S commander/publisher to educate the Stars and Stripes editorial staff about the missions of their Unified Command and Military Service component commands.

(6) Approve the selection of the Stars and Stripes editor.

(7) Establish and maintain a S&S board of directors to address S&S business operations. (See appendix E to this part)

(8) Establish and maintain Stars and Stripes readership forums, which may take many forms, to address Stars and Stripes matters of interest and S&S bookstore operations. Those forums are to provide community feedback to the S&S. This will enable the S&S commander/publisher and the Stars and Stripes editor to better understand and, thereby, better serve the interests and needs of the readers and bookstore customers.

(9) At the discretion of the Unified Command CINC, provide for meetings between the S&S commander/publisher and the Stars and Stripes editor, the Unified Command public affairs office, and the Unified Command component commands, represented by their directors of public affairs, to discuss the performance of the Stars and Stripes and the performance of related public affairs operations. The Unified Commands, their component commands, and the S&S may invite any attendees they choose. Representatives from the AFIS may attend. Those meetings may not serve as editorial advisory boards. The Unified Command and component commands represent the principal source, and a prominent subject, of Stars and Stripes staff-generated news coverage. Consequently, any involvement or appearance of involvement by component command staffs in the Stars and Stripes editorial policy creates an unacceptable conflict of interest damaging to the editorial integrity and credibility of the Stars and Stripes.

(10) Ensure that the S&S Commander/Publisher:

(i) Assumes the duties and responsibilities of command, leadership, management, and training for the S&S.

(ii) Executes DoD and Unified Command policy.

(iii) Is responsible to the Unified Command CINC for S&S operations to include the newspaper publication and timely circulation, the operation of the S&S resale and job printing activities, and associated distribution systems in the relevant Unified Command area of responsibility.

(iv) Provides planning and execution of initiatives to ensure support of U.S. Armed Forces during contingency operations and armed conflict. The S&S commander/publisher shall identify

[5] See footnote 1 to § 246.4(c).

wartime and contingency S&S personnel asset requirements to the Unified Command CINC to fulfill the Unified Command force responsibilities during armed conflict.

(v) Selects the Stars and Stripes editor.

(vi) Approves, in coordination with the Stars and Stripes editor, military personnel selectees for the Stars and Stripes editorial staff. (See appendix C to this part)

(vii) Provides a current status briefing and 2-year financial forecast to the Director of the AFIS at the annual AFIS S&S meeting. Provides support to the S&S board of directors as required in appendix E to this part.

(viii) Conducts frequent independent readership surveys, in accordance with DoD Instruction 1100.13[6], and readership focus groups to gather information.

(f) The Other Unified Commanders in Chief shall ensure that their deployment exercise, contingency, and wartime planning documents reflect the S&S transportation, funding or reimbursement, and in-theater distribution requirements, as applicable. Information copies of such planning documents or annexes shall be furnished to the following:

(1) U.S. European Command (ATTN: Director, Public Affairs).

(2) U.S. Pacific Command (ATTN: Director, Public Affairs).

(3) The AFIS (ATTN: Assistant Director for Plans and Policy).

§ 246.6 Procedures.

(a) *General.* (1) Authority to establish or disestablish S&S operations is from the Secretary of Defense through the ATSD(PA) and the Director of the AFIS. The Unified Commands shall forward such requests to the Director of the AFIS, as required.

(2) Classified information shall be protected in accordance with 32 CFR parts 159 and 159a.

(3) The Stars and Stripes and the S&S business operations shall conform to applicable regulations and laws involving libel, copyright, U.S. Government printing and postal regulations, and DoD personnel policies and procedures.

(4) With the concurrence of the Unified Command, the S&S is authorized direct communication with the Military Services on S&S personnel matters and with the Department of the Army on S&S financial matters. The S&S shall keep the Unified Command and the AFIS informed of all actions.

(b) *Management Review and Evaluation.* (1) The Director of the AFIS provides business counsel, assistance, and policy oversight for the S&S. The Director of the AFIS shall meet annually with the Unified Command representatives, to include the S&S commander/publisher, and senior DoD officials who have S&S responsibilities, such as the S&S MAG.

(2) The Director of the AFIS shall be assisted by a S&S MAG composed of senior representatives from the AFIS, the OASD(FM&P), and the other DoD offices with the authority and expertise to aid in solving S&S problems. As needed, the Director of the AFIS may organize a DoD steering committee to oversee and aid the S&S MAG to address specific concerns identified by the Director of the AFIS and the Unified Command CINCs.

(3) In accordance with DoD Instruction 7600.6[7], and Army implementation thereof, the S&S shall be audited on an annual basis, either by the Army Audit Agency (AAA) or by an AAA-approved audit contractor. NAF funds of the S&S shall be used for such contracts. The audits will be performance audits and may be financial in nature as prescribed by the Comptroller General of the United States Government Auditing Standards. Each annual audit will determine whether prior audit recommendations have been implemented and the reasons any have not been implemented. When the Inspector General, DoD, elects to perform an audit of the S&S organization, such audit may substitute for the required annual audit. The S&S organizations shall coordinate their audit requirements with each other and the Army Community and Family Support Center to the maximum extent practicable to avoid duplication of costs and to increase the

[6] See footnote 1 to § 246.4(c).

[7] See footnote 1 to § 246.4(c).

efficiency and effectiveness of these audits. Information copies of the audit contractor reports shall be forwarded by the S&S to the Unified Commands, AFIS and AAA. The S&S shall provide a response to the audit to the Unified Command CINC within 60 days of receiving the completed report. The S&S response to the audit must indicate a concurrence or nonconcurrence for each finding and recommendation. For each concurrence the corrective actions taken or planned should be described and completion dates for actions already taken, as well as the estimated dates for completion of planned actions, should be provided. For each nonconcurrence, specific reasons must be stated. If appropriate, alternative methods for accomplishing desired improvements may be proposed. If nonconcurrences in the findings and recommendations cannot be resolved between the S&S management and the auditors or AAA endorses the contractors' findings and recommendations, then the resolution procedures established by DoD Directive 7650.3[8], and Army Regulations should be followed. The Unified Command shall forward the response to the Director of the AFIS and the AAA.

§ 246.7 Information requirements.

The reporting requirements in § 246.6, and appendix B to this part shall be submitted in accordance with DoD Instruction 7000.12, and 7600.6, unless specifically excepted by this part.

APPENDIX A TO PART 246—MISSION

A. *General*. The Stars and Strips (S&S) organizations shall contribute to the overall U.S. joint-defense mission overseas by providing news and information for the Armed Forces internal audiences serving in a Unified Command area of responsibility, or deployed in support of designated joint-Service exercises, contingency operations, or situations of armed conflict. That shall be done through the operation of a daily newspaper and resale activities of commercial publications (primarily through the S&S bookstores).

B. *Newspapers*. The Stars and Stripes coverage of news and information makes possible the continued exercise of the responsibilities of citizenship by DoD personnel and their families overseas. The Stars and Stripes are to be published overseas during peacetime, contingency operations, and armed conflicts. They shall provide the same range of international, national, and regional news and opinion from commercial sources, as is provided by newspapers in the United States. Additionally, to better serve their readers, the Stars and Stripes shall pay special attention to news of local, host-country conditions relevant to their audiences. They shall provide, through their reporters and bureaus, news of local military communities within the theater and news of the U.S. Government, the Department of Defense, the Military Services, and theater operations not usually available to readers from outside commercial sources. The Stars and Stripes are to serve the interests of their overseas DoD readership as do prominent commercial daily newspapers throughout the United States.

C. *S&S Bookstores and Retail Operations*. The S&S shall serve readers' needs for contemporary news and information by providing a broad selection of resale commercial publications of interest to their customers at the most reasonable prices, either directly in the S&S bookstores or through other authorized sales outlets at their discretion throughout the Unified Command designated geographic area. The S&S shall have the same authorities and rights for resale commercial publications that the military exchange services have for other nonsubsistence goods and services.

D. *S&S Job Shop Printing*. The S&S are authorized to operate job shop printing, to include book publishing and/or printing, within the Unified Commands for U.S. military community newspapers, military organizations, nonappropriated fund (NAF) instrumentalities (NAFI), Morale, Welfare, and Recreation (MWR) activities, private organizations of interest and concern to the Department of Defense, as designated by 32 CFR part 212, DoD employees and their immediate families, and others designated by the Unified Command.

E. *War-Time Mission and Contingency Operations*. The S&S shall provide the Stars and Stripes on a daily basis for transportation to, and distribution in, the designated area of operations, as requested and funded by the responsible Unified Command Commander-in-Chief (CINC), and supported by the respective Unified Command owning the S&S organization. The Unified Commands shall plan for required airlift on a timely basis and intratheater distribution of daily Stars and Stripes newspapers as part of their operational planning documents. Intratheater distribution and required airlift of the Stars and Stripes shall be the responsibility of the supported Unified Command CINC and respective component commands, who shall reimburse the S&S for nonresale issues on a per-issue basis. When deployed to an area of

[8] See footnote 1 to § 246.4(c).

operations, the Stars and Stripes reporters shall operate in the same manner as commercial media representatives. The deployed Stars and Stripes reporters shall be eligible for participation in DoD and command-sponsored regional and local media pools.

APPENDIX B TO PART 246—BUSINESS AND FINANCIAL OPERATIONS

A. *General Financial Operations.* 1. For financial management purposes, the Unified Commands shall administer the Stars and Stripes (S&S), with policy oversight exercised by the Director of the American Forces Information Service (AFIS), as nonappropriated fund instrumentalities (NAFIs) in accordance with §246.4(c), except where procedures differ as defined in this part. The S&S shall report as prescribed in DoD Instruction 7000.12,[1] providing information copies to the Unified Commands and the Director of the AFIS.

a. The S&S shall be authorized nonappropriated fund (NAF) and appropriated fund (APF) support as category B NAFIs as provided under DoD Instruction 1015.6.[2]

b. The S&S shall be funded to the maximum extent possible through the sale and distribution of the newspaper, news magazines, books, periodicals, and similar products; job printing; authorized advertising revenues; and other authorized sources of revenue, as approved by the Department of Defense and the Congress.

c. APF support shall be kept to a minimum, consistent with the S&S mission.

2. The Secretary of the Army shall be the DoD Executive Agent for APF and NAF support to the S&S. If adverse conditions occur, the other Military Services shall provide proportionate funding support through a memorandum of agreement (MOA) containing funding procedures coordinated with the affected Unified Commands and the AFIS. Copies of the agreement shall be provided to all concerned parties.

3. The Stars and Stripes and other S&S commercial resale publications may be made available within the Unified Command to other U.S. Government Agency members, and U.S. Government contractors, as approved by the Unified Command.

4. The S&S system of accounting and internal control shall conform with the requirements of DoD Instruction 7000.12, Army regulations on Morale, Welfare and Recreation (MWR) activities and NAFIs, and NAF accounting policies and procedures, except as authorized by the S&S Comptroller's Manual to meet business and consolidation requirements. The S&S shall ensure that quarterly reports are furnished to the Unified Commands, the S&S Board of Directors, and the Director of the AFIS.

B. *Appropriated Funds.* In addition to DoD Directive 1015.6, the S&S shall be authorized APF support:

1. As provided by the U.S. Army for direct funding support when adverse conditions make such funding necessary to ensure the survival of the newspaper without impairment of mission capability. The Secretary of the Army shall provide such funding when requested by the affected Unified Command Commander-in-Chief (CINC), through the Director of the AFIS.

2. For regional air transportation of the newspaper, overseas ''transportation of things'' as authorized to joint-Service NAFIs; and electronic, optical, or satellite transmission of the newspaper when long distances require these modes to ensure timely and economical delivery.

3. As required, to transport Stars and Stripes to officially designated ''remote and isolated'' locations. The Unified Commands may authorize DoD official postage to remote and isolated locations, if that action is required to ensure timely delivery. Each S&S shall annually review its mailing support to minimize APF expenditures. The U.S. postal regulations apply to the S&S.

a. The S&S shall use in-house or other nonpostal means of transportation to distribute the newspaper to areas that are not designated as remote and isolated.

b. The S&S are authorized to use official managerial and administrative mail related exclusively to the business of the U.S. Government in accordance with DoD 4525.8–M,[3] Chapter 3, Subsection O.8. Such official mail is also authorized to support archive responsibilities in the United States, as designated by the AFIS. Official mail may forward the Stars and Stripes through the Department of Defense to the Congress. Official mail is not authorized to provide the Stars and Stripes to general readership or to support in-theater distribution of S&S resale commercial publications.

4. For transportation of military personnel incident to mission-essential travel, required military training, participation in contingency operations, in military field exercises, such as ''REFORGER'' or ''TEAM SPIRIT,'' or to areas of armed conflict.

5. In times of armed conflict or national contingency deployment, as directed by the Chairman of the Joint Chiefs of Staff for production and free distribution of the Stars and Stripes to forces as designated. The other Military Services shall reimburse the Department of the Army for services as authorized in the MOA. The Unified Commands shall endeavor to provide the Stars and

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[2] See footnote 1 to A.1. of this appendix.

[3] See footnote 1 to A.1. of this appendix.

Stripes and other S&S services for DoD personnel engaged in military operations, contingency operations, and exercises in the most expeditious manner possible as requested by the participating commands. The requesting Unified Command shall be responsible for distribution of the Stars and Stripes within its theater of operations. These services shall be provided on a reimbursable basis to the S&S.

6. In other agreements as made with the Unified Commands, the Department of Defense, and the U.S. Army as the DoD Executive Agency.

C. *Nonapproriated Funds.* 1. So that the Department of the Army may perform its duties as the DoD Executive Agency, the S&S NAFS shall be invested in the Army's Banking and Investment Program and insured with the Army's Risk Management Insurance Program in accordance with DoD instruction 7000.12 and the implementing Army regulations.

2. Excess NAFs belonging to the S&S may be declared excess by the Unified Command CINC, upon the recommendation of the S&S board of directors, under the guidelines in section C.3. of this appendix. Disposition of excess NAFs shall be as directed by the Unified Command CINC. The S&S NAFs declared in excess in one theater may be allocated or loaned to the other Unified Command for S&S-related activities.

3. The S&S NAFs may be declared in excess only if the following conditions are met:

a. The S&S working capital is at a level to continue prudent operations.

b. The local national S&S employee retirement and severance accounts are fully funded. The other S&S employment agreements required by applicable NAF regulations must also be fully funded.

c. Sufficient capital is available from an investment and/or contingency fund to complete all planned and projected capital expenditure projects, and to fulfill the other legitimate S&S business obligations.

d. Additional sinking funds are available to sustain the S&S through foreseeable periods of financial crisis created by adverse conditions. The sinking fund level shall be determined by the S&S board of directors and recommended to the Unified Command CINC for approval.

e. The retail price of the Stars and Stripes is at, or below, the most prevalent charge for similar U.S. newspapers. That shall be determined by the S&S board of directors and recommended to the Unified Command CINC for approval. The Director of the AFIS will be informed of any decision to raise the retail sales price of Stars and Stripes and will provide the Unified Command CINC an assessment of average commercial newspaper sales prices throughout the United States. The availability of the Stars and Stripes at reasonable cost to overseas personnel, commensurate with the retail sales price of comparable commercial newspapers throughout the United States, is a major quality-of-life consideration. A reasonable retail sales price is critical to ensure the greatest access for all overseas personnel and their family members to current print news and information so that they may remain informed U.S. citizens.

f. The S&S books, periodicals, magazines, and similar products are to be sold at no more than cover price and should be discounted to an appropriate level that still sustains full S&S operations, as determined by the S&S board of directors and recommended to the Unified Command CINC for approval.

4. Under adverse conditions, the S&S commander/publisher may apply for NAF support through the Unified Commands to the Director of the AFIS. Following approval by the Unified Command, the Director of the AFIS shall forward the request to the Secretary of the Army for appropriate action. Such NAF requests must first be recommended by the S&S board of directors and approved by the Unified Command CINC. In these cases, the S&S NAFs in either Unified Command may be considered as the first source before forwarding a request to the Department of the Army. The Unified Commands may lend NAFs from one S&S to the other through an MOA.

D. *Bookstores and Related Resale Activities.* 1. The S&S shall endeavor to provide the same selection of resale commercial publications that would be available in quality bookstores in the United States through its bookstores, or, at the discretion of the S&S management, other authorized sales outlets. The S&S has the same authorities and rights for resale and distribution of commercial publications that the military exchange services have on military installations for other nonsubsistence goods and services. The assortment of commercial books, periodicals, magazines, and similar products shall approximate publications commercially available in United States bookstore chains of similar size. Decisions on which publications to include shall be made by the S&S on the basis of marketability and service, not content. As an exception to the Army NAF procurement regulations, contracting authority limitations applicable to U.S. Army and joint-Service NAFIs do not apply to the S&S procurement of resale commercial publications. Limitations will be as recommended by the S&S board of directors and approved by the Unified Command.

2. The Unified Command CINC shall adjudicate publications resale issues within the theater that cannot be resolved by the S&S at the operating level.

3. Both S&S shall consolidate their wholesale purchases of commercial publications to

the maximum extent, consistent with Unified Command distribution criteria, actual economies of scale, and cost-efficiencies. Consolidation initiatives shall be worked in concert with the Unified Commands, the AFIS, and the S&S board of directors. As recommended by the S&S board of directors and approved by the Unified Command CINC, the S&S bookstores shall offer discounts similar to commercial United States bookstore franchises. The offering of discounts should not endanger the financial viability of the S&S.

4. The S&S bookstores shall be audited by the S&S management at least annually. Where bookstores are operating at a consistent financial loss, the S&S may consider servicing readers through arrangements with exchanges, other military outlets, or consider consolidation at central points.

a. Bookstore inventory levels shall be verified internally on a semiannual basis. Inventory levels shall be held to cost-effective levels that still consider the servicing needs of overseas customers.

b. The S&S shall establish affidavit-return procedures to vendors and/or publishers, where possible, to return damaged merchandise, overstock, or out-of-date publications to reduce APF expenditures necessary for ''over-the-water'' transportation.

5. The S&S shall conduct local ''market-penetration'' surveys. The S&S shall also operate a ''customer-complaint'' feedback system to monitor its service and provide the best possible service to its customers. The results of those surveys shall be provided to the Unified Command with recommendations to the S&S board of directors, as required.

E. *Advertising.* 1. As U.S. Government publications, the Stars and Stripes operate under the authority of the ''Government Printing & Binding Regulations''[4] issued by the Joint Committee on Printing (JCP) of the U.S. Congress. To serve the readership, the JCP has granted an exemption to Title III of the ''Government Printing and Binding Regulations'', authorizing the Stars and Stripes to carry limited advertising so that they may provide information to overseas DoD personnel and their families on commercial goods and services. The Stars and Stripes are authorized to solicit, sell, publish, and circulate display advertising, paid classified ads, and supplement section advertising, to include price and brand names of products or services and related coupons that are available through authorized Government outlets, their concessionaires, NAF activities, or private organizations operating on DoD installations under 32 CFR part 212. The Stars and Stripes may have run-of-the-paper display advertising not to exceed 25 percent of the newspaper over a period of 1 month. In addition, the Stars and Stripes are authorized to sell, publish, and circulate display advertising, and supplement section advertising for consumer goods and services not available through authorized Government outlets, their concessionaires, NAF activities, or private organizations operating on DoD installations under 32 CFR part 212 when sponsored by MWR activities, NAFIs, or Type I (Federally Sanctioned) private organizations as defined by 32 CFR part 212. Implementation of the advertising authority shall be as specified by the Director of the AFIS, who shall coordinate with the JCP.

2. The Stars and Stripes may sell, through commercial advertising agencies, run-of-the-paper advertising of DoD recruiting and retention programs or activities.

3. The S&S has the right to refuse any advertising.

4. The Stars and Stripes may publish news stories on special DoD-affiliated tours or entertainment opportunities for DoD personnel and their dependents in accordance with DoD Instructions 1015.2[5] and 1330.13[6].

5. The S&S may promote the Stars and Stripes, books, periodicals, magazines and similar products; authorized advertising; and job printing services (except APF) in the Stars and Stripes. Books, periodicals, magazines, and similar product promotions may include publications by name, title, author, and price. The Stars and Stripes also may promote literacy, health, safety, and other community service issues.

6. The S&S may promote AFRTS schedules, programs, and services in their newspapers and bookstores. The S&S shall cooperate with AFRTS outlets to promote each others' programs and services as authorized by DoD Directive 5120.20[7].

7. As a newspaper operated by the Department of Defense, the Stars and Stripes may not:

a. Contain any material that implies that the DoD Components or their subordinate levels endorse or favor a specific commercial and/or individually-owned product, commodity, or service.

b. Subscribe, even at no cost, to a commercial, feature wire, or other service whose primary purpose is the advertisement or promotion of commercial products, commodities, or services.

c. Carry any advertisement that implies discrimination as to race, age, origin, gender, politics, religion, or physical characteristics that include health.

[4] Copies may be obtained from the Joint Committee on Printing of the U.S. Congress, 818 Hart Senate Office Building, Washington, DC 20510.

[5] See footnote 1 to A.1 of this appendix.

[6] See footnote 1 to A.1 of this appendix.

[7] See footnote 1 to A.1 of this appendix.

F. *Trademark.* The S&S shall trademark the Stars and Stripes in overseas areas where it is distributed.

APPENDIX C TO PART 246—PERSONNEL POLICIES AND PROCEDURES

A. *General Nonappropriated Fund (NAF) Employment Policies.* 1. The Stars and Stripes (S&S) shall have a personnel system that is business oriented in terms of personnel management concepts. The system shall provide maximum authority and accountability to the S&S managers at all levels and shall endeavor to improve productivity through a system of awards and bonuses for high-performing employees. The S&S NAF employees shall be governed in accordance with the U.S. Army NAF regulations, except where exceptions to general policy have been granted by the Unified Commands, the American Forces Information Service (AFIS), and the U.S. Army to the S&S.

2. As DoD employees, the S&S civilian personnel shall abide by 32 CFR part 40, the Department of Defense, the Unified Command, and the U.S. Army regulations, U.S. laws governing Government employees, the applicable host-nation laws, and the applicable status of forces agreements (SOFA) requirements. The S&S commander/publisher shall ensure that the S&S employees are made aware of those provisions before being hired and that employees receive adequate personnel training.

3. The S&S shall endeavor to recruit civilian personnel with solid experience, education, and performance credentials in the required business, publishing, or editorial disciplines. The S&S, as part of its hiring practices, shall specify terms of Government employment and include responsibilities, such as those in 32 CFR part 40, so that the S&S civilian employees are fully aware of their obligations as DoD employees.

B. *Appropriated Fund (APF) Personnel Assignment Authority.* Appropriated-funded manpower staffing to operate, manage, or support the S&S is authorized under DoD Directive 1015.4.[1]

C. *Military Officer Personnel Procedures.* 1. Candidates for the S&S military officer positions shall be nominated by the Military Services, through the Director of the AFIS, to the Unified Command Commander-in-Chief (CINC), who shall make the final selection. The S&S military officer positions considered for nomination shall be the S&S commander/publisher and deputy commander(s).

a. The S&S commander/publisher should have military public affairs and joint-Service experience, and a journalism degree.

b. The S&S officers supervising business operations should have experience in DoD Comptroller functions and be familiar with laws and regulations applicable to DoD and NAFI business operations. A master's degree in business administration is desirable, but not mandatory.

c. Instead of an advanced degree or military public affairs experience, nominees may be authorized, by the Unified Command CINC and the AFIS, to substitute a DoD-funded ''training-with-industry'' program with comparable newspaper operations in the United States.

d. The Unified Commands shall forecast military vacancies in the S&S to allow time for the Military Services' nomination processes to be completed and provide for education before the S&S assignment.

e. The Military Services shall provide highly qualified officers for all S&S assignments at the required grade levels.

2. Military officers selected for duty as S&S commander/publisher shall undergo a ''training-with-industry'' program to provide real-world training with a commercial newspaper. That program shall be administered by the Director of the AFIS, in coordination with the Military Services and the Unified Commands.

D. *Enlisted Members of the Stars and Stripes Editorial Staff.* 1. Enlisted military personnel shall be assigned to the Stars and Stripes editorial staff, as reflected in the designated Unified Command Joint Manpower Program (JMP) documents, on a nominative basis. The Military Services shall nominate the most mature and professional personnel for assignment to the Stars and Stripes editorial staff at the required JMP grade- and experience-level, coordinating with the Unified Commands and the Director of the AFIS. Nominations shall be considered on a competitive basis by the S&S commander/publisher and the Stars and Stripes editor. The S&S shall request nominations 18 months before projected billet vacancies. The Military Services shall forward nominations 6–10 months in advance to the S&S, (ATTN: S&S Commander/Publisher). The Military Services shall provide the S&S with reasonable overlap of military enlisted members serving on the Stars and Stripes editorial staff.

2. The S&S commander/publisher shall coordinate with the Unified Commands to ensure that there is an appropriate mixture of Military Service billets and/or assignments represented in the S&S to preserve the tradition of the Stars and Stripes as joint-Service newspapers.

APPENDIX D TO PART 246—EDITORIAL OPERATIONS

A. *General.* 1. The Stars and Stripes shall serve the interests of their overseas DoD readership, as commercial daily newspapers

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

serve their readers throughout the United States. However, as a Government organization, the Stars and Stripes news staff may not take an independent editorial position. The Stars and Stripes editorial practices and policies shall be in accordance with the highest standards of American journalism.

2. The Stars and Stripes editor, with the concurrence of the S&S commander/publisher, and the Unified Command Commander-in-Chief (CINC), as the owner of the newspaper, may establish a standard code of personal and professional ethics and general editorial principles similar to those developed at major metropolitan newspapers or by professional journalists in organizations such as the Society of Professional Journalists. Those codes usually stress the following:

a. Responsibility of the newspaper to fully inform its readership.

b. Freedom of the press.

c. Commitment to personal and professional ethics.

d. Emphasis on content accuracy, objectivity, and fair representation of all sides of an issue.

When developed, copies of the code and style guides shall be provided to the Unified Command CINC and the Director of the American Forces Information Service (AFIS).

3. The Stars and Stripes editor shall be responsible for developing editorial procedures and, if required, a style guide that mirrors daily U.S. commercial newspapers.

4. The editorial content of the Stars and Stripes shall be governed by the general principles applicable to quality commercial press as follows:

a. *Presentation of News.* A major purpose of the Stars and Stripes is to provide news and information from varied sources. This aids DoD members and their families stationed overseas to exercise their democratic citizenship responsibilities.

b. *Commercially-Contracted News, Features, and Opinion Columns.* The Stars and Stripes purchase (or contract for) and carry news stories, features, syndicated columns, comic strips, and editorial cartoons from commercial services or sources. Wire-service news, information, and feature material may be edited in accordance with source contracts and for space requirements. The Stars and Stripes reflect the news of the day being carried in comparable U.S. commercial daily newspapers. They should reflect different sides of issues over a reasonable amount of time.

c. *Staff-Generated Copy.* In keeping with the standards established for major daily commercial newspapers in the United States, staff-generated news and features in the Stars and Stripes shall be accurate, factual, impartial, and objective. News stories and feature material shall distinguish between fact and opinion. Every effort should be made to attribute quotations and facts to identified sources. In the case of controversial or sensitive stories, the Stars and Stripes editor, or his or her designee, shall ascertain the identity of confidential sources, as required by normal journalistic practices that ensure that sources are credible. The Stars and Stripes may use the normal range of journalistic techniques including ''people-on-the-street'' interviews if that technique does not constitute a political poll.

d. *Political Campaign News.* (1) The Stars and Stripes shall publish coverage of the U.S. political campaigns from commercial news sources. Presentation of such political campaign news shall be made on an impartial, unbiased, and nonpartisan basis reflecting DoD policies of non-endorsement of any specific candidate for an elected office. Every effort should be made to ensure that the Stars and Stripes reflect the full spectrum of campaign news being published in the United States on national candidates and issues.

(2) The Stars and Stripes shall support the Federal Voting Assistance Program by carrying factual information about registration and voting laws.

e. The Stars and Stripes shall provide balance in commercial syndicated columns. Since the Stars and Stripes may not take an independent editorial position, a balanced selection of syndicated opinion columns shall be published over a reasonable time period. The presentation of syndicated editorial cartoons should reflect the full spectrum of topical editorial cartoons being published throughout the United States. The S&S commander/publisher shall provide the Unified Commands annual assurance that the required balance for syndicated opinion columns has been met.

B. *Administrative.* 1. The Stars and Stripes shall comply with DoD Instruction 1100.13[1] on polls, surveys, and straw votes. The Stars and Stripes may not conduct a poll, a survey, exit polls, or a straw vote on any political campaign. The Stars and Stripes may publish polls, surveys, and/or straw votes furnished to the newspaper through its contracted wire services. The Stars and Stripes may not conduct lottery games.

2. The Stars and Stripes shall have the following disclaimer placed in the masthead or at the extreme bottom of one of the prominent pages, segregated from copy in a box:

This newspaper is authorized for publication by the Department of Defense for members of the Military Services overseas. However, the contents of the Stars and Stripes

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

are unofficial, and are not to be considered as the official views of, or endorsed by, the U.S. Government, including the Department of Defense or the (name of the appropriate Unified Command). As a DoD newspaper, the Stars and Stripes may be distributed through official channels and use appropriated funds for distribution to remote and isolated locations where overseas DoD personnel are located.

The appearance of advertising in this publication, including inserts or supplements, does not constitute endorsement by the Department of Defense or the Stars and Stripes of the products or services advertised.

Products or services advertised in this publication shall be made available for purchase, use, or patronage without regard to race, color, religion, sex, national origin, age, marital status, physical handicap, political affiliation or any other nonmerit factor of the purchaser, user, or patron.

C. *Editorial.* 1. The Stars and Stripes news staffs are authorized to gather and report news, good and bad, on the Department of Defense and its subordinate commands. All reporting necessarily requires some investigation and, as with journalists on commercial newspapers, the Stars and Stripes news staff members have the right and need to ask questions and expect response to fulfill the S&S mission. However, the Stars and Stripes is not an authorized investigative agency, such as military law enforcement agencies, investigative bodies, or an Inspector General, and shall not function in that capacity. As DoD employees, the Stars and Stripes news staff members must adhere to the DoD personnel policies that may not usually apply to journalists employed by commercial newspapers and must comply with 32 CFR part 40 and, as applicable, the Manual for Courts Martial, 1984.[2]

a. Since most journalistic reporting is investigative by nature, ''investigative reporting,'' as such, is not banned. The Stars and Stripes reporters have the same need to ask questions of sources, and expect responses, as do commercial newspaper journalists. While the Stars and Stripes staff cannot conduct independent investigations that fall under the jurisdiction of various military law enforcement or designated investigative agencies, the Stars and Stripes may report on open or completed investigations by agencies authorized to perform investigative functions. If the Stars and Stripes employees note unlawful or criminal actions in their performance of duty, they must report such incidents immediately to the S&S commander/publisher or to their immediate supervisor, in accordance with 32 CFR part 40, who shall also comply with 32 CFR part 40 and, as applicable, DoD Directive 7050.1[3] and DoD Instruction 5240.4.[4] If there is an authorized investigation, a Stars and Stripes reporter or editor cannot protect a source as confidential when the information may be required to complete the investigation. Coverage of an investigation, from a news perspective, should be based on case progress or the resolution provided by the investigative agency if considered newsworthy by the Stars and Stripes. The Stars and Stripes editorial procedures shall not prohibit publishing news of independent investigations furnished by commercial media and, therefore, in the public domain.

b. The Stars and Stripes staff may not knowingly place classified information in Stars and Stripes staff-generated material. That does not apply to public domain information attributed to commercially contracted news, features, or opinion columns.

2. The Stars and Stripes editorial staffs shall receive the same treatment as commercial media.

a. The Stars and Stripes reporters shall have the same right to ask questions, to gain help, to have access, and to attend gatherings available to reporters from the commercial media. Commanders or public affairs staffs may not use the U.S. Government status of Stars and Stripes reporters to block the release of, or access to, otherwise releasable news, information, or events. Under the same circumstances, the Stars and Stripes reporters may not use their U.S. Government status or credentials to gain special treatment, access to restricted areas or gatherings, or other advantages that are not given equally to civilian media.

b. In keeping with the ''Principles of Information'' in 32 CFR part 375 governing release of information to commercial media, the DoD Components are expected to make available timely and accurate information so that the Stars and Stripes news staffs and readers may assess and understand the facts about their military organizations, the national defense, and defense strategy. Consistent with statutory requirements, information shall be made fully and readily available under the principles for the release of information to the media issued by the Secretary of Defense. A Government organization may not file a request for information against another Government organization under 32 CFR part 285, which implements the Freedom of Information Act (FOIA) in the Department of Defense, but it is the responsibility of all commands to honor the DoD Principles of Information, particularly regarding the intent of open access as described in 32 CFR part 285 when responding to queries from Stars and Stripes reporters.

[2] See footnote 1 to B.1. of this appendix.

[3] See footnote 1 to B.1. of this appendix.

[4] See footnote 1 to B.1. of this appendix.

3. To meet organizational responsibilities, the Stars and Stripes editor, the S&S commander/publisher, and the Stars and Stripes staff members they select, should meet frequently with area commanders and public affairs officers and staffs to confer, as their counterparts in U.S. commercial daily newspapers do with local government and community interest representatives.

4. When matters of interest to the Stars and Stripes readership cut across the Unified Command component command responsibilities, the Stars and Stripes editor may use ''special project reporting teams'' to examine such concerns. Whether the areas of Stars and Stripes interest are military exercises, fast-breaking news affecting the entire Unified Command community, or policies that require a greater-than-individual-reporter effort, the Stars and Stripes editor, through the S&S commander/publisher, can gain help by keeping the Unified Command and its component command public affairs offices informed of the need for theater-wide assistance. Such aid could help dispel morale-damaging rumors.

5. The Stars and Stripes shall conduct readership surveys at least once every 3 years in the Unified Commands where the Stars and Stripes are distributed. Such formal surveys shall be conducted in accordance with DoD Instruction 1100.13. The S&S may make shorter market surveys through its bookstore operations to determine changing readership interests. The Stars and Stripes is also encouraged to make frequent use of readership focus groups throughout the Unified Command.

6. The Stars and Stripes may review commercial entertainment where relevant and where it supports readership interest.

7. All bureau personnel and field reporters shall have Stars and Stripes newsroom experience before being given independent assignments. The Stars and Stripes military reporters may wear military or civilian clothes at the discretion of the S&S commander/publisher. If authorized by the S&S commander/publisher, Stars and Stripes military members may be authorized a clothing allowance in accordance with individual Service directives.

8. The Stars and Stripes are both authorized to maintain a Washington, DC, bureau located with other correspondent bureaus in the OASD (PA) Correspondents' Corridor. A desk will be provided for each Stars and Stripes. The S&S shall select the most qualified reporters possible for assignment to the bureau. A joint memorandum of understanding on personnel support shall be established between the two newspapers and approved by the Unified Commands, with a copy provided to the Director of the AFIS.

APPENDIX E TO PART 246—STARS AND STRIPES (S&S) BOARD OF DIRECTORS

A. *Organization and Management.* 1. The S&S board of directors of each Unified Command shall provide advice to the S&S management, and recommend guidance to its Commander-in-Chief (CINC) on all business operations. Attendance is at the direction of the Unified Command CINC.

2. Each Unified Command CINC shall designate the chairman of its S&S board of directors.

3. Each S&S board of directors shall include a member from the Unified Command Offices of Public Affairs and the Comptroller, and at least one member from each of the Unified Command Service components. Members shall be appointed by the Unified Command CINC for 2 years to ensure continuity. They shall be the best qualified personnel available in business-related disciplines. Members should be at the grade of 0–5, GS–12, or higher. Other than the Unified Command and the S&S senior representatives, the S&S board members should not be members of any other S&S forums or councils. Representatives from the American Forces Information Service (AFIS) and one S&S may attend the meetings of the other S&S board of directors and have their observations included in the minutes, but they are not voting members. Recommendations approved by the S&S board of directors may be incorporated by the Unified Command CINC into the Unified Command S&S instruction or directive, as applicable.

4. The S&S board of directors should meet at least three times each year. The minutes of each meeting shall be approved by the Unified Command CINC. The approved S&S board recommendations shall be incorporated, as permanent policy, into the Unified Command S&S implementing instructions or directives. Where such recommendations affect DoD policy, the Unified Commands shall ask the Director of the AFIS for resolution. The S&S commander/publisher shall provide sufficient documentation to the S&S board members between meetings to inform them of on-going business operations and the execution of financial actions.

B. *Functions.* 1. The S&S board of directors shall monitor planning and execution of the S&S business activities.

2. The S&S board of directors shall aid the S&S commander/publisher with evaluation of external factors that impact the S&S, such as adverse conditions, as recommended by the S&S commander/publisher, the S&S board of directors, or the Unified Command CINC.

3. Annually, the S&S commander/publisher shall provide a financial plan that shall include a capital expenditure budget and a 2-year forecast for the S&S board of directors'

evaluation and recommendation to the Unified Command CINC. The S&S shall also forecast and get approval for building and/or construction projects through the S&S board of directors.

4. The S&S shall maintain a 5-year business strategic and corporate plan that shall be forwarded to the S&S board of directors. The Unified Commands shall forward the ongoing strategic and corporate plan to the Director of the AFIS for overall DoD strategic goals.

PART 247—DEPARTMENT OF DEFENSE NEWSPAPERS, MAGAZINES AND CIVILIAN ENTERPRISE PUBLICATIONS

Sec.

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APPENDIX A TO PART 247—FUNDED NEWSPAPERS AND MAGAZINES
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APPENDIX E TO PART 247—DoD COMMAND NEWSPAPER AND MAGAZINE REVIEW SYSTEM

AUTHORITY: 10 U.S.C. 121 and 133.

SOURCE: 62 FR 42905, Aug. 11, 1997, unless otherwise noted.

§ 247.1 Purpose.

This part implements DoD Directive 5122.10[1] and implements policy, assigns responsibilities, and prescribes procedures concerning authorized DoD Appropriated Funded (APF) newspapers and magazines, and Civilian Enterprise (CE) newspapers, magazines, guides, and installation maps in support of the DoD Internal Information Program.

§ 247.2 Applicability.

This part:

(a) Applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as ''the DoD Components''). The term ''Military Services,'' as used herein, refers to the Army, the Navy, the Air Force, the Marine Corps, and includes the Coast Guard when operating as a Military Service in the Navy. The term Commander, as used herein, also means Heads of the DoD Components.

(b) Does not apply to the *Stars and Stripes (S&S)* newspapers and business operations. *S&S* guidance is provided in DoD Directive 5122.11.[2]

(c) The term Commander, as used in this part, also means Heads of the DoD Components.

§ 247.3 Definitions.

Civilian Enterprise (CE) guides and installation maps. Authorized publications containing advertising that are prepared and published under contract with commercial publishers. The right to circulate the advertising in these publications to the DoD readership constitutes contractual consideration to pay for these DoD publications. The publications become the property of the command, installation, or intended recipient upon delivery in accordance with terms of the contract. Categories of these publications are:

(1) *Guides.* Publications that provide DoD personnel with information about the mission of their command; the availability of command, installation, or community services; local geography; historical background; and other information. These publications may include installation telephone directories at the discretion of the commander.

(2) *Installation maps.* Publications designed for orientation of new arrivals or for visitors.

CE publications. CE newspapers, CE magazines, CE guides and installation maps produced commercially under the CE concept.

DoD newspapers. Authorized, unofficial publications, serving as part of the

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22121.

[2] See footnote 1 to § 247.1.

commander's internal information program, that support DoD command internal communication requirements. Usually, they are distributed weekly or monthly. DoD newspapers contain most, if not all, of the following elements to communicate with the intended DoD readership: command, military department, and DoD news and features; commanders' comments; letters to the editor; editorials; commentaries; features; sports; entertainment items; morale, welfare, and recreation news and announcements; photography; line art; and installation and local community news and announcements. DoD newspapers do not necessarily reflect the official views of, or endorsement of content by, the Department of Defense.

(1) *CE newspapers.* Newspapers published by commercial publishers under contract with the DoD Components or their subordinate commands. The commander or public affairs office provides oversight and final approval authority for the news and editorial content of the paper. Authorized news and information sources include the Office of the Assistant Secretary of Defense for Public Affairs (OASD(PA)), AFIS, the Military Departments, their subordinate levels of command, and other Government Agencies. CE contractor personnel may provide material for use in the newspaper if approved by the commander or public affairs officer (PAO), as the commander's representative. These newspapers contain advertising sold by the commercial publisher on the same basis as for CE guides and installation maps and may contain supplements or inserts. They become the property of the command, installation, or intended recipient upon delivery in accordance with terms of the contract.

(2) *Funded newspapers.* Newspapers published by the DoD Components or their subordinate commands using appropriated funds. The editorial content of these newspapers is prepared by the internal information section of the public affairs staff or other internal sources. Usually, these newspapers are printed by the Government Printing Office (GPO) or under GPO contract in accordance with Government printing regulations. DoD Directive 5330.3[3] specifies DPS as the sole DoD conduit to the GPO.

(3) *Overseas Combatant Command newspapers.* Newspapers published for overseas audiences approved by the Assistant Secretary of Defense for Public Affairs (ASD(PA)) to provide world, U.S., and regional news from commercial sources, syndicated columns, editorial cartoons, and applicable U.S. Government, Department of Defense, Component, and subordinate command news and information.

(4) *News bulletins and summaries.* Publications of deployed or isolated commands and ships compiled from national and international news and opinion obtained from authorized sources. News bulletins or summaries may be authorized by the next higher level of command when no daily English language newspapers are readily available.

Inserts. A flier, circular, or freestanding advertisement placed within the folds of the newspaper. No disclaimer or other labeling is required.

Magazines. Authorized, unofficial publications, serving as part of the commander's internal information program. They are produced and distributed periodically, usually monthly, and contain information of interest to personnel of the publishing DoD component or organization. They usually reflect a continuing policy as to purpose, format, and content. They are normally non-directive in nature and are published to inform, motivate, and improve the performance of the personnel and organization. They may be published as funded magazines or under the CE concept.

Option. A unilateral right in a contract by which, for a specified time, the Government may elect to acquire additional supplies or services called for by the contract, or may elect to extend the term of the contract.

Organizational terms—(1) *Command.* A unit or units, an organization, or an area under the command of one individual. It includes organizations headed by senior civilians that require command internal information-type media.

(2) *DoD Components.* See § 247.2 (a).

[3] See footnote 1 to § 247.1.

(3) *Installation.* A DoD facility or ship that serves as the base for one or more commands. Media covered by this part may serve the command communication needs of one or several commands located at one installation.

(4) *Major command.* A designated command such as the Air Mobility Command or the Army Forces Command that serves as the headquarters for subordinate commands or installations that have the same or related missions.

(5) *Subordinate levels.* Lower levels of command.

Publications. As used in this part, ''publications'' refers to DoD newspapers, magazines, guides and/or installation maps serving the commander's internal information program published in both paper and electronic format, including digital printing.

Supplements. Features, advertising sections, or morale, welfare and recreation sections printed with or inserted into newspapers for distribution. Supplements must be labeled ''Supplement to the (name of newspaper).'' Editorial content in supplements is subject to approval by the commander or the PAO as his or her agent.

§ 247.4 Policy.

It is DoD policy that:

(a) A free flow of news and information shall be provided to all DoD personnel without censorship or news management. The calculated withholding of news unfavorable to the Department of Defense is prohibited.

(b) News coverage and other editorial content in DoD publications shall be factual and objective. News and headlines shall be selected using the dictates of good taste. Morbid, sensational, or alarming details not essential to factual reporting shall be avoided.

(c) DoD publications shall distinguish between fact and opinion, both of which may be part of a news story. When an opinion is expressed, the person or source shall be identified. Accuracy and balance in coverage are paramount.

(d) DoD publications shall distinguish between editorials (command position) and commentaries (personal opinion) by clearly identifying them as such.

(e) News content in DoD publications shall be based on releases, reports, and materials provided by the DoD Components and their subordinate levels, DoD newspaper staff members, and other government agencies. DoD publications shall credit sources of all material other than local, internal sources. This includes, but is not limited to, Military Department news sources, American Forces Information Service, and command news releases.

(f) DoD publications may contain articles of local interest to installation personnel produced outside official channels (e.g., stringers, local organizations), provided that the author's permission has been obtained, the source is credited, and they do not otherwise violate this part.

(g) DoD publications normally shall not be authorized the use of commercial news and opinion sources, such as Associated Press (AP), United Press International (UPI), New York Times, etc., except as stated in this paragraph and the following paragraph. The use of such sources is beyond the scope of the mission of command or installation publications and puts them in direct competition with commercial publications. The use of such sources may be authorized for a specific DoD newspaper by the cognizant DoD Component only when other sources of national and international news and opinion are not available.

(h) Overseas Combatant Command newspapers published outside the United States may purchase or contract for and carry news stories, features, syndicated columns, and editorial cartoons from commercial services or sources. A balanced selection of commercial news or opinion shall appear in the same issue and same page, whenever possible, but in any case, over a reasonable time period. Selection of commercial news sources, syndicated columns, and editorial cartoons to be purchased or contracted for shall be approved by the Commanders. Overseas Combatant Command newspapers, news bulletins, and news summaries authorized to carry national and world news may include coverage of U.S. political campaign news from commercial news sources. Presentation of such political campaign news shall be made on

a balanced, impartial, and nonpartisan basis.

(i) The masthead of all DoD publications shall contain the following disclaimer printed in type no smaller than 6-point: ''This (DoD newspaper, magazine, guide or installation map) is an authorized publication for members of the Department of Defense. Contents of (name of the DoD newspaper/magazine/this guide/this installation map) are not necessarily the official views of, or endorsed by, the U.S. Government, the Department of Defense, or (the name of the publishing DoD Component).''

(j) The masthead of DoD CE publications shall contain the following statements in addition to that contained in paragraph (i) of this section:

(1) ''Published by (name), a private firm in no way connected with the (Department of Defense/the U.S. Army/the U.S. Navy/the U.S. Air Force/the U.S. Marine Corps) under exclusive written contract with (DoD Component or subordinate level).''

(2) ''The appearance of advertising in this publication, including inserts or supplements, does not constitute endorsement by the (Department of Defense/the U.S. Army/the U.S. Navy/the U.S. Air Force/the U.S. Marine Corps), or (name of commercial publisher) of the products or services advertised.''

(3) ''Everything advertised in this publication shall be made available for purchase, use, or patronage without regard to race, color, religion, sex, national origin, age, marital status, physical handicap, political affiliation, or any other nonmerit factor of the purchaser, user, or patron.'' If a violation or rejection of this equal opportunity policy by an advertiser is confirmed, the publisher shall refuse to print advertising from that source until the violation is corrected.

(k) DoD publications shall not contain campaign news, partisan discussions, cartoons, editorials, or commentaries dealing with political campaigns, candidates, issues, or which advocate lobbying elected officials on specific issues. DoD CE publications shall not carry paid political advertisements for a candidate, party, which advocate a particular position on a political issue, or which advocate lobbying elected officials on a specific issue. This includes those advertisements advocating a position on any proposed DoD policy or policy under review.

(l) DoD newspapers shall support the Federal Voting Assistance Program by carrying factual information about registration and voting laws, especially those on absentee voting requirements of the various States, the District of Columbia, Puerto Rico, and U.S. territories and possessions. DoD newspapers shall use voting materials provided by the Director, Federal Voting Assistance Program; the OSD; and the Military Departments. Such information is designed to encourage DoD personnel to register as voters and to exercise their right to vote as outlined in DoD Directive 1000.4.[4]

(m) DoD publications shall comply with DoD Instruction 1100.13[5] pertaining to polls, surveys, and straw votes.

(1) The DoD Components and subordinate levels may authorize polls on matters of local interest, such as soldier of the week, and favorite athlete.

(2) A DoD publication shall not conduct a poll, a survey, or a straw vote relating to a political campaign or issue.

(3) Opinion surveys must be in compliance with Military Service regulations.

(n) DoD newspapers will support officially authorized fund-raising campaigns (e.g., Combined Federal Campaign (CFC)) within the Department of Defense in accordance with DoD Directive 5035.1.[6] News coverage of the campaign will not discuss monetary goals, quotas, competition or tallies of solicitation between or among agencies. To avoid any appearance of endorsement, features and news coverage will discuss the campaign in general and not promote specific agencies within the CFC. Agencies may be mentioned routinely but must not be a main focus of features and news coverage.

(o) DoD publications shall not:

[4] See footnote 1 to § 247.1.

[5] See footnote 1 to § 247.1.

[6] See footnote 1 to § 247.1.

(1) Contain any material that implies that the DoD Components or their subordinate levels endorse or favor a specific commercial product, commodity, or service.

(2) Subscribe, even at no cost, to a commercial or feature wire or other service whose primary purpose is the advertisement or promotion of commercial products, commodities, or services.

(3) Carry any advertisement that violates or rejects DoD equal opportunity policy. (See paragraph (j)(3) of this section).

(p) All commercial advertising, including advertising supplements, shall be clearly identifiable as such. Paid advertorials and advertising supplements may be included but must be clearly labeled as advertising and readily distinguishable from editorial content.

(q) Alteration of official photographic and video imagery will comply with DoD Directive 5040.5.[7]

(r) Commercial sponsors of Armed Forces Professional Entertainment Program events and morale, welfare and recreation events may be mentioned routinely with other pertinent facts in news stories and announcements in DoD newspapers. (See DoD Instructions 1330.13[8] and 1015.2.[9]

(s) Book, radio, television, movie, travel, and other entertainment reviews may be carried if written objectively and if there is no implication of endorsement by the Department of Defense or any of its Components or their subordinate levels.

(t) All printing using appropriated funds will be obtained in accordance with DoD Directive 5330.3.

(u) Although DoD internet web sites are normally discouraged from linking to commercial activities, the commander may authorize an installation web site to be linked to the web site carrying the authorized civilian enterprise publication.

[7] See footnote 1 to § 247.1.

[8] See footnote 1 to § 247.1.

[9] See footnote 1 to § 247.1.

§ 247.5 Responsibilities.

(a) The Assistant Secretary of Defense for Public Affairs, consistent with DoD Directive 5122.5,[10] shall:

(1) Develop policies and provide guidance on the administration of the DoD Internal Information Program.

(2) Provide policy and operational direction to the Director, AFIS.

(3) Monitor and evaluate overall mission effectiveness within the Department of Defense for matters under this part.

(b) The Director, American Forces Information Service, shall:

(1) Develop and oversee the implementation of policies and procedures pertaining to the management, content, and publication of DoD publications encompassed by this part.

(2) Serve as DoD point of contact with the Joint Committee on Printing, Congress of the United States, for matters under this part.

(3) Serve as the DoD point of contact in the United States for Combatant Command newspaper matters.

(4) Provide guidance to the Combatant Commands, Military Departments, and other DoD Components pertaining to DoD publications.

(5) Monitor effectiveness of business and financial operations of DoD publications and provide business counsel and assistance, as appropriate.

(6) Sponsor a DoD Interservice Newspaper Committee and a Flagship Magazine Committee composed of representatives of the Military Departments to coordinate matters on publications encompassed by this part and flagship magazine matters, respectively.

(7) Provide a press service for joint-Service news and information for use by authorized DoD publication editors.

(c) The Secretaries of the Military Departments shall:

(1) Provide policy guidance and assistance to the Department's publications.

(2) Encourage the use of CE publications when they are the most cost-effective means of fulfilling the command communication requirement.

[10] See footnote 1 to § 247.1.

(3) Ensure that adequate resources are available to support authorized internal information products under this part.

(4) Designate a member of their public affairs staff to serve on the DoD Interservice Newspaper Committee.

(5) Ensure all printing obtained with appropriated funds complies with DoD Directive 5330.3.

(d) The Commanders of Combatant Commands shall:

(1) Publish Combatant Command newspapers, if authorized. In discharging this responsibility, the Commander shall ensure that policy, direction, resources, and administrative support are provided, as required, to produce a professional quality newspaper to support the command mission.

(2) Ensure that the newspaper is prepared to support U.S. forces in the command area during contingencies and armed conflict.

§ 247.6 Procedures.

(a) *General.* (1) National security information shall be protected in accordance with DoD Directive 5200.1[11] and DoD 5200.1–R.[12]

(2) Specific items of internal information of interest to DoD personnel and their family members prepared for publication in DoD publications may be made available to requesters if the information can be released as provided in DoD Directive 5400.7[13] and DoD 5400.1–R.[14]

(3) Editorial policies of DoD publications shall be designed to improve the ability of DoD personnel to execute the missions of the Department of Defense.

(4) DoD editors of publications covered under this part shall conform to applicable policies, regulations, and laws involving the collection, processing, storage, use, publication and distribution of information by DoD Components (e.g., libel, photographic image alteration, copyright, sexually explicit materials, classification of information, protection of sensitive information and U.S. Government printing and postal regulations).

(5) DoD publications shall comply with DoD Directive 5400.11[15] regarding the DoD privacy program.

(b) *Establishment of DoD newspapers.* (1) Commanders are authorized to establish Funded newspapers (appendix A to this part) or CE newspapers (appendix B to this part) when:

(i) A valid internal information mission requirement exists.

(A) Command or installation newspapers provide the commander a primary means of communicating mission-essential information to members of the command. They provide feedback through such forums as letters to the editor columns. This alerts the commander to the emotional status and state of DoD knowledge of the command. The newspaper is used as a return conduit for command information to improve attitudes and increase knowledge.

(B) News reports and feature stories on individuals and organizational elements of the command provides a crossfeed of DoD information, which improves internal cooperation and mission performance. Recognition of excellence in individual or organizational performance motivates and sets forth expected norms for mission accomplishment.

(C) The newspaper improves morale by quelling rumors and keeping members informed on DoD information that will affect their futures. It provides information and assistance to family members, which improve their spirits and thereby the effectiveness of their military service and/or civilian member. The newspaper encourages participation in various positive leisure-time activities to improve morale and deter alcohol abuse and other pursuits that impair their ability to perform.

(D) The newspaper provides information to make command members aware of the hazards of the abuse of drugs and other substances, and of the negative impact that substance abuse has on readiness.

(E) CE newspapers provide advertisements that guide command members to outlets where they may fulfill their purchasing needs. A by-product of this

[11] See footnote 1 to § 247.1.
[12] See footnote 1 to § 247.1.
[13] See footnote 1 to § 247.1.
[14] See footnote 1 to § 247.1.
[15] See footnote 1 to § 247.1.

commercial contact is increased installation-community communication, which enhances mutual support.

(F) The newspaper increases organizational cohesiveness and effectiveness by providing a visual representation of the essence of the command itself.

(G) Good journalistic practices are vital, but are not an end unto themselves. They are the primary means to enhance receptivity of command communication through the newspaper.

(H) The newspaper exists to facilitate accomplishment of the command or installation mission. That is the only basis for the expenditure of DoD resources to produce them.

(ii) A newspaper is determined by the commander and the next higher level of command to be the most cost-effective means of fulfilling the command internal communication requirement.

(2) The use of appropriated funds is authorized to establish a Funded newspaper if a CE newspaper is not feasible. The process of establishing a newspaper must include an investigation of the feasibility of publishing under the CE concept. This investigation must include careful consideration of the potential for real or apparent conflict of interest. If publishing under the CE concept is determined to be feasible, commanders must ensure that they have obtained approval to establish the newspaper before authorizing their representatives to negotiate a contract with a CE publisher.

(3) DoD newspapers are mission activities. The use of nonappropriated funds for any aspect of their operations is not authorized.

(4) Appropriated funds shall not be used to pay any part of the commercial publisher's costs incurred in publishing a CE publication.

(5) Only one DoD newspaper or magazine is authorized for each command or installation.

(i) If a newspaper is required at an installation where more than one command or headquarters is collocated, the host commander shall be responsible for publication of one funded or CE newspaper for all. The host command shall provide balanced and sufficient coverage of the other commands, their personnel, and activities in that locality. These commands, or headquarters, shall assist the staff of the host newspaper with coverage. If required by unusual circumstance, a commander other than the host may publish the single authorized newspaper when the majority of affected organizations concur.

(ii) This provision is not intended to prohibit the headquarters of a geographically dispersed command that receives its local coverage in the host installation newspaper from publishing a command-wide newspaper; nor is it intended to prohibit a command that has information needs that are significantly different from the majority of the host installation audience from publishing a separate newspaper, when authorized by the designated approving authority. (See appendix E to this part).

(iii) *Establishment of CE Guides and Installation Maps.* When valid communication requirements exist, publications in this category may be established by the commander, if feasible. (See appendix B to this part) Only one CE guide and installation map is authorized for each command or installation. The requirements of paragraph (b)(4) of this section, apply to CE guides and installation maps. These publications shall be approved by the next higher level. Approval authorities shall exercise care not to overburden community advertisers.

(iv) *Use of trademark.* The DoD Components and their subordinate levels shall trademark—State, Federal, or both—the names of their publications when possible.

(v) *Use of recycled products.* The public affairs office shall, whenever possible, based on contractual agreements, use recycled paper for publications covered under this part.

(vi) *Mailing requirements and sales and distribution of non-DoD publications.* See appendix C to this part.

(vii) *AFIS print media directorate.* See appendix D to this part.

(viii) *DoD command newspaper and magazine review system.* See appendix E to this part.

(6) When, in the opinion of the Assistant Secretary of Defense for Public Affairs, or the Combatant Command Commander, a Combatant Command newspaper is needed, establishment

shall be directed by the Secretary of Defense. Both appropriated and nonappropriated funds may be used in the publication of overseas Combatant Command newspapers.

(7) *Establishment of magazines.* New magazines shall be approved by the Head of the publishing DoD Component. New magazines serving the Military Services shall be approved in accordance with Service procedures. Only one DoD magazine or newspaper is authorized for each command or installation. Magazines are normally financed through appropriated funds. When CE magazines are approved, provisions in this part regarding advertising and contracting for CE publications apply to CE magazines. Magazines must:

(i) Serve a clearly defined purpose in support of the mission of the publishing DoD Component, and the purpose must justify the cost.

(ii) Not duplicate equivalent magazines serving the same, or substantially the same purpose.

(iii) Be published and distributed efficiently and economically.

(iv) Be reviewed every two years by the publishing DoD Component to ensure they are in compliance with this part, are mission essential, and are economically achieving their desired objective.

§ 247.7 Information requirements.

The biennial reporting requirement contained in this part has been assigned Report Control Symbol DD-PA(BI) 1638.

APPENDIX A TO PART 247—FUNDED NEWSPAPERS AND MAGAZINES

A. *Purpose.* Funded newspapers and magazines support the command communication requirements of the DoD Components and their subordinate commands. Normally, printing is accomplished by a commercial printer under contract or in government printing facilities in accordance with DoD Directive 5330.3.[1] The editorial content of these publications and distribution are accomplished by the contracting command. Overseas, Funded newspapers are authorized to be printed under contract with the *S&S*. Where printing by *S&S* is not feasible because of distance or other factors, Funded newspapers may be printed by other means. These are evaluated on a case-by-case basis with the cognizant DPS office.

B. *Name.* The name of the publication may include the name of the command or installation, or, the name of the command or installation may appear separately in the nameplate (flag). The emblem of the command or installation may be included in the nameplate, also. When possible, the DoD Components and their subordinate levels shall trademark the names of their publications, as stated in § 247.5(d).

C. *Masthead.* The masthead shall include the names of the commanding officer and the PAO, the names and editorial titles of the primary staff of the publication, and the mailing address and telephone number of the editorial staff, in addition to that required in § 247.4(i).

D. *News and editorial materials.* The commander and the public affairs staff shall generate and select news, information, photographs, editorial, and other materials to be used. Authorized news and information sources include the Office of the Assistant Secretary of Defense for Public Affairs (OASD(PA)), AFIS, the Military Departments, their subordinate levels of command, and other Government Agencies. Civilian community service news and announcements of benefit to personnel assigned to the command or installation and their family members may also be used. Photographic images used will be in compliance with § 247.4(r).

E. *Assignment of personnel.* Military and DoD civilian personnel may not be assigned to duty at the premises of the contract printer to perform any job functions that are part of the business activities or contractual responsibilities of the contract printer. Members of the public affairs staff who produce editorial content may work on the premises as liaison and monitor to specify and coordinate layout and other production details provided for in the command contract with the contract printer. A member of the public affairs staff shall review proof copy to prevent mistakes.

F. *Funding.* The expense of publishing and distributing Funded newspapers and magazines is charged to appropriated funds of the publishing command.

G. *Printing.* Printing of a funded publication shall be handled in accordance with DoD Directive 5330.3 in conjunction with the DoD Component's printing function with public affairs as the office of primary publishing interest. The use of color is authorized if the cognizant commander, the DoD Component's printing function and the PAO determine it enhances communication.

H. *Distribution.* Funded publications may be distributed through official channels. Appropriated funds and manpower may be used

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22121.

for distribution of Funded publications, as required.

I. *Advertising.* Funded publications shall not carry commercial advertising. As a service, the Funded newspaper may carry nonpaid listings of personally owned items and services for sale by members of the command. Noncommercial news stories and announcements concerning nonappropriated fund activities and commissaries may be published in funded publications.

J. *Employment and gratuities.* DoD personnel shall not accept any gratuities from or employment with any GPO-contracted printers in violation of the DoD 5500.7-R,[2] the Joint Ethics Regulation. In addition, DoD personnel whose spouse or children (or other relatives as described in the Joint Ethics Regulation) are offered employment by, or work for, a GPO-contracted printer, must take appropriate action to avoid conflicts of interest.

APPENDIX B TO PART 247—CE PUBLICATIONS

A. *Purpose.* CE publications consist of DoD newspapers, magazines, guides, and installation maps. They support command internal communications. The commander or public affairs office provides oversight and final approval authority for the news and editorial content of the publication. CE publishers sell advertising to cover costs and secure earnings, print the publications, and may make all or part of the distribution. Periodically, CE publishers compete for contracts to publish these publications. Neither appropriated nor nonappropriated funds shall be used to pay for any part of a CE publisher's costs incurred in publishing a CE publication.

B. *Name.* The name of the publication may include the name of the command or installation, or the name of the command or installation may appear separately in the nameplate (flag). The emblem of the command or installation may also be included in the nameplate. When possible, the DoD Components and their subordinates shall trademark the names of their publications, as stated in §247.6(d).

C. *Masthead.* The masthead shall include the following in addition to that required in §247.4 (i) and (j). ''The editorial content of this publication is the responsibility of the (name of command or installation) Public Affairs Office.'' The names of the commanding officer and PAO, the names and editorial titles of the staff assigned the duty of preparing the editorial content, and the office address and telephone number of the editorial staff shall be listed in the masthead of DoD newspapers, but is not required in CE guides and installation maps. The names of the publisher and employees of the publisher may be listed separately.

D. *News and editorial materials.* The commander or the public affairs office shall provide oversight and final approval authority for news, information, photographs, editorial, and other materials to be used in a CE publication in the space allotted for that purpose by written contract with the commercial publisher. Authorized news and information sources include the OASD(PA), AFIS, the Military Departments and their subordinate levels of command, and other Government Agencies. CE contractor personnel may provide material for use in the publication if approved by the commander or PAO, as the commander's representative. Commercial news and opinion sources, such as AP, UPI, New York Times, etc., are not normally authorized for use in DoD publications except as stated in §247.4(q). Newspapers may publish community service news and announcements of the civilian community for the benefit of command or installation personnel and their families. Imagery used will be in compliance with §247.4(r).

E. *Assignment of personnel.* Neither military nor DoD civilian personnel shall be assigned to duty at the premises of the CE publisher. Neither military nor DoD civilian personnel shall perform any job functions that are part of the business activities or contractual responsibilities of the CE publisher either at the contractor's facility or the Government facility. The PAO and staff who produce the non-advertising content of the CE publication may perform certain installation liaison functions on publisher premises including monitoring and coordinating layout and design and other publishing details set forth in the contract to ensure the effective presentation of information. One or more members of the public affairs staff shall review proof copy to prevent mistakes. Newspaper text-editing-system pagination and copy terminals owned by the CE publisher may be placed in the command or installation public affairs office under contractual agreement for use by the public affairs staff to coordinate layout and ensure that the preparation of editorial material is performed in such a way as to enhance the efficiency and effectiveness of the printing and publication functions performed by the CE publisher. All costs of these terminals shall be borne by the CE newspaper publishers who shall retain title to the equipment and full responsibility for any damage to or loss of such equipment. The relationship between the public affairs staff and employees of the CE contractor is that of Government employees working with employees of a private contractor. Supervision of CE employees; that is, the responsibility to rate performance, set rate of pay, grant vacation time, exercise discipline, assign day-to-day administrative tasks, etc.,

[2] See footnote 1 to section A. of this appendix.

remains with the CE publisher. Any modification of the contract must be made by the responsible contracting officer. Public affairs staff members must be aware that employees of the contractor are not employees of the government and should be treated accordingly.

F. *Distribution of CE publications.*

1. A funded newspaper shall not be distributed as an insert to a CE newspaper, unless provided for in the CE contract, nor shall a CE newspaper be distributed as an insert to a funded newspaper.

2. Supplements, clearly labeled as such, and advertising inserts, may be inserted into and distributed with a CE newspaper.

3. The commercial publisher of a CE publication shall make as much of the distribution to the intended readership as possible. CE publications may be distributed through official channels.

4. Except as authorized by the next higher headquarters for special situations or occasions (such as an installation open house), CE publications shall not be distributed outside the intended DoD audience and retirees, which includes family members. Electronic publication on the internet/world wide web is not considered distribution outside the intended DoD audience. The CE publisher may provide complete copies of each specific issue of a CE publication to an advertiser whose advertisement is carried therein.

5. The CE publisher of a CE newspaper will provide the appropriate number of news racks determined by the installation commander for publication distribution.

CE publishers are responsible for maintenance of these racks.

6. CE guides, magazines, and installation maps may be delivered in bulk quantities to the appropriate installation offices to distribute these publications through official channels as necessary.

G. *Responsibilities regarding advertising.*

1. Only the CE publisher shall use the space agreed upon for advertising. While the editorial content of the publication is completely controlled by the installation, the advertising section, including its content, is the responsibility of the CE publisher. The public affairs staff, however, retains the responsibility to review advertisements before they are printed.

2. Any decision by a CE publisher to accept or reject an advertisement is final. The PAO may discuss with a publisher their decision not to run an advertisement, but cannot substitute his judgment for that of the publisher.

3. Before each issue of a CE publication is printed, the public affairs staff shall review advertisements to identify any that are contrary to law or to DoD or Military Service regulations, including this part, or that may pose a danger or detriment to DoD personnel or their family members, or that interfere with the command or installation missions. It is in the command's best interest to carefully apply DoD and Service regulations and request exclusion of only those advertisements that are clearly in violation of this part. If any such advertisements are identified, the public affairs office shall obtain a legal coordination of the proposed exclusion. After coordination, the public affairs office shall request, in writing if necessary, that the commercial publisher delete any such advertisements. If the publisher prints the issue containing the objectionable advertisement(s), the commander may prohibit distribution in accordance with DoD Directive 1325.6.[1]

4. DoD Directive 1325.6 gives the commander authority to prohibit distribution on the installation of a CE publication containing advertising he or she determines likely to promote a situation leading to potential riots or other disturbances, or when the circulation of such advertising may present a danger to loyalty, discipline, or morale of personnel. Each commander shall determine whether particular advertisements to be placed by the publisher in a CE publication serving the command or installation may interfere with successful mission performance. Some considerations in this decision are the local situation, the content of the proposed advertisement, and the past performance of the advertiser. Prior to making a determination to prohibit distribution of a CE publication, the commander shall obtain a legal coordination.

5. CE publications may carry paid and nonpaid advertising of the products and services of nonappropriated fund activities and commissaries, if allowed by DoD and Military Service regulations. (See DoD Instruction 1015.2[2])

6. The Military Departments will coordinate a standard set or ratios of advertising-to-editorial copy for multiples of pages for run of the publication advertising in CE publications that will be included in all DoD Component regulations supplementing this part. The recommended annual average is a ratio of 60/40. Inserts and advertising supplements will not count in the total ad-to-copy ratio; However, the commander may prohibit the distribution of supplemental advertising deemed excessive.

7. Bingo games and lotteries conducted by a commercial organization whose primary business is conducting lotteries may not be advertised in CE publications. Non-lottery activities (such as dining at a restaurant or

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[2] See footnote 1 to section G.3. of this appendix.

attending a musical performance) of a commercial organization whose primary business is conducting lotteries may be advertised in CE publications. Exceptions are allowed for authorized State lotteries, lotteries conducted by a not-for-profit organization or a governmental organization, or conducted as a promotional activity by a commercial organization and clearly occasional and ancillary to the primary business of that organization. An exception also pertains to any gaming conducted by an Indian tribe under 25 U.S.C. 2720. See section D. of appendix C to this part.

H. *CE guides and maps.*

1. The name of the publication may include the name and emblem of the command or installation.

2. At the discretion of the commander, an installation telephone directory may be included as a section of a CE guide. The telephone section shall be part of the guide contract specifications. Separate contracts for CE telephone directories are not authorized. Over-run printing of the telephone directory/yellow pages section of the installation guide is authorized. The number of guides with integral telephone directories and the number of over-run copies of the telephone directory/yellow pages will be clearly specified in the single guide contract. Required communication security information shall be printed on the first page of the telephone section and not on the cover of the guide. The cover of the guide may notify users that the publication contains the telephone directory.

3. CE contracts for guides and maps shall establish firm delivery dates and shall contain provisions to ensure distribution is controlled by the command. Delivery dates may vary for guides and maps to make them more attractive to advertisers. The contract provisions shall specify delivery dates.

I. *Employment and gratuities.* DoDpersonnel shall not accept any gratuities from or employment with any CE publisher in violation of DoD Directive 5500.7–R.[3] In addition, DoD personnel whose spouse or children (or other relations as described in DoD Directive 5500.7–R) are offered employment by, or work for, a CE publisher, must take appropriate action to avoid conflicts of interest.

J. *Contracting for a CE publication.*

1. *General.* The DoD Components and their subordinate commands are authorized to contract in writing for CE publications. The underlying premise of the CE concept is that the DoD Components and their subordinate commands will save money by transferring certain publishing and distribution functions to a commercial publisher selected through a competitive process. The CE publication is printed and delivered to the command, installation, or its readership in accordance with the terms of a written contract. Oral contracts are not acceptable. The right to sell and circulate advertising to the complete readership in the CE publication provides the publisher revenue to cover costs and secure earnings. The command or installation guarantees first publication and distribution of locally-produced editorial content in the publication. The publication becomes the property of the command, installation, or intended reader upon delivery in accordance with terms of the contract.

2. *Contracting process.* Whether a first time initiative to establish a CE publication or a recompetition of an existing CE contract, the process must start with advance planning as to the nature of the command's requirements, the contracting strategy, and the market of potential advertisers and competitors for the job. The CE contract solicitation and the contract itself must contain a statement of work that describes in legally sufficient detail the Government's requirements and the conditions and restrictions under which the contractor will perform. The cognizant contracting office for the CE contracting action shall be the contracting office which normally provides contracting support to the command for service contracts and other procurements of a general nature which are above the simplified small purchase threshold. The contracting officer shall combine the statement of work with appropriate contractual terms and conditions, using 48 CFR chapter I and II as guides, although CE contracts are not subject to the FAR or DFARS, because they do not involve the expenditure of appropriated funds. The resulting solicitation and contract shall completely identify the rights and obligations of both parties. Proposals shall be solicited from all known commercial publishers who could potentially become the CE contractor. Upon evaluation of the competing proposals by the Source Selection Advisory Committee (SSAC) and selection of a winner by the selecting official, the CE contract shall be awarded by the contracting officer. The CE contract shall not require the contractor to pay money to the command or to provide goods, services, or other consideration not directly related to the CE publication. In the event that only one offer is received, the SSAC may recommend to the selecting official that no award be made or that the contracting officer enter into negotiations with the sole offeror to obtain the best possible service and product for the Government.

3. *Statement of Work (SOW).* The SOW should be written to have the CE contractor perform as many of the publishing and distribution functions as practical to generate

[3] See footnote 1 to section G.3. of this appendix.

maximum savings to the Department of Defense. In so doing, care must be taken to balance Government requirements with a realistic view of the advertising revenue potential so as to achieve a contract that is commercially viable. The command's internal information needs shall be paramount. Some of the key issues that shall be addressed in the SOW follow:

a. A general description of the scope of the proposed contract including the name and nature of the publication involved; for example, weekly newspaper, monthly magazine, annual guide and installation map. Normally, guides and installation maps are included in the same contract.

b. A description of editorial content to be carried; e.g., news, features, supplements, and factual information, along with provisions addressing the possible inclusion of contractor-furnished advertising supplements for newspapers, provided any such supplement shall have the prior approval of the commander.

c. A description of the rules for the inclusion of advertising in the publication, substantially as follows: ''The contractor agrees not to include in the publication any advertising of the following types: (1) paid political advertisements for a candidate, party, or which advocate a particular position on a political issue, including advertisements advocating a position on any proposed DoD policy or policy under review, or which advocate lobbying elected officials on a specific issue; (2) advertisements for any establishment declared ''off limits'' by the command; (3) advertisements that are contrary to law or to DoD or Military Service regulations or that in the government's opinion pose a danger or detriment to DoD personnel or their family members, or that interfere with the command or installation missions; (4) advertisements for bingo games or lotteries conducted by a commercial organization whose primary business is conducting lotteries; (5) (other restrictions deemed appropriate by the Service/command, if any.)'' Additionally, the contract will contain provisions which: (1) specify the annual average advertising-to-editorial ratio for newspapers and magazines; (2) state that the commander's representative shall have the authority to specify newspaper advertising layout when required to enhance communication's effectiveness of the publication; and (3) which requires the contractor to notify advertisers of the requirements in §247.4(i) and §247.4(j).

d. A provision substantially as follows: ''The contractor agrees not to enter into any exclusive advertising agreement with any firm, broker, or individual for the purpose of selling advertising associated with this contract.''

e. A description of the CE contractor's responsibilities for distribution of the publication. This provision should address such matters as contractor furnishing of news racks along with contractor responsibility for maintenance of these racks.

f. A description of contractor-owned and/or contractor-furnished equipment such as text editing, copy terminals, and modems determined to be required to coordinate layout and ensure that the preparation of editorial material is performed in such a way as to enhance the efficiency and effectiveness of the publication process.

g. A description of contractor-furnished editorial support services determined to be required. Such description must be in terms of the end product required; e.g., photography service and/or writer/reporter services, and not as a requirement to make available certain contractor personnel. In day-to-day performance and administration of the CE contract, contractor personnel performing such support services shall not be treated in any way as though they are Government employees.

h. A provision that the use, where economically feasible, of recycled paper for internal products will be a consideration for awarding the contract, as stated in §247.6 (e).

i. SOW's and RFP's for CE newspapers shall specify standard newsprint, recyclable, subject to requirements of applicable laws and regulations.

j. For CE magazines, a provision requiring the contractor to provide a bulk number of copies of each printing to the Government Printing Office (GPO) for distribution to Federal Depository Libraries. The number of copies to be provided will be determined on the number of libraries desiring to subscribe to the publication. The number could be a maximum of 1,400, but has historically averaged approximately 500 to 600 copies for military magazines. The contractor would be required to contact GPO to initiate this procedure at (202)512–1071.

4. *Contract provisions.* The CE concept is based on an exception to the Government Printing and Binding Regulations[4] published by the Congressional Joint Committee on Printing. While CE contracts are not subject to the FAR (48 CFR chapter I) or the DFARS (48 CFR chapter II), the FAR contains many clauses that are useful in protecting the interests of the Government. The following clauses may be helpful in obtaining the best possible CE publication:

a. *Status of FAR clause.* To clarify the status of FAR clauses appearing in CE contracts, the following clause shall be included in all new CE contracts:

''The (name of DoD installation/unit/organization) is an element of the United States Government. This agreement is a United

[4] Copies may be obtained, at cost, from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

States Government contract authorized under the provisions of DoD Instruction 5120.4[5] as an exception to the Government Printing and Binding Regulations published by the Congressional Joint Committee on Printing. Although this contract is not subject to the Federal Acquisition Regulation (FAR) or the Defense FAR Supplement (DFARS), FAR clauses useful in protecting the interests of the Government and implementing those provisions required by law are included in this contract.''

b. *Option clause.* Insert a clause substantially the same as the following to extend the term of the CE publisher contract:

(1) ''The Government may extend the term of this contract by written notice to the contractor within [insert in the clause the period of time in which the contracting officer has to exercise the option]; provided that the Government shall give the contractor a preliminary written notice of its intent to exercise the option at least 60 days before the contract expires. The preliminary notice does not commit the government to exercise the option.'' In the case of base closure or realignment the publisher has the right to request a renegotiation of the contract.

(2) ''If the Government exercises this option, the extended contract shall be considered to include this option provision.''

(3) ''The total duration of this contract, including the exercise of any options under this clause, shall not exceed 6 years.''

c. *Default clause.* Insert the following clause in solicitations and contracts:

(1) ''The Government may, by written notice of default to the contractor, terminate this contract in whole or in part if the contractor fails to:

(a) Deliver the CE publications in the quantities required or to perform the services within the time specified in this contract or any extension;

(b) Make progress, so as to endanger performance of this contract;

(c) Perform any of the other provisions of this contract.''

(2) ''If the Government terminates this contract in whole or in part, it may acquire, under the terms and in the manner the contracting officer considers appropriate, supplies or services similar to those terminated. However, the contractor shall continue the work not terminated.''

(3) ''The rights and remedies of the Government in this clause are in addition to any other rights and remedies provided by law or under this contract.''

d. *Termination for convenience of the Government.* Insert the following clause in solicitations and contracts:

''The contracting officer, by written notice, may terminate this contract, in whole or in part if the services contracted for are no longer required by the Government, or when it is in the Government's interest, such as with installation closures. Any such termination shall be at no cost to the Government.'' The Government will use its best efforts to mitigate financial hardship on the publisher.

5. *Term of contract.* CE contracts may be entered into for an initial period of up to 2 years, and may contain options to extend the contract for one or more additional periods of 1 or 2 years duration. The total period of the contract, including options, shall not exceed 6 years, after which the contract must be recompeted.

6. *Exercise of options.* Under normal circumstances, when the contractor is performing satisfactorily, options for additional periods of performance should be exercised. However, the exercise of the option is the exclusive right of the Government.

7. *Modification of the contract.* Any changes to the SOW or other terms and conditions of the contract shall be made by written contract modification signed by both parties.

8. *SSAC.* The commander shall appoint an SSAC. The committee shall participate in the development of the Source Selection Plan (SSP) before the solicitation of proposals, evaluate proposals, and recommend a source to the selecting official. Since cost is not a factor in the evaluation, award will be based on technical proposals, the offeror's experience and/or qualifications, and past performance.

a. The SSAC shall consist of a minimum of five voting members: a chairperson, who shall be a senior member of the command; senior representatives from public affairs and printing; and a minimum of two other functional specialists with skills relevant to the selection process. Each SSAC shall have non-voting legal and contracting advisors to assist in the selection process.

b. In arriving at its recommendations, the SSAC shall follow the SSP and avail itself of all relevant information, including the proposals submitted, independently derived data regarding offerors' performance records, the results of on-site surveys of offerors' facilities, where feasible, and in appropriate cases, personal presentations by offerors.

c. The work of the SSAC must be coordinated with the contracting officer to ensure that the process is objective and fair. All communications between the offerors and the Government shall be through the contracting officer. No member of the SSAC or the selecting official shall communicate directly with any offeror regarding the source selection.

d. In cases where a losing competitor requests a debriefing from the contracting officer, members of the SSAC may be called upon to participate so as to give the losing competitor the most thorough explanation

[5] See footnote 1 to section G.3. of this appendix.

practical as to why its proposal was not successful. No information regarding competitors' proposals shall be discussed with the unsuccessful offerors during debriefings, discussions, or negotiations.

9. *SSP.* A SSP (see sample SSP at attachment 1 to this appendix) must be developed early in the planning process to serve as a guide for the personnel involved and ensure a fair and objective process and a successful outcome. The contracting officer is primarily responsible for development of the SSP, in coordination with the PAO and other members of the SSAC. Ideally, the SSP should be completed and approved prior to issuance of the solicitation; it must be completed and approved before the receipt of proposals.

10. *Evaluation criteria and proposal requirements.* The solicitation must specify, in relative order of importance, the factors the Government will consider in selecting the most advantageous proposal. In addition, the solicitation must specify the types of information the proposal must contain to be properly evaluated. These two aspects of the solicitation must closely parallel one another. The contracting officer is primarily responsible for development of these two solicitation provisions, in coordination with the PAO, legal counsel, and members of the SSAC.

a. *Evaluation criteria for award.* Drawing upon the SSP, this feature of the solicitation must advise offerors what factors the Government will consider in evaluating proposals and the relative importance of each factor. The sample SSP (attachment 1 to this appendix) provides an example of criteria that might be used. Note that under the ''Services and/or Items Offered'' factor, paragraph E.2.b. of attachment 1 to this appendix, it is necessary to list and indicate the relative importance of services and/or items *above the minimum requirements of the SOW* that the command would consider desirable and that, if offered, will enhance the offeror's evaluation standing. The offer of services and/or items not listed in the evaluation criteria shall not be considered in the evaluation of proposals, but may be accepted in the contract award if deemed valuable to the Government, PROVIDED the service and/or item involved is directly related to producing the publication and not in violation of any other statute or regulation. Examples of items that cannot be considered during the evaluation process are; press kits, laminated maps, economic development reports, or other separate publications not an integral part of the CE publication.

b. *Proposal requirements.* This provision of the solicitation must describe the specific and general types of information necessary to be submitted as part of the proposal to be evaluated. Offerors shall be notified that unnecessarily elaborate proposals are not desired.

ATTACHMENT 1 TO APPENDIX B TO PART 247—SSP

A. Introduction

1. The objectives of this plan are:

a. To ensure an impartial, equitable, and thorough evaluation of all offerors' proposals in accordance with the evaluation criteria presented in the request for proposals (RFP).

b. To ensure that the contracting officer is provided technical evaluation findings of the SSAC in such a manner that selection of the offer most advantageous to the Government is ensured.

c. To document clearly and thoroughly all aspects of the evaluation and decision process to provide effective debriefings to unsuccessful offerors, to respond to legal challenges to the selection, and to ensure adherence to evaluation criteria.

2. This plan will be used to select a CE contractor for publication of the _____ newspaper (CE guide, magazine, or installation map) and will:

a. Give each SSAC member a clear understanding of his or her responsibilities as well as a complete overview of the evaluation process.

b. Establish a well-balanced evaluation structure, equitable and uniform scoring procedures, and a thorough and accurate appraisal of all considerations pertinent to the negotiated contracting process.

c. Provide the selecting official with meaningful findings that are clearly presented and founded on the collective, independent judgment of technical and managerial experts.

d. Ensure identification and selection of a contractor whose final proposal offers optimum satisfaction of the Government's technical and managerial requirements as expressed in the RFP.

e. Serve as part of the official record for the evaluation process.

B. Organization and Staffing

1. The SSAC will consist of the Chairperson and a minimum of four other voting committee members plus the non-voting advisors to the SSAC.

2. The SSAC committee members are:

Name	Position
	Chairperson
	Member
	Member
	Member
	Member
	Legal Advisor [1]
	Contract Advisor [1]

[1] Non-voting members.

C. Responsibilities

1. Selecting Official:
a. Approves the SSP.
b. Reviews the evaluation and findings of the SSAC.
c. Considers the SSAC's recommendation of award.
d. Selects the successful offeror.
2. Chairperson of the Source Selection Advisory Committee (C/SSAC):
a. Reviews the SSP.
b. Approves membership of the SSAC.
c. Analyzes the evaluation and findings of the SSAC and applies weights to the evaluation results.
d. Approves the SSAC report for submission to the selecting official.
3. Contracting Officer:
a. Is responsible for the proper and efficient conduct of the entire source selection process encompassing solicitation, evaluation, selection, and contract award.
b. Provides SSAC and the selecting official with guidance and instructions to conduct the evaluation and selection process.
c. Receives proposals submitted and makes them available to the SSAC, taking necessary precautions to ensure against premature or unauthorized disclosure of source selection information.
4. SSAC members shall:
a. Familiarize themselves with the RFP and SSP.
b. Provide a fair and impartial review and evaluation of each proposal against the solicitation requirements and evaluation criteria.
c. Provide written documentation substantiating their evaluations to include strengths, weaknesses, and any deficiencies of each proposal.
5. Legal advisor:
a. Reviews RFP and SSP for form and legality.
b. Advises the SSAC members of their duties and responsibilities, regarding procurement integrity issues and confidentiality requirements.
c. Participate in SSAC meetings and provide legal advice as required.
d. Provides legal review of all documents supporting the selection decision to ensure legal sufficiency and consistency with the evaluation criteria in the RFP and SSP.
e. Advises the selecting official on the legality of the selection decision.

D. Administrative Instructions

1. *Evaluation overview.* The advisory committee will operate with maximum flexibility. Collective discussion by evaluators at committee meetings of their evaluation findings is permitted in the interchange of viewpoints regarding strengths, weaknesses, and deficiencies noted in the proposals relating to evaluation items. Evaluators will not suggest or disclose numerical scores or other information regarding the relative standing of offerors outside of committee meetings.

2. *Evaluation procedure.* The evaluation of offers is based on good judgment and a thorough knowledge of the guidelines and criteria applicable to each evaluation factor.

a. Numerical scoring is merely reflective of the composite findings of the SSAC. The evaluation scoring system is used as a tool to assist the Chairperson of the SSAC in determining the proposal most advantageous to the Government.

b. The most important documents supporting the contract award will be the findings, conclusions, and reports of the SSAC.

3. *Safeguarding data.* The sensitivity of the proceedings and documentation require stringent and special safeguards throughout the evaluation process:

a. Inadvertent release of information could be a source of considerable misunderstanding and embarrassment to the Government. It is imperative, therefore, for all members of the SSAC to avoid any unauthorized disclosures of information pertaining to this evaluation. Evaluation participants will observe the following rules:

(1) All offeror and evaluation materials will be secured when not in use (i.e., during breaks, lunch, and at the end of the day).

(2) All attempted communications by offeror's representatives shall be directed to the contracting officer. No communications between members of the SSAC or the selecting official and offerors regarding the contract award or evaluation is permitted except when called upon under the provisions of paragraph J.8.d, of appendix B to this part.

(3) Neither SSAC members or the selecting official shall disclose anything pertaining to the source selection process to any offeror except as authorized by the contracting officer.

(4) Neither SSAC members or the selecting official shall discuss the substantive issues of the evaluation with any unauthorized individual, even after award of the contract.

E. Technical Evaluation Procedures

1. *Evaluation process.* Proposals will be evaluated based on the following criteria as indicated in Section M of the solicitation: The evaluation worksheet (attachment 2 to this appendix) shall be used to score the technical factors. Using the technical evaluation worksheet, each member of the SSAC will independently review each proposal and assign an appropriate number of points to each factor being considered. Point scores for each factor will range from ''0'' to ''5'' based on the committee member's evaluation of the proposal. Upon completion of individual evaluations, the group will meet in committee with the Chairperson and arrive at a single numeric score for each factor in the proposal.

2. *Criteria.* An example of applicable evaluation criteria and their relative order of importance are listed below in paragraphs E.2. a. through d. of this appendix. Criteria and weights are provided as an example only. The SSAC must determine its own weighting factors tailored to meet the needs of the particular CE publication and describe the relative weights assigned in the RFP; e.g., ''Evaluation factors are listed in descending order of importance; criteria #1 is twice as important as criteria #2,'' etc.

a. *Technical and production capability.* Scores will range from ''0'' (unacceptable), to ''5'' (exhibits state-of-the-art, award winning, or clearly superior technical ability to produce the required newspaper, magazine, guide, or installation map). Factors to be considered for newspaper contracts include: level of automation; compatibility of automation with existing PAO automation (unless other automation is provided); printing capability; production equipment; physical plant (capabilities); and driving distance to the plant. Similar factors may be considered for magazines, guides and installation maps.

b. *Services and/or items offered.* Scores will range from ''0'' (unacceptable), to ''5'' (the offer of equipment, such as automation equipment; or services, such as editorial or photographic services as set forth in the contract solicitation that will greatly enhance the newspaper and/or its production). Factors to be considered for newspapers include: offer of automation equipment and the quality and amount of equipment offered; the quality and amount of services offered; the usefulness of the services and/or items to the public affairs office in enhancing the newspaper; the impact of the services and/or items on other parts of the contract. Similar factors may be considered for magazines, guides and installation maps. The offer of equipment or services not specifically related to producing the publication will not result in the assignment of a higher score.

c. *Past performance record.* Scores will range from ''0'' (no experience in newspaper, magazine, guide, or installation map publishing and/or unsatisfactory, previous performance), to ''5'' (long-term, highly successful experience publishing similar newspapers, magazines, guides, or installation maps). Factors to be considered include: demonstrated ability to successfully produce a CE or similar publication; demonstrated printing ability (types of printing, history of newspaper, magazine, guide, or installation map printing); demonstrated success in contract performance in a timely and responsive manner; demonstrated capability to sell advertising and successfully recoup publication costs.

d. *Management approach.* Scores will range from ''0'' (approach unacceptable), to ''5'' (proposal demonstrates a sound and innovative approach to interfacing with the PAO and managing the CE publication operation). Factors to be considered include: The offeror's proposed approach to:

(1) Interfacing with the PAO staff.

(2) Controlling the quality and timeliness of the finished product.

(3) Sale of ads of the type that enhance the publication's image in the community and with the readership at large.

(4) Ensuring that contractor's personnel are properly supervised and managed.

3. *Weighting factors.* Points will be assigned to the final score of each factor in a proposal as determined by multiplying the score assigned (e.g., ''0,'' ''1,'' ''2,'' ''3,'' ''4,'' or ''5'') by the relative weight of the individual criterion as indicated:

Factor	Relative weight (percent)	Maximum points
CRITERION 1	40	200
CRITERION 2	30	150
CRITERION 3	20	100
CRITERION 4	10	50
	.....	500

(EXAMPLE ONLY):

CRITERION 1: Score 5 (5 × 40), Total Points	200
CRITERION 1: Score 4 (4 × 30), Total Points	120
CRITERION 1: Score 3 (3 × 20), Total Points	60
CRITERION 1: Score 2 (2 × 10), Total Points	20
	400

4. *Report of findings and recommendations.* After the SSAC has completed final evaluation of proposals and all weighting has been completed, the committee will prepare a written report of its findings and recommendations, setting forth the consensus of the committee and its composite scores (Sample at attachment 3 to this appendix). The Chairperson will sign the report to confirm its accuracy and his agreement with the recommendation. All copies of proposals and evaluation worksheets will be returned to the contracting officer.

ATTACHMENT 2 TO APPENDIX B TO PART 247—SAMPLE EVALUATION WORKSHEET

CONTRACTOR _____

EVALUATOR _____

DATE _____

EVALUATION CRITERIA AND SCORES (RANGE 0–5 POINTS FOR EACH)

1. Technical and production capability: _____

2. Services and items offered: _____

3. Past performance

record: _____

4. Management

approach: _____

NARRATIVE DISCUSSION: [1]

Strengths _____

Weaknesses _____

Deficiencies _____

ATTACHMENT 3 TO APPENDIX B TO PART 247—SAMPLE MEMORANDUM FOR SELECTING OFFICIAL

SUBJECT: Evaluation of Proposals

RFP No. _____

1. All proposals received in response to subject RFP have been evaluated by the Source Selection Advisory Committee (SSAC). The results and comments are listed below.

a. Offeror's proposals were rated as follows:

Offeror Name Numerical Score

b. Summary Narrative Comments.

(This section of the report shall be a summary of the individual strengths and weaknesses in each proposal, along with any deficiencies that are susceptible to being cured through written or oral discussions with the offeror, as noted by the SSC evaluators. This summary should be supported by detailed narratives contained on the individual evaluator's worksheets.)

2. Recommendation.

_____

Chairperson, SSAC

APPENDIX C TO PART 247—MAILING OF DOD NEWSPAPERS, MAGAZINES, CE GUIDES, AND INSTALLATION MAPS; SALES AND DISTRIBUTION OF NON-DOD PUBLICATIONS

A. *Policy*. It is DoD policy that mailing costs shall be kept at a minimum consistent with timeliness and applicable postal regulations. (See DoD Instruction 4525.7[1] and DoD 4525.8–M.[2] Responsible officials shall consult with appropriate postal authorities to obtain resolution of specific problems.

B. *Definition*. DoD appropriated fund postage includes all means of paying postage using funds appropriated for the Department of Defense. These means include meter imprints and stamps, permit imprints, postage stamps, and other means authorized by the U.S. Postal Service.

C. *Use of appropriated fund postage.*

1. DoD appropriated fund postage shall be used only for:

a. Mailing copies to satisfy mandatory distribution requirements.

b. Mailing copies to other public affairs offices for administrative purposes.

c. Mailing copies to headquarters in the chain of command.

d. Bulk mailings of DoD newspapers and magazines to subordinate units for distribution to members of the units.

e. Mailing information copies to other U.S. Government Agencies, Members of Congress, libraries, hospitals, schools, and depositories.

f. Mailing of an individual copy of a DoD newspaper, magazine, or CE publication in response to an unsolicited request from a private person, firm, or organization, if such response is in the best interest of the DoD Component or its subordinate levels of command.

g. Mailing copies of DoD newspapers, magazines, guides, or installation maps to incoming DoD personnel and their families to orient them to their new command, installation, and community.

2. DoD appropriated fund postage shall not be used for mailing:

a. To the general readership of DoD newspapers, magazines, guides, and installation maps, unless specifically excepted in this part.

b. By a CE publisher.

c. CE publications other than newspapers and magazines in bulk. (See paragraph C.1.d. of this section).

3. Generally, DoD newspapers, magazines, and CE publications shall be mailed as second class Requester Publication Rate, third-class bulk, or third- or fourth-class mail.

D. *Legal prohibitions*. Compliance with 18 U.S.C., 1302 and 1307 is mandatory. 18 USC Section 1302 prohibits the mailing of publications containing advertisements of any type of lottery or scheme that is based on lot or chance. 18 USC 1307 authorizes exceptions pertaining to authorized State lotteries, lotteries conducted by a not-for-profit organization or a governmental organization, or conducted as a promotional activity by a commercial organization and clearly occasional and ancillary to the primary business of that organization. An exception also pertains to any gaming conducted by an Indian tribe under 25 U.S.C. 2720. Lottery is defined as containing the following three elements:

---

[1] Discussions of strengths, weaknesses, and deficiencies should reference the specific evaluation factor involved to ensure that proposals are evaluated only against the criterion set forth in the RFP, to facilitate debriefings, and to provide an effective defense to any challenges regarding the legality of the selection process.)

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[2] See footnote 1 to section A. of this appendix.

1. Prize (whatever items of value are offered in the particular game).

2. Chance (random selection of numbers to produce a winning combination).

3. Consideration (requirement to pay a fee to play).

E. *Review of mailing and distribution effectiveness.*

1. Mailing and distribution lists shall be reviewed annually to determine distribution effectiveness and continuing need of each recipient to receive the publication.

2. Distribution techniques, target audiences, readers-per-copy ratios, and use of the U.S. Postal Service to ensure the most economical use of mail services consistent with timeliness shall be revalidated annually.

F. *Non-DoD publications.* A commander shall afford reputable distributors of other publications the opportunity to sell or give away publications at the activity he or she commands in accordance with DoD Directive 1325.6.[3] Such publications shall not be distributed through official channels. These publications may be made available through subscription paid for by the recipient or placed in specific general use areas designated by the commander, such as the foyers of open messes or exchanges. They will be placed only in stands or racks provided by the responsible publisher. The responsible publisher will maintain the stand or rack to present a neat and orderly appearance. Subscriptions paid for by a recipient may be home-delivered by the commercial distributor in installation residential areas.

APPENDIX D TO PART 247—AFIS PRINT MEDIA DIRECTORATE

A. *General.* The Print Media Directorate (PMD), an element of AFIS, develops, publishes, and distributes a variety of print media products that support DoD-wide programs and policies for targeted audiences throughout the DoD community. Products include the following:

1. *American Forces Press Service,* news and feature articles, photographs, and art targeted principally to editors of DoD newspapers.

2. *DEFENSE* magazine, a bimonthly magazine featuring articles authored by senior military and civilian officials on DoD programs and policies. An annual almanac edition highlights DoD's organization and statistical information.

3. *Defense Billboard,* a monthly poster featuring topics of particular interest to junior Military Service members, but applicable to general DoD audiences.

4. Pamphlets, booklets, and other posters covering a variety of joint interest information topics.

5. PMD posts the *Press Service* on Military Service computer bulletin boards and internet world wide web sites. PAOs and editors may download text and art in a form readily usable for word processing or desktop publishing. All other PMD publications should be requisitioned through the Military Service's or organization's publications distribution system.

6. Additional information may be obtained on the internet using the AFIS Uniform Resource Locator: *http://www.dtic.mil/defenselink/afis/.*

B. *Use of materials published by print media directorate.* With the exception of copyrighted matter, all materials published by PMD may be reproduced or adapted for use by DoD newspaper and magazine editors as appropriate. When PMD material is edited or revised, accuracy and conformance to DoD policy and accepted standards of good taste will be maintained. Due to the policy-oriented nature of *DEFENSE* magazine contents, particular care shall be taken to preserve the original context, tone, and meaning of any material adapted, revised, or edited from this publication.

C. *Eligible activities.* The following activities are eligible to receive the above listed PMD products:

1. All authorized DoD newspapers and magazines.

2. Headquarters of the DoD Components and their subordinate commands.

3. Proponent offices of DoD periodicals published by the DoD Components.

4. Armed Forces Radio and Television Service networks and outlets.

5. Isolated commands and detachments at which DoD newspapers are not readily available.

APPENDIX E TO PART 247—DOD COMMAND NEWSPAPER AND MAGAZINE REVIEW SYSTEM

A. *Purpose.* The purpose of the DoD command newspaper and magazine review system is to assist commanders in establishing and maintaining cost-effective internal communications essential to mission accomplishment. The system also enables internal information managers to assess the cost and effective use of resources devoted to command newspapers and to provide requested reports.

B. *Policy.* DoD newspapers and magazines shall be reviewed and reported biennially. The review process is not intended to replace day-to-day quality assurance procedures or established critique programs.

C. *Review criteria.* Each newspaper and magazine shall be evaluated on the basis of mission essentiality, communication effectiveness, cost-effectiveness, and compliance with applicable regulations.

D. Reporting requirements.

[3] See footnote 1 to section A. of this appendix.

1. The DoD Components (less the Military Departments) shall forward, by January 31 of each even numbered year, the information indicated at attachment 1 to this appendix for each newspaper published to: Director, American Forces Information Service, ATTN: Print Media Plans and Policy, 601 North Fairfax Street, Alexandria, VA 22314–2007.

2. No later than April 15 of each even-numbered year, the Secretary (or designee) of each Military Department shall forward to the address above a report of the Military Department's review of newspapers and magazines. This report shall include summary data on total number of newspapers and magazines, along with a listing of the information indicated at attachment 1 to this appendix.

3. One information copy of each issue of all DoD newspapers and magazines shall be forwarded on publication date to the address in paragraph H.1. of this appendix.

4. Information copies of CE contracts shall be forwarded to the address in paragraph H.1. of this appendix, upon request.

5. Administrative Instructions shall be issued by the Director, AFIS, for the annual review and reporting of newspapers and magazines.

Attachment 1 to Appendix E to Part 247—Newspaper and Magazine Reporting Data

As required by section H. of this appendix, the following information shall be provided biennially regarding newspapers and magazines:

A. Name of newspaper or magazine.

B. Publishing command and mailing address.

C. Printing arrangement:

1. Government equipment.

2. Government contract with commercial printer.

3. CE contract with commercial publisher (provide name, mailing address, and phone number of commercial publisher).

D. Frequency and number of issues per year.

E. Number of copies printed and estimated readership.

F. Paper size (metro, tabloid, or magazine format).

PART 249—PRESENTATION OF DoD-RELATED SCIENTIFIC AND TECHNICAL PAPERS AT MEETINGS

Sec.

249.1 Purpose.
249.2 Applicability and scope.
249.3 Definitions.
249.4 Policy.
249.5 Procedures.
249.6 Responsibilities.

AUTHORITY: 10 U.S.C. 130.

SOURCE: 52 FR 41708, Oct. 30, 1987, unless otherwise noted.

§ 249.1 Purpose.

This part amplifies policy set forth in DoD Directive 3200.12,[1] assigns responsibilities, prescribes procedures, and provides guidance for consideration of national security concerns in the dissemination of scientific and technical information in the possession or under the control of the Department of Defense at conferences and meetings. It supports current policies regarding classified meetings and requirements for review of scientific and technical papers; provides guidance for reviewing and presenting papers containing export-controlled DoD technical data; establishes procedures for containing DoD advice on independently-produced scientific and technical papers; and provides criteria for identifying fundamental research activities performed under contract or grant that are excluded from review requirements.

§ 249.2 Applicability and scope.

This part applies to the Office of the Secretary of Defense (OSD) DoD Field Activities, the Military Departments, the Organization of the Joint Chiefs of Staff (OJCS), the Defense Agencies, and the Unified and Specified Commands (hereafter referred to collectively as ''DoD Components'').

§ 249.3 Definitions.

Contracted fundamental research. Includes grants and contracts that are (a) funded by budget Category 6.1 (''Research''), whether performed by universities or industry or (b) funded by budget Category 6.2 (''Exploratory Development'') and performed on-campus at a university. The research shall not be considered fundamental in those rare and exceptional circumstances where the 6.2-funded effort presents a high likelihood of disclosing performance characterics of military systems or manufacturing technologies that are unique and critical to defense, and

[1] Copies may be obtained, if needed, from the U.S. Naval Publications and Forms Center, 5801 Tabor Avenue, Attn: Code 301, Philadelphia PA 19120.

where agreement on restrictions have been recorded in the contract or grant.

DoD personnel. All civilian officers and employees, including special Government employees, of all DoD Components, and all active duty officers (commissioned and warrant) and enlisted members of the Army, Navy, Air Force, and Marine Corps.

§ 249.4 Policy.

It is DoD policy to:

(a) Encourage the presentation of scientific and technical information generated by or for the Department of Defense at technical meetings consistent with United States laws and the requirements of national security.

(b) Permit DoD Components to conduct scientific and technical conferences, and to permit DoD Component personnel to attend and participate in scientific and technical conferences that are of demonstrable value to the Department of Defense, and consult with professional societies and associations in organizing meetings of the societies and associations that are mutually beneficial.

(c) Allow the publication and public presentation of unclassified contracted fundamental research results. The mechanism for control of information generated by DoD-funded contracted fundamental research in science, technology, and engineering performed under contract or grant at colleges, universities, and non-government laboratories is security classification. No other type of control is authorized unless required by law.

(d) Release information at meetings in a manner consistent with statutory and regulatory requirements for protecting the information. Such requirements include, but are not limited to, protection of classified, unclassified export-controlled, proprietary, privacy, and foreign government provided information.

(e) Provide timely review of DoD employee and contractor papers intended for presentation at scientific and technical conferences and meetings, and if warranted and authorized by contract in the case of contractor employees, prescribe limitations on these presentations. Dissemination restrictions shall be used only when appropriate authority exists.

(f) Assist DoD contractors and, when practical, others in determining the sensitivity of or the applicability of export controls to technical data proposed for public disclosure.

(g) Approve release of classified or controlled unclassified DoD information to foreign representatives when such release promotes mutual security or advances the interests of an international military agreement or understanding in accordance with foreign disclosure policies of the Department of Defense. Presentation of such information at technical meetings attended by foreign representatives is appropriate when the release is made under the terms of existing security arrangements and when the Department of Defense and receiving government have established an understanding or agreement in that specific scientific or technical area.

(h) Refrain from interfering with the planning and organizing of meetings sponsored and conducted by non-government organizations. The type and level of DoD participation in such meetings will be determined taking account of such factors as benefit to the Department of Defense and how the meetings are being conducted.

§ 249.5 Procedures.

(a) *General.* Conferences organized by DoD Components, DoD contractors, scientific and engineering societies, and/or professional associations, among others, can enhance the value of research and development sponsored by the Federal Government, and in such cases require full cooperation of all involved parties to obtain maximum benefits. Every effort should be made to develop presentations that are appropriate for delivery to the widest appropriate audience consistent with the interests of national security. In general, national security concerns related to the disclosure of DoD scientific and technical information at meetings are influenced by two mutually dependent factors; i.e. the sensitivity of the material to be presented, and the identity of proposed recipients of the material. These considerations and their impact on proposed meetings can be evaluated

only through consultation among authors, conference organizers, and officials responsible for authorizing release of DoD information. The purpose of this consultation is to ascertain which combination of factors will support the most productive exchange of information consistent with U.S. laws and the requirements of national security. Interaction among concerned parties should commence at least six months before the meeting date.

(b) *Information to be presented.* Possibilities range from completely unclassified/unlimited through classified information. Other considerations having an impact on meeting organization include, but are not limited to, proprietary data, export-controlled data, Privacy Act information, and foreign government-provided data.

(1) Classified information may be presented only at meetings organized in accordance with DoD Directive 5200.12.[2]

(2) Unclassified export-controlled DoD technical data may be presented only in sessions where recipients are eligible to receive such data as established by 32 CFR part 250.

(3) Presentation of proprietary information, privacy data, and foreign government-provided data requires approval of the party controlling that information.

(c) *Location of meetings and access controls.* To a large degree location of and access to meetings are dependent on the type of material to be presented.

(1) Papers which have been cleared for public release may be presented at any location and before any audience.

(2) Criteria established by 32 CFR part 250 for releasing unclassified documents containing unclassified export-controlled DoD technical data also are applicable to presentations containing such data. Unclassified export-controlled DoD technical data may be released to:

(i) United States and Canadian government officials, with the understanding that the information is to be used for official government purposes only. Technical data that falls outside the exemptions for export to Canada in United States export regulations may not be transferred under this and the following provision.

(ii) United States and Canadian citizens and resident aliens when disclosure is subject to the terms of a current (DD Form 2345) ''Militarily Critical Technical Data Agreement.''

(iii) Foreign nationals and United States citizens acting as representatives of foreign interests where disclosure is made in accordance with a license, approval, or exemption under the International Traffic in Arms Regulations or the Export Administration Regulations.

(3) Non-government organizations who organize meetings in the United States at which unclassified export-controlled DoD technical data is to be presented will be required to ensure that physical access to the presentations is limited to those eligible to receive such data (as described in paragraph (c)(2) of this section) before being permitted to present such data.

(4) Meetings sponsored by a United States Government agency at which unclassified export-controlled DoD technical data is to be presented may be held in any location in the United States when control of physical access to the sessions is provided by a United States Government employee or a contractor specifically tasked by Department of Defense for that duty.

(5) Presentation of unclassified export-controlled DoD technical data in meetings held outside the United States may be permitted on a case-by-case basis after review of the situation by officials authorized to do so by the Director of Defense Research and Engineering, Office of the Under Secretary of Defense (Acquisition) or heads of DoD Components.

(6) When it is necessary to limit access to presentations of DoD-related scientific and technical papers, and private or professional organizations are unwilling or unable to provide required controls, DoD Components may, at their discretion, conduct meetings which correlate in place and topic with open meetings of such societies to take advantage of the fact that interested parties are already gathered.

(7) Classified information may be presented only at meetings held in a

[2] See footnote 1 to § 249.1.

secure government or cleared contractor facility, unless a waiver has been granted in accordance with DoD Directive 5200.12. Personnel access controls for classified meetings also are specified in DoD Directive 5200.12.

(d) *Foreign representative access to meetings.* (1) For classified meetings sponsored by the Department of Defense and conducted at a contractor facility, guidelines for foreign participation are established in DoD Directive 5230.11[3] and DoD Instruction 5230.20.[4] Guidelines for the reporting of foreign participation in classified meetings are contained in DoD Directive 5200.12.

(2) For unclassified meetings sponsored and conducted by organizations other than the Department of Defense, the sole responsibility of determining whether foreign access is appropriate rests with the sponsor. The level and type of DoD participation in the meeting shall take into account the presence of foreign representatives, if any.

(3) In order to advance the interests of an international military agreement or understanding, the Department of Defense may wish to release to certain foreign nationals unclassified export-controlled DoD technical data being presented at unclassified, restricted access meetings sponsored and conducted by non-government societies and associations. Release in such cases by Department of Defense shall be pursuant to appropriate exemptions to the International Traffic in Arms Regulations (22 CFR part 126), which relieves the society or association from responsibility to obtain export approvals for these presentations. DoD sponsorship is for the sole purpose of granting access to DoD-sponsored technical information. When societies or associations agree to DoD sponsorship of foreign attendance under these circumstances, the visit request procedures established in DoD Instruction 5230.20 shall be used to obtain and process requests from foreign representatives for sponsorship, and to inform the requestor and the meeting sponsor of the decision to release the information and conditions pertaining to such release.

(e) *Clearance for public release.* A review is required by DoD Directive 5230.9[5] for all public releases by DoD personnel, including all presentations from DoD laboratories. DoD contractors are required to submit proposed presentations for review if that is a specific contractual requirement. Papers resulting from unclassified contracted fundamental research are exempt from prepublication controls and this review requirement.

(1) Proposed presentations shall be reviewed to:

(i) Determine what information, if any, in the submitted paper and/or abstract is subject to security classification, is subject to withholding from public disclosure under 32 CFR part 250 or is otherwise restricted by statute, regulation or DoD policy.

(ii) Recommend specific changes, if any, to allow the paper to be presented as requested.

(iii) Indicate on the document its releasibility in original and amended versions.

(iv) Provide information on appeal procedures to be followed if requested clearance is denied.

(2) Reviews shall be completed as speedily as possible after receipt of the document by an appropriate public clearance authority. If a review cannot be completed in a timely manner, an explanation shall be provided. Every effort shall be made to complete the review in:

(i) Ten working days for all abstracts.

(ii) Twenty working days for papers submitted for presentation at sessions that will have unlimited access.

(iii) Thirty working days for papers submitted for presentation at unclassified sessions that will have limited access.

(iv) Thirty working days for papers submitted for presentation at sessions that will be classified.

(f) *Voluntary submissions.* Authors or organizations not subject to mandatory reviews may submit their papers to DoD activities to obtain advice on national security concerns. Resources

[3] See footnote 1 to § 249.1.

[4] See footnote 1 to § 249.1.

[5] See footnote 1 to § 249.1.

permitting, DoD public release activities shall arrange review of the papers and

(1) Inform the author that the Department of Defense has no objection to public presentation or

(2) Inform the author that the Department of Defense advises that presentation in a public forum would not be in the interest of national security, and provide appropriate reasons for the determination. The clearance for public presentation, paragraph (f)(1) of this section, satisfies an exemption from requirements for government review under the International Traffic in Arms Regulations. The latter determination, paragraph (f)(2) of this section, does not legally bar presentation. It is an advisory statement that, for the presentation concerned, Department of Defense is not providing the authority for public release. Such DoD action does not preclude recourse by the author through normal State Department export license procedures.

(g) *Submission procedures.* (1) Authors shall submit full text and/or abstract of paper for review before submitting it to conference organizers. Clearance of abstract does not satisfy any requirement for clearance of the full paper. Requests for review shall identify the conference sponsor(s), site, and access restrictions specified by the session organizers, and shall state whether the paper is for presentation at a session that is to be unclassified with unlimited access, unclassified with limited access, or classified. Level of classification and access restrictions shall be specified, where appropriate.

(2) Papers shall be submitted for public and/or foreign disclosure clearance in sufficient time to allow adequate review and possible revision. Authors should allow adequate time for their presentation to reach the appropriate review authority in addition to the review targets set in paragraph (e)(2) of this section.

(3) At time of submission of the full text of the presentation to the Conference Program Committee, authors should state that their papers have been approved for presentation at the meeting and specify the security level of degree of access control required. When submitting abstracts that have been cleared for release, authors should indicate when and what kind of approval is expected on the presentation in its final form.

(h) In accordance with DoD Directive 3200.12, copies of proceedings and/or reprints of papers sponsored by the Department of Defense for all scientific and technical meetings will be provided to the Defense Technical Information Center, Defense Logistics Agency, Cameron Station, Alexandria, VA 22304 for secondary distribution.

§ 249.6 Responsibilities.

(a) The *Under Secretary of Defense for Acquisition* (USD(A)) shall be responsible for implementing this part.

(b) The *Deputy Under Secretary of Defense for Research and Advanced Technology* shall:

(1) Administer and monitor compliance with this part.

(2) Provide, when necessary, technical assistance to DoD Components in determining sufficiency of protection of unclassified technical information that is to be presented at meetings.

(3) Provide, upon request, information and advice regarding controls on unclassified DoD information to scientific and engineering societies and professional associations.

(c) The *Under Secretary of Defense for Policy* (USD(P)) shall develop and promulgate, as required, policy guidance to DoD Components for implementing this instruction.

(d) The *Deputy Under Secretary for Defense (Policy)* (DUSD(P)) shall establish and monitor compliance with policies and procedures for disclosure of classified information at meetings.

(e) The *Heads of DoD Components* shall:

(1) Promulgate this part within 180 days.

(2) Designate an individual who will be responsible for reviewing and approving requests for export-controlled meetings outside the United States, and for ensuring compliance with this part.

PART 250—WITHHOLDING OF UNCLASSIFIED TECHNICAL DATA FROM PUBLIC DISCLOSURE

Sec.
250.1 Purpose.
250.2 Applicability and scope.
250.3 Definitions.
250.4 Policy.
250.5 Procedures.
250.6 Responsibilities.
250.7 Pertinent portions of Export Administration Regulations (EAR).
250.8 Pertinent portions of International Traffic in Arms Regulations (ITAR).
250.9 Notice to accompany the dissemination of export-controlled technical data.

AUTHORITY: Sec. 1217, Pub. L. 98–94, (10 U.S.C. 140c).

SOURCE: 49 FR 48041, Dec. 10, 1984, unless otherwise noted.

§ 250.1 Purpose.

This part establishes policy, prescribes procedures, and assigns responsibilities for the dissemination and withholding of technical data.

§ 250.2 Applicability and scope.

(a) This part applies to:

(1) All unclassified technical data with military or space application in the possession of, or under the control of, a DoD Component which may not be exported lawfully without an approval, authorization, or license under E.O. 12470 or the Arms Export Control Act. However, the application of this part is limited only to such technical data that disclose critical technology with military or space application. The release of other technical data shall be accomplished in accordance with DoD Instruction 5200.21 and DoD 5400.7–R.

(2) The Office of the Secretary of Defense (OSD) and activities support administratively by OSD, the Military Departments, the Organization of the Joint Chiefs of Staff, the Defense Agencies, and the Unified and Specified Commands (hereafter referred to collectively as ''DoD Components'').

(b) This part does not:

(1) Modify or supplant the regulations promulgated under E.O. 12470 or the Arms Export Control Act governing the export of technical data, that is, 15 CFR part 379 of the Export Administration Regulations (EAR) and 22 CFR part 125 of the International Traffic in Arms Regulations (ITAR).

(2) Introduce any additional controls on the dissemination of technical data by private enterprises or individuals beyond those specified by export control laws and regulations or in contracts or other mutual agreements, including certifications made pursuant to § 250.3(a). Accordingly, the mere fact that the Department of Defense may possess such data does not in itself provide a basis for control of such data pursuant to this part.

(3) Introduce any controls on the dissemination of scientific, educational, or other data that qualify for General License GTDA under 15 CFR 379.3 of the EAR (see § 250.7) or for general exemptions under 22 CFR 125.11 of the ITAR (see § 250.8).

(4) Alter the responsibilities of DoD Components to protect proprietary data of a private party in which the Department of Defense has ''limited rights'' or ''restricted rights'' (as defined in 32 CFR 9–201(c) and 9–601(j) of the DoD Acquisition Regulation, or which are authorized to be withheld from public disclosure under 5 U.S.C. 552(b)(4).

(5) Pertain to, or affect, the release of technical data by DoD Components to foreign governments, international organizations, or their respective representatives or contractors, pursuant to official agreements or formal arrangements with the U.S. Government, or pursuant to U.S. Government-licensed transactions involving such entities or individuals. In the absence of such U.S. Government-sanctioned relationships, however, this part does apply.

(6) Apply to classified technical data. After declassification, however, dissemination of such data that are within the scope of § 250.2(a)(1) is governed by this part.

§ 250.3 Definitions.

(a) *Qualified U.S. contractor.*[1] A private individual or enterprise (hereinafter described as a ''U.S. contractor'')

[1] Canadian contractors may be qualified in accordance with this part for technical data that do not require a license for export to Canada under 22 CFR 125.12 of the ITAR and

that, in accordance with procedures established by the Under Secretary of Defense for Research and Engineering, certifies, as a condition of obtaining export-controlled technical data subject to this Directive from the Department of Defense, that:

(1) The individual who will act as recipient of the export-controlled technical data on behalf of the U.S. contractor is a U.S. citizen or a person admitted lawfully into the United States for permanent residence and is located in the United States.

(2) Such data are needed to bid or perform on a contract with the Department of Defense, or other U.S. Government agency, or for other legitimate business purposes[2] in which the U.S. contractor is engaged, or plans to engage. The purpose for which the data are needed shall be described sufficiently in such certification to permit an evaluation of whether subsequent requests for data, pursuant to § 250.5(d)(2) are related properly to such business purpose.

(3) The U.S. contractor acknowledges its responsibilities under U.S. export control laws and regulations (including the obligation, under certain circumstances, to obtain an export license prior to the release of technical data within the United States) and agrees that it will not disseminate any export-controlled technical data subject to this part in a manner that would violate applicable export control laws and regulations.

(4) The U.S. contractor also agrees that, unless dissemination is permitted by § 250.5(h), it will not provide access to export-controlled technical data subject to this part to persons other than its employees or persons acting on its behalf, without the permission of the DoD Component that provided the technical data.

(5) To the best of its knowledge and belief, the U.S. contractor knows of no person employed by it, or acting on its behalf, who will have access to such data, who is debarred, suspended, or otherwise ineligible from performing on U.S. Government contracts; or has violated U.S. export control laws or a certification previously made to the Department of Defense under the provisions of this part.

(6) The U.S. contractor itself is not debarred, suspended, or otherwise determined ineligible by any agency of the U.S. Government to perform on U.S. Government contracts, has not been convicted of export control law violations, and has not been disqualified under the provisions of this part. When the certifications required by paragraphs (a) (5) and (6) of this section, cannot be made truthfully, the U.S. contractor may request the certification be accepted based on its description of extenuating circumstances.

(b) *Controlling DoD Office.* The DoD activity that sponsored the work that generated the technical data or received the technical data on behalf of the Department of Defense and therefore has the responsibility for determining the distribution of a document containing such technical data. In the case of joint sponsorship, the controlling office is determined by advance agreement and may be either a party, a group, or a committee representing the interested activities or DoD Components. (The controlling DoD office is identified on each export-controlled document in accordance with DoD Directive 5230.24.

(c) *Critical Technology.* Technologies that consist of (1) arrays of design and manufacturing know-how (including technical data); (2) keystone manufacturing, inspection, and test equipment; (3) keystone materials; and (4) goods accompanied by sophisticated operation, application, or maintenance know-how that would make a significant contribution to the military potential of any country or combination of countries and that may prove detrimental to the security of the United States (also referred to as militarily critical technology).

(d) *Other legitimate business purposes.* Include:

(1) Providing or seeking to provide equipment or technology to a foreign government with the approval of the U.S. Government (for example, through a licensed direct foreign military sale).

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15 CFR 379.4(d) and 379.5(e) of the EAR submitting an equivalent certification to the U.S. Department of Defense.

[2] This does not require a contract with or a grant from the U.S. Government.

(2) Bidding, or preparing to bid, on a sale of surplus property.

(3) Selling or producing products for the commercial domestic marketplace or for the commercial foreign marketplace, providing that any required export license is obtained.

(4) Engaging in scientific research in a professional capacity.

(5) Acting as a subcontractor to a concern described in paragraphs (d) (1) through (4) of this section; or

(6) Selling technical data subject to this part in support of DoD contractors or in supporting of the competitive process for DoD contracts, provided such sales are limited solely to DoD contractors or potential DoD contractors who also are qualified U.S. contractors and provided such technical data are related to the purpose for which the qualified U.S. contractor is certified, or selling technical data to foreign contractors or governments overseas after receiving the required export license or approval by the U.S. Government.

(e) *Potential DoD contractor.* An individual or organization outside the Department of Defense declared eligible for DoD information services by a sponsoring DoD activity on the basis of participation in one of the following programs:

(1) The Department of the Army Qualitative Requirements Information Program.

(2) The Department of the Navy Industry Cooperative Research and Development Program.

(3) The Department of the Air Force Potential Contractor Program.

(4) The DoD Scientific and Technical Program; or

(5) Any similar program in use by other DoD Components.

(f) *Public disclosure.* Making technical data available without restricting its dissemination or use.

(g) *Technical data with military or space application, or technical data.* Any blueprints, drawings, plans, instructions, computer software and documentation, or other technical information that can be used or be adapted for use to design, engineer, produce, manufacture, operate, repair, overhaul, or reproduce any military or space equipment or technology concerning such equipment.

(h) *United States.* For the purpose of this part, the 50 States, the District of Columbia, and the territories and possessions of the United States.

§ 250.4 Policy.

(a) In accordance with 10 U.S.C. 140c, the Secretary of Defense may withhold from public disclosure, notwithstanding any other provision of law, any technical data with military or space application in the possession of, or under the control of, the Department of Defense, if such data may not be exported lawfully without an approval, authorization, or license under E.O. 12470 or the Arms Export Control Act. However, technical data may not be withheld under this section if regulations promulgated under either the Order or Act authorize the export of such data pursuant to a general, unrestricted license or exemption in such regulations. (Pertinent portions of such regulations are set forth in §§ 250.7 and 250.8).

(b) Because public disclosure of technical data subject to this part is tantamount to providing uncontrolled foreign access, withholding such data from public disclosure, unless approved, authorized, or licensed in accordance with export control laws, is necessary and in the national interest. Unclassified technical data that are not governed by this part, unless otherwise restricted, shall continue to be made available to the public as well as to state and local governments.

(c) Nothwithstanding the authority provided in paragraph (a), of this section, it is DoD policy to provide technical data governed by this part to individuals and enterprises that are determined to be currently qualified U.S. contractors, when such data relate to a legitimate business purpose for which the contractor is certified. However, when such data are for a purpose other than to permit the requester to bid or perform on a contract with the Department of Defense, or other U.S. Government agency, and the significance of such data for military purposes is such that release for purposes other than direct support of DoD activities may

jeopardize an important U.S. technological or operational advantage, those data shall be withheld in such cases.

(d) This part may not be used by DoD Components as authority to deny access to technical data to the Congress, or to any Federal, State, or local governmental agency that requires such data for regulatory or other official governmental purposes. Any such dissemination will include a statement that the technical data are controlled by the Department of Defense in accordance with this part.

(e) The authority provided herein may not be used to withhold from public disclosure unclassified information regarding DoD operations, policies, activities, or programs, including the costs and evaluations of performance and reliability of military and space equipment. When such information does contain technical data subject to this part, the technical data shall be excised from that which is disclosed publicly.

(f) This part may not be used as a basis for the release of ''limited rights'' or ''restricted rights'' data as defined in 32 CFR 9–201(c) and 9–601(j) of the DoD Acquisition Regulation or that are authorized to be withheld from public disclosure under the Freedom of Information Act (FOIA).

(g) This part may not be used to provide protection for technical data that should be classified in accordance with E.O. 12356 and DoD 5200.1–R.

(h) This part provides immediate authority to cite 5 U.S.C. 552(b)(3) as the basis for denials under the FOIA of technical data currently determined to be subject to the provisions of this part.

§ 250.5 Procedures.

All determinations to disseminate or withhold technical data subject to this part shall be consistent both with the policies set forth in § 250.4 of this part, and with the following procedures:

(a) Requests for technical data shall be processed in accordance with DoD Directive 5230.24 and DoD Instruction 5200.21. FOIA requests for technical data subject to this part shall be handled in accordance with the procedures established in DoD 5400.7–R. Such FOIA requests for technical data currently determined to be subject to the withholding authority effected by this part shall be denied under citing the third exemption to mandatory disclosure, and the requester shall be referred to the provisions of this part permitting access by qualified U.S. contractors.

(b) Upon receipt of a request for technical data in the possession of, or under the control of, the Department of Defense, the controlling DoD office shall determine whether such data are governed by this part. The determination shall be based on the following:

(1) The office's finding[3] that such data would require an approval, authorization, or license for export under E.O. 12470 or the Arms Export Control Act and that such data may not be exported pursuant to a general, unrestricted license (15 CFR 379.3, EAR) (see § 250.7) or exemption (22 CFR 125.11, ITAR) (see § 250.8).

(2) The office's judgment that the technical data under consideration disclose critical technology with military or space application. For purposes of making this determination, the Militarily Critical Technologies List (MCTL) shall be used as general guidance. The controlling DoD office may request assistance in making such a determination from the Office of the Under Secretary of Defense for Research and Engineering (OUSDR&E) in accordance with procedures established by that office.

(c) The controlling DoD office shall ensure that technical data determined to be governed by this part are marked in accordance with DoD Directive 5230.24.

(d) The controlling DoD office shall authorize release of technical data governed by this part to currently qualified U.S. contractors only, as defined in § 250.3(a) of this part, unless one of the following apply:

(1) The qualification of the U.S. contractor concerned has been temporarily revoked in accordance with § 250.5(e) of this part; or

(2) The requested data are judged to be unrelated to the purpose for which

[3] May require consultation with the Department of State or the Department of Commerce, as appropriate.

the qualified U.S. contractor is certified. When release of technical data is denied in accordance with this section, the controlling DoD office shall request additional information sufficient to explain the intended use of the requested data and, if appropriate, request a new certification (see §250.3(a) above) describing the intended use of the requested data; or

(3) The technical data are being requested for a purpose other than to permit the requester to bid or perform on a contract with the Department of Defense or other U.S. Government agency, in which case the controlling DoD office shall withhold such data if it has been determined by the DoD Component focal point (see §250.5(e)(5)) that the significance of such data for military purposes is such that release for purpose other than direct support of DoD-approved activities may jeopardize an important technological or operational military advantage of the United States.

(e) Upon receipt of credible and sufficient information that a qualified U.S. contractor has (1) violated U.S. export control law, (2) violated its certification, (3) made a certification in bad faith, or (4) made an omission or misstatement of material fact, the DoD Component shall revoke temporarily the U.S. contractor's qualification. Such revocations having the potential for compromising a U.S. Government investigation may be delayed. Immediately upon such revocation, the DoD Component shall notify the contractor and the OUSDR&E. Such contractor shall be given an opportunity to respond in writing to the information upon which the temporary revocation is based before being disqualified. Any U.S. contractor whose qualification has been revoked temporarily may be reinstated upon presentation of sufficient information showing that the basis for such revocation was in error or has been remedied.

(f) When the basis for a contractor's temporary revocation cannot be removed within 20 working days, the DoD Component shall recommend to the OUSDR&E that the contractor be disqualified.

(g) Charges for copying, certifying, and searching records rendered to requesters shall be levied in accordance with DoD Instruction 7230.7. Normally, only one copy of the same record or document will be provided to each requester. Any release to qualified U.S. contractors of technical data controlled by this part shall be accompanied by a notice to the recipient as set forth in §250.9.

(h) Qualified U.S. contractors who receive technical data governed by this part may disseminate such data for purposes consistent with their certification without prior permission of the controlling DoD office or when such dissemination is:

(1) To any foreign recipient for which the data are approved, authorized, or licensed under E.O. 12470 or the Arms Export Control Act.

(2) To another currently qualified U.S. contractor (as defined in §250.3(a) above, including existing or potential subcontractors, but only within the scope of the certified legitimate business purpose of such recipient.

(3) To the Departments of State and Commerce, for purposes of applying for appropriate approvals, authorizations, or licenses for export under the Arms Export Control Act or E.O. 12470. Any such application shall include a statement that the technical data for which such approval, authorization, or license is sought are controlled by the Department of Defense in accordance with this part.

(4) To Congress or any Federal, State, or local governmental agency for regulatory purposes, or otherwise as may be required by law or court order. Any such dissemination shall include a statement that the technical data are controlled by the Department of Defense in accordance with this part.

(i) A qualified U.S. contractor desiring to disseminate technical data subject to this part in a manner not permitted expressly by the terms of this part shall seek authority to do so from the controlling DoD office.

(j) Any requester denied technical data, or any qualified U.S. contractor denied permission to redisseminate such data, pursuant to this part, shall be provided promptly a written statement of reasons for that action, and advised of the right to make a written

appeal of such determination to a specifically identified appellate authority within the DoD Component. Appeals of denials made under DoD 5400.7–R (reference (e)) shall be handled in accordance with procedures established therein. Other appeals shall be processed as directed by the OUSDR&E.

(k) Denials shall cite 10 U.S.C. 140c as implemented by this part, and, in the case of FOIA denials made in reliance on this statutory authority, 5 U.S.C. 552(b)(3). Implementing procedures shall provide for resolution of any appeal within 20 working days.

§ 250.6 Responsibilities.

(a) The Under Secretary of Defense for Research and Engineering (USDR&E) shall have overall responsibility for the implementation of this Directive and shall designate an office to:

(1) Administer and monitor compliance with this Directive.

(2) Receive and disseminate notifications of temporary revocation in accordance with § 250.5(e) of this part.

(3) Receive recommendations for disqualification made in accordance with § 250.5(f) of this part, and act as initial disqualification authority.

(4) Provide, when necessary, technical assistance to DoD Components in assessing the significance of the military or space application of technical data that may be withheld from public disclosure under this Directive.

(5) Establish procedures to develop, collect, and disseminate certification statements and ensure their sufficiency, accuracy, and periodic renewal, and to make final determinations of qualification.

(6) Ensure that the requirements of this Directive are incorporated into the DoD Federal Acquisition Regulation Supplement for optional application to contracts involving technical data governed by this Directive.

(7) Develop, in conjunction with the General Counsel, Department of Defense, guidelines for responding to appeals.

(8) Develop procedures to ensure that DoD Components apply consistent criteria in authorizing exceptions under § 250.5(i) of this part.

(9) Establish procedures and appropriate mechanisms for the certification of qualified U.S. contractors, pursuant to § 250.6(a)(5) of this part, within 60 days of the effective date of this Directive. During this 60-day period, requests for technical data governed by this Directive shall be processed in accordance with procedures in effect before the promulgation of this Directive.

(10) Take such other actions that may be required to ensure consistent and appropriate implementation of this Directive within the Department of Defense.

(b) The Under Secretary of Defense for Policy shall:

(1) Develop and promulgate, as required, policy guidance to DoD Components for implementing this Directive.

(2) Develop procedures with the Departments of State and Commerce to ensure referral of export cases involving technical data governed by this Directive to the Department of Defense.

(c) The Assistant Secretary of Defense (Public Affairs) shall:

(1) Monitor the implementation of provisions of this Directive that pertain to DoD 5400.7–R.

(2) Provide such other assistance as may be necessary to ensure compliance with this Directive.

(d) The General Counsel, Department of Defense, shall:

(1) Assist in carrying out the provisions of this Directive by advising DoD Components with respect to the statutory and regulatory requirements governing the export of technical data.

(2) Advise the USDR&E regarding consistent and appropriate implementation of this Directive.

(e) The Heads of DoD Components shall:

(1) As the delegated authority, have the option to redelegate the authority to withhold technical data in accordance with this Directive.

(2) Disseminate and withhold from public disclosure technical data subject to this Directive in a manner consistent with the policies and procedures set forth herein.

(3) Designate a focal point to

(i) Ensure implementation of this Directive;

(ii) Identify classes of technical data the release of which is governed by § 250.5(d)(3) of this part;

(iii) Act on appeals relating to case-by-case denials of technical data;

(iv) Suspend a contractor's qualification pursuant to § 250.(e) of this part;

(v) Receive and evaluate requests for reinstatement of a contractor's qualification; and, when appropriate,

(vi) Recommend disqualification to the OUSDR&E.

(4) Promulgate and effect regulations to implement this Directive within 180 days.

(5) Disseminate technical data governed by this Directive in the manner prescribed herein, to the extent feasible, during the period after which certification procedures have been established under § 250.6(a)(9) of this part, but before DoD Components have issued implementing regulations under paragraph (e)(4) of this section. However, if such dissemination is not feasible, the DoD Component may process requests for such data in accordance with procedures in effect before the promulgation of this Directive.

§ 250.7 Pertinent portions of Export Administration Regulations (EAR).

The following pertinent section of the EAR is provided for the guidance of DoD personnel in determining the releasability technical data under the authority of this part.

EXPORT ADMINISTRATION REGULATIONS 15 CFR 379.3

General License GTDA: Technical Data Available to All Destinations

A General License designated GTDA is hereby established authorizing the export to all destinations of technical data described in § 379.3(a), (b), or (c), below:

(a) *Data Generally Available.* Data that have been made generally available to the public in any form, including

(1) Data released orally or visually at open conferences, lectures, trade show, or other media open to the public; and

(2) Publications that may be purchased without restrictions at a nominal cost, or obtained without costs, or are readily available at libraries open to the public.

The term ''nominal cost'' as used in § 379.3(a)(2), is intended to reflect realistically only the cost of preparing and distributing the publication and not the intrinsic value of the technical data. If the cost is as much as to prevent the technical data from being generally available to the public, General License GTDA would not be applicable.

(b) *Scientific or Educational Data.* (1) Dissemination of information not directly and significantly related to design, production, or utilization in industrial processes, including such dissemination by correspondence, attendance at, or participation in, meetings; or

(2) Instruction in academic institutions and academic laboratories, excluding information that involves research under contract related directly and significantly to design, production, or utilization in industrial processes.

(c) *Patent Applications.* Data contained in a patent application, prepared wholly from foreign-origin technical data where such application is being sent to the foreign inventor to be executed and returned to the United States for subsequent filing in the U.S. Patent and Trademark Office. (No validated export license from the Office of Export Administration is required for data contained in a patent application, or an amendment, modification, supplement, or division thereof for filing in a foreign country in accordance with the regulations of the Patent and Trademark Office 37 CFR part 5. See § 370.10(j).)

§ 250.8 Pertinent portions of International Traffic in Arms Regulations (ITAR).

The following pertinent section of the ITAR is provided for the guidance of DoD personnel in determining the releasibility of technical data under the authority of this part.

INTERNATIONAL TRAFFIC IN ARMS REGULATIONS 22 CFR 125.11

General Exemptions

(a) Except as provided in § 26.01, district directors of customs and postal authorities are authorized to permit the export without a license of unclassified technical data as follows:

(1) If it is in published[4] form and subject to public dissemination by being:

(i) Sold at newsstands and bookstores;

(ii) Available by subscription or purchase without restrictions to any person or available without cost to any person;

[4] The burden for obtaining appropriate U.S. Government approval for the publication of technical data falling within the definition in § 125.01, including such data as may be developed under other than U.S. Government contract, is on the person or company seeking publication.

(iii) Granted second class mailing privileges by the U.S. Government; or

(iv) Freely available at public libraries.

(2) If it has been approved for public release by any U.S. Government department or agency having authority to classify information or material under Executive Order [12356], as amended, and other applicable Executive Orders, and does not disclose the details of design, production, or manufacturing of any arms, ammunition, or implements of war on the U.S. Munitions List.

(3) If the export is in furtherance of a manufacturing license or technical assistance agreement approved by the Department of State in accordance with part 124 of this chapter.

(4) If the export is in furtherance of a contract with an agency of the U.S. Government or a contract between an agency of the U.S. Government and foreign persons, provided the contract calls for the export of relevant unclassified technical data, and such data are being exported only by the prime contractor. Such data shall not disclose the details of development, engineering, design, production, or manufacture of any arms, ammunition, or implements of war on the U.S. Munitions List. (This exemption does not permit the prime contractor to enter into subsidiary technical assistance or manufacturing license agreements, or any arrangement which calls for the exportation of technical data without compliance with part 124 of this subchapter.)

(5) If it relates to firearms not in excess of caliber .50 and ammunition for such weapons, except technical data containing advanced designs, processes, and munufacturing techniques.

(6) If it consists of technical data, other than design, development, or production information relating to equipment, the export of which has been previously authorized to the same recipient.

(7) If it consists of operations, maintenance and training manuals, and aids relating to equipment, the export of which has been authorized to the same recipient.[5]

(8) If it consists of additional copies of technical data previously approved for export to the same recipient; or if it consists of revised copies of technical data, provided it pertains to the identical Munitions List article, and the revisions are solely editorial and do not add to the content of technology previously approved for export to the same recipient.

(9) If it consists solely of technical data being reexported to the original source of import.

(10) If the export is by the prime contractor in direct support and within the technical and/or product limitations of a ''U.S. Government approved project'' and the prime contractor so certifies. The Office of Munitions Control, Department of State, will verify, upon request, those projects which are ''U.S. Government approved,'' and accord an exemption to the applicant who applies for such verification and exemption, where appropriate, under this subparagraph.[6]

(11) If the export is solely for the use of American citizen employees of U.S. firms provided the U.S. firm certifies its overseas employee is a U.S. citizen and has a ''need to know.''[7]

(12) If the export is directly related to classified information, the export of which has been previously authorized to the same recipient, and does not disclose the details of design, production, or manufacture of any arms, ammunition, or implements of war on the U.S. Munitions List.

(b) *Plant visits.* Except as restricted by the provisions of § 126.01 of this subchapter:

(1) No license shall be required for the oral and visual disclosure of unclassified technical data during the course of a plant visit by foreign nationals provided the data [are] disclosed in connection with a classified plant visit or the visit has the approval of a U.S. Government agency having authority for the classification of information or material under Executive Order [12356], as amended, and other applicable Executive Orders, and the requirements of section V, paragraph [41(d)] of the Industrial Security Manual are met.

(2) No license shall be required for the documentary disclosure of unclassified technical data during the course of a plant visit by foreign nationals provided the document

[5] Not applicable to technical data relating to Category VI(d) and Category XVI.

[6] Classified information may also be transmitted in direct support of and within the technical and/or product limitation of such verified U.S. Government approved projects without prior Department of State approval provided the U.S. party so certifies and complies with the requirements of the Department of Defense Industrial Security Manual relating to the transmission of such classified information (and any other requirements of cognizant U.S. Government departments or agencies).

[7] Classified information may also be exported to such certified American citizen employees without prior Department of State approval provided the U.S. party complies with the requirements of the Department of Defense Industrial Security Manual relating to the transmission of such classified information (and any other requirements of cognizant U.S. Government departments or agencies). Such technical data or information (classified or unclassified) shall not be released by oral, visual, or documentary means to any foreign person.

does not contain technical data as defined in §125.01 in excess of that released orally or visually during the visit, is within the terms of the approved visit request, and the person in the United States assures that the technical data will not be used, adopted for use, or disclosed to others for the purpose of manufacture or production without the prior approval of the Department of State in accordance with part 124 of this subchapter.

(3) No Department of State approval is required for the disclosure of oral and visual classified information during the course of a plant visit by foreign nationals provided the visit has been approved by the cognizant U.S. Defense agency and the requirements of section V, paragraph [41(d)] of the Defense Industrial Security Manual are met.

§ 250.9 Notice to accompany the dissemination of export-controlled technical data.

(a) Export of information contained herein, which includes, in some circumstances, release to foreign nationals within the United States, without first obtaining approval or license from the Department of State for items controlled by the International Traffic in Arms Regulations (ITAR), or the Department of Commerce for items controlled by the Export Administration Regulations (EAR), may constitute a violation of law.

(b) Under 22 U.S.C. 2778 the penalty for unlawful export of items or information controlled under the ITAR is up to 2 years imprisonment, or a fine of $100,000, or both. Under 50 U.S.C., appendix 2410, the penalty for unlawful export of items or information controlled under the EAR is a fine of up to $1,000,000, or five times the value of the exports, whichever is greater; or for an individual, imprisonment of up to 10 years, or a fine of up to $250,000, or both.

(c) In accordance with your certification that establishes you as a ''qualified U.S. contractor,'' unauthorized dissemination of this information is prohibited and may result in disqualification as a qualified U.S. contractor, and may be considered in determining your eligibility for future contracts with the Department of Defense.

(d) The U.S. Government assumes no liability for direct patent infringement, or contributory patent infringement or misuse of technical data.

(e) The U.S. Government does not warrant the adequacy, accuracy, currency, or completeness of the technical data.

(f) The U.S. Government assumes no liability for loss, damage, or injury resulting from manufacture or use for any purpose of any product, article, system, or material involving reliance upon any or all technical data furnished in response to the request for technical data.

(g) If the technical data furnished by the Government will be used for commercial manufacturing or other profit potential, a license for such use may be necessary. Any payments made in support of the request for data do not include or involve any license rights.

(h) A copy of this notice shall be provided with any partial or complete reproduction of these data that are provided to qualified U.S. contractors.

PART 253—ASSIGNMENT OF AMERICAN NATIONAL RED CROSS AND UNITED SERVICE ORGANIZATIONS, INC., EMPLOYEES TO DUTY WITH THE MILITARY SERVICES

Sec.

253.1 Reissuance and purpose.
253.2 Applicability and scope.
253.3 Definition.
253.4 Policy.
253.5 Responsibilities.
253.6 Procedures.

AUTHORITY: Pub. L. 83–131, 5 U.S.C. 301.

SOURCE: 48 FR 35644, Aug. 5, 1983, unless otherwise noted.

§ 253.1 Reissuance and purpose.

This rule reissues this part to update policy and procedures governing the investigation of American National Red Cross (hereafter ''Red Cross'') employees and United Service Organizations, Inc. (USO), staff for the purpose of determining the security acceptability of such personnel for assignment to duty with the Military Services.

§ 253.2 Applicability and scope.

(a) This rule applies to the Office of the Secretary of Defense, the Military Departments, the Unified and Specified

Commands, and the Defense Investigative Service (hereafter referred to as ''DoD Components''). The term ''Military Services,'' as used herein, refers to the Army, the Navy, the Air Force, and the Marine Corps.

(b) This rule does not apply to U.S. citizens or foreign nationals who are available locally at overseas locations for temporary or part-time employment with the Red Cross or the USO. Policy and procedures governing investigation and security acceptability of locally hired employees shall be determined by the Military Department concerned.

§ 253.3 Definition.

Employee. Any full-time, salaried individual serving with or employed by the Red Cross or the USO who is subject to assignment for overseas duty with the Military Services.

§ 253.4 Policy.

(a) It is the policy of the Department of Defense that an employee shall be accepted for assignment to duty with the Military Services overseas only after it first has been determined, based upon an appropriate personnel security investigation, that such acceptance for assignment is clearly consistent with the national interest.

(b) The standard and criteria for determining the security acceptability of an employee for assignment or continuation of assignment with the Military Services overseas shall be identical to those established for making security clearance determinations for personnel employed in private industry under §§ 155.4 and 155.5 of this title.

§ 253.5 Responsibilities.

(a) The *Deputy Under Secretary of Defense for Policy*, or designee, the *Director, Security Plans and Programs*, shall serve as the primary contact between the Department of Defense and the Red Cross and USO for all matters relating to the policy and procedures prescribed herein.

(b) *Heads of DoD Components* shall comply with the provisions of this rule.

§ 253.6 Procedures.

(a) Employees who are U.S. citizens shall have been the subject of a national agency check (NAC), completed with favorable results, before being nominated for assignment with the Military Services overseas.

(b) Employees who are not U.S. citizens shall have been the subject of a background investigation (BI), completed with favorable results, before being nominated for assignment with the Military Services overseas.

(c) An employee will not be assigned for duty with the Military Services overseas or continued in such an assignment when it has been determined that assignment or continuation of assignment is not clearly consistent with the national interest.

(d) Completed security forms (DD Form 398, Personnel Security Questionnaire (BI/SBI), or 398–2, Personnel Security Questionnaire (National Agency Check)) shall be forwarded to the Defense Industrial Security Clearance Office (DISCO), Defense Investigative Service, for initiation of the NAC or BI, as appropriate.

(e) Upon completion of the appropriate investigation, the results shall be returned to the DISCO where a determination shall be made concerning security acceptability of the employee. If the determination is favorable, the DISCO shall provide a statement to that effect to the Red Cross or the USO. If the DISCO is unable to make a favorable security acceptability determination, the procedures described in paragraph (f)(3), of this section, shall apply.

(f) Whenever any DoD Component or the Red Cross or the USO receives information indicating that an employee's assignment or continuation of assignment with the Military Services overseas may not clearly be consistent with the national interest, the information shall be furnished to the DISCO for appropriate review. In such cases, the following actions shall be taken:

(1) The DISCO shall arrange for the conduct of any investigation warranted to resolve the adverse or questionable information.

(2) In cases arising after the initial security acceptability determination has been made, the DISCO shall review the information or report of investigation to determine whether the security

acceptability determination is to continue in effect. If such adjudication is favorable, no further action is required. The Red Cross or the USO will not be notified in such cases in order to preclude the possibility of any adverse inference being drawn.

(3) If, after reviewing the information or report of investigation, the DISCO is unable to make a favorable security acceptability determination, the case shall be referred for further processing in accordance with part 155 of this title.

PART 256—AIR INSTALLATIONS COMPATIBLE USE ZONES

Sec.

256.1 Purpose.
256.2 Applicability.
256.3 Criteria.
256.4 Policy.
256.5 The air installation compatible use program.
256.6 Runway classification by aircraft type.
256.7 Accident potential zone guidelines.
256.8 Land use compatibility guidelines for accident potential.
256.9 Real estate interests to be considered for clear zones and accident potential zone.
256.10 Air installations compatible use zone noise descriptors.
256.11 Effective date and implementation.

AUTHORITY: National Security Act of 1947, as amended, 61 Stat. 495.

SOURCE: 42 FR 773, Jan. 4, 1977, unless otherwise noted.

§ 256.1 Purpose.

This part:

(a) Sets forth Department of Defense policy on achieving compatible use of public and private lands in the vicinity of military airfields;

(b) Defines (1) required restrictions on the uses and heights of natural and man-made objects in the vicinity of air installations to provide for safety of flight and to assure that people and facilities are not concentrated in areas susceptible to aircraft accidents; and

(2) Desirable restrictions on land use to assure its compatibility with the characteristics, including noise, of air installations operations;

(c) Describes the procedures by which Air Installations Compatible Use Zones (AICUZ) may be defined; and

(d) Provides policy on the extent of Government interest in real property within these zones which may be retained or acquired to protect the operational capability of active military airfields (subject in each case to the availability of required authorizations and appropriations).

§ 256.2 Applicability.

This part applies to air installations of the Military Departments located within the United States, its territories, trusts, and possessions.

§ 256.3 Criteria.

(a) *General.* The Air Installations Compatible Use Zone for each military air installation shall consist of (1) land areas upon which certain uses may obstruct the airspace or otherwise be hazardous to aircraft operations, and (2) land areas which are exposed to the health, safety or welfare hazards of aircraft operations.

(b) *Height of obstructions.* The land area and height standards defined in AFM 86–8,[1] NavFac P–272 and P–80,[1] and TM 5–803–4[1] will be used for purposes of height restriction criteria.

(c) *Accident potential*—(1) *General.* (i) Areas immediately beyond the ends of runways and along primary flight paths are subject to more aircraft accidents than other areas. For this reason, these areas should remain undeveloped, or if developed should be only sparsely developed in order to limit, as much as possible, the adverse effects of a possible aircraft accident.

(ii) DoD fixed wing runways are separated into two types for the purpose of defining accident potential areas. Class A runways are those restricted to light aircraft (See § 256.6) and which do not have the potential for development for heavy or high performance aircraft use or for which no foreseeable requirement for such use exists. Typically these runways have less than 10% of

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their operations involving Class B aircraft (§ 256.6) and are less than 8000 feet long. Class B runways are all other fixed wing runways.

(iii) The following descriptions of Accident Potential Zones are guidelines only. Their strict application would result in increasing the safety of the general public but would not provide complete protection against the effects of aircraft accidents. Such a degree of protection is probably impossible to achieve. Local situations may differ significantly from the assumptions and data upon which these guidelines are based and require individual study. Where it is desirable to restrict the density of development of an area, it is not usually possible to state that one density is safe and another is not. Safety is a relative term and the objective should be the realization of the greatest degree of safety that can be reasonably attained.

(2) *Accident potential and clear zones (See § 256.7).* (i) The area immediately beyond the end of a runway is the ''Clear Zone'', an area which possesses a high potential for accidents, and has traditionally been acquired by the Government in fee and kept clear of obstructions to flight.

(ii) Accident Potential Zone I (APZ I) is the area beyond the clear zone which possesses a significant potential for accidents.

(iii) Accident Potential Zone II (APZ II) is an area beyond APZ I having a measurable potential for accidents.

(iv) Modifications to APZs I and II will be considered if:

(A) The runway is infrequently used.

(B) The prevailing wind conditions are such that a large percentage (i.e., over 80 percent) of the operations are in one direction.

(C) Most aircraft do not overfly the APZs as defined herein during normal flight operations (modifications may be made to alter these zones and adjust them to conform to the line of flight).

(D) Local accident history indicates consideration of different areas.

(E) Other unusual conditions exist.

(v) The takeoff safety zone for VFR rotary-wing facilities will be used for the clear zone; the remainder of the approach-departure zone will be used as APZ I.

(vi) Land use compatibility with clear zones and APZs is shown in § 256.8.

(d) *Noise*—(1) *General.* Noise exposure is described in various ways. In 1964, the Department of Defense began using the Composite Noise Rating (CNR) system to describe aircraft noise. Several years ago the Noise Exposure Forecast (NEF) system began to replace CNR. In August 1974, the Environment Protection Agency notified all Federal agencies of intent to implement the Day-Night Average Sound Level (Ldn) noise descriptor, and this was subsequently adopted by the DoD. This Ldn system will be used for air installations. Where AICUZ studies have been published using the CNR of NEF systems or where studies have progressed to the point that a change in the descriptor system is impractical or uneconomical, such studies may be published and continued in use. However, in such cases, data necessary for conversion to Ldn should be collected and studies should be revised as soon as time and budgetary considerations permit. However, if State or local laws require some other noise descriptor, it may be used in lieu of Ldn.

(2) *Noise Zones.* (i) As a minimum, contours for Ldn 65, 70, 75 and 80 shall be plotted on maps as part of AICUZ studies.

(ii) See § 256.10 for a further discussion of Ldn use and conversion to Ldn from previously used systems.

§ 256.4 Policy.

(a) *General.* As a first priority step, all reasonable, economical, and practical measures will be taken to reduce and/or control the generation of noise from flying and flying related activities. Typical measures normally include siting of engine test and runup facilities in remote areas if practical, provision of sound suppression equipment where necessary, and may include additional measures such as adjustment of traffic patterns to avoid built-up areas where such can be accomplished with safety and without significant impairment of operational effectiveness. After all reasonable noise source control measures have been taken, there will usually remain significant land areas wherein the total

noise exposure is such as to be incompatible with certain uses.

(b) *Compatible use land*—(1) *General.* (i) DoD policy is to work toward achieving compatibility between air installations and neighboring civilian communities by means of a compatible land use planning and control process conducted by the local community.

(ii) Land use compatibility guidelines will be specified for each Clear Zone, Accident Potential Zone, Noise Zone and combination of these as appropriate.

(iii) The method of control and regulation of land usage within each zone will vary according to local conditions. In all instances the primary objective will be to identify planning areas and reasonable land use guidelines which will be recommended to appropriate agencies who are in control of the planning functions for the affected areas.

(2) *Property rights acquisition*—(i) *General.* While noise generated by aircraft at military air installations should be an integral element of land use compatibility efforts, the acquisition of property rights on the basis of noise by the Department of Defense may not be in the long term best interests of the United States. Therefore, while the complete requirement for individual installations should be defined prior to any programming actions, acquisition of interests should be programmed in accordance with the following priorities.

(ii) *Priorities.* (A) The first priority is the acquisition in fee and/or appropriate restrictive easements of lands within the clear zones whenever practicable.

(B) Outside the clear zone, program for the acquisition of interests, first in Accident Potential Zones and secondly in high noise areas only when all possibilities of achieving compatible use zoning, or similar protection, have been exhausted and the operational integrity of the air installation is manifestly threatened. If programming actions are considered necessary, complete records of all discussions, negotiations, testimony, etc., with or before all local officials, boards, etc., must be maintained. This will ensure that documentation is available to indicate that all reasonable and prudent efforts were made to preclude incompatible land use through cooperation with local governmental officials and that all recourse to such action has been exhausted. Such records shall accompany programming actions and/or apportionment requests for items programmed prior to the date of this part. In addition, a complete economic analysis and assessment of the future of the installation must be included.

(*1*) Costs of establishing and maintaining compatible use zones must be weighed against other available options, such as changing the installation's mission and relocating the flying activities, closing the installation, or such other courses of action as may be available. In performing analyses of this type, exceptional care must be exercised to assure that a decision to change or relocate a mission is fully justified and that all aspects of the situation have been thoroughly considered.

(*2*) When, as a result of such analysis, it is determined that relocation or abandonment of a mission will be required, then no new construction shall be undertaken in support of such activities except as is absolutely necessary to maintain safety and operational readiness pending accomplishment of the changes required.

(iii) *Guidelines.* This part shall not be used as sole justification for either the acquisition or the retention of owned interests beyond the minimum required to protect the Government.

(A) Necessary rights to land within the defined compatible use area may be obtained by purchase, exchange, or donation, in accordance with all applicable laws and regulations.

(B) If fee title is currently held or subsequently acquired in an area where compatible uses could be developed and no requirement for a fee interest in the land exists except to prevent incompatible use, disposal actions shall normally be instituted. Only those rights and interests necessary to establish and maintain compatible uses shall be retained. Where proceeds from disposal would be inconsequential, consideration may be given to retaining title.

(C) If the cost of acquiring a required interest approaches closely the cost of fee title, consideration shall be given

to whether acquisition of fee title would be to the advantage of the Government.

(c) *Rights and interests which may be obtained.* When it is determined to be necessary for the Federal Government to acquire interests in land, a careful assessment of the type of interest to be acquired is mandatory. § 256.9 contains a listing of possible interests which should be examined for applicability.

(d) *Environmental impact statements.* (1) Any actions taken with respect to safety of flight, accident hazard, or noise which involve acquisition of interests in land must be examined to determine the necessity of preparing an environmental impact statement in accordance with DoD Directive 6050.1, ''Environmental Considerations in DoD Actions,'' March 19, 1974 (32 CFR part 214).

(2) All such environmental impact statements must be forwarded to appropriate Federal and local agencies for review in accordance with DoD Directive 6050.1 (32 CFR part 214).

(3) Coordination with local agencies will be in accordance with OMB Circular A–95.

§ 256.5 The air installation compatible use program.

(a) The Secretaries of the Military Departments will develop, implement and maintain a program to investigate and study all air installations in necessary order of priority to develop an Air Installation Compatible Use Zone (AICUZ) program for each air installation consistent with § 256.4. AICUZ studies which contain an analysis of land use compatibility problems and potential solutions shall be developed and updated as necessary. As a minimum, each Study shall include the following:

(1) Determination by detailed study of flight operations, actual noise and safety surveys if necessary, and best available projections of future flying activities, desirable restrictions on land use due to noise characteristics and safety of flight;

(2) Identification of present incompatible land uses;

(3) Identification of land that if inappropriately developed would be incompatible;

(4) Indication of types of desirable development for various land tracts;

(5) Land value estimates for the zones in question.

(6) Review of the airfield master plans to ensure that existing and future facilities siting is consistent with the policies in this part.

(7) Full consideration of joint use of air installations by activities of separate Military Departments whenever such use will result in maintaining operational capabilities while reducing noise, real estate and construction requirements.

(8) Recommendations for work with local zoning boards, necessary minimum programs of acquisition, relocations, or such other actions as are indicated by the results of the Study.

(b) *Procedures.* In developing AICUZ Studies the Secretaries of Military Departments shall:

(1) Follow the review and comment procedures established under OMB Circular A–95;

(2) Ensure that appropriate environmental factors are considered; and

(3) Ensure that other local, State or Federal agencies engaged in land use planning or land regulation for a particular area have an opportunity to review and comment upon any proposed plan or significant modification thereof.

(c) *Coordination with State and local governments.* Secretaries of the Military Departments shall develop procedures for coordinating AICUZ Studies with the land use planning and regulatory agencies in the area. Developing compatible land use plans may require working with local governments, local planning commissions, special purpose districts, regional planning agencies, state agencies, state legislatures, as well as the other Federal agencies. Technical assistance to local, regional, and state agencies to assist them in developing their land use planning and regulatory processes, to explain an AICUZ Study and its implications, and generally to work toward compatible planning and development in the vicinity of military airfields, should be provided.

(d) *Property rights acquisition.* The AICUZ Study shall serve as the basis

for new land acquisitions, property disposal, and other proposed changes in Military Departments real property holdings in the vicinity of military airfields where applicable.

(e) *Required approvals.* Based on the results of the AICUZ Studies, each Military Department will prepare recommendations for individual installations AICUZ programs for approval as follows:

(1) The Secretaries of the Military Departments or their designated representatives will review and approve the AICUZ Studies establishing the individual air installation AICUZ program.

(2) When relocation or abandonment of a mission or an installation is apparently required, the Secretaries of the Military Departments will submit the proposed plan for the installation, with appropriate recommendations, to the Secretary of Defense for approval.

(3) A time-phased fiscal year plan for implementation of the AICUZ program in priority order, consistent with budgetary considerations, will be developed for approval by the Secretaries of the Military Departments, or their designated representatives. These plans will serve as the basis for all AICUZ actions at the individual installations.

(f) *Coincident actions.* The Secretaries of the Military Departments will also take action to assure in accordance with § 256.4 (a) and (b) that:

(1) As the first priority action in developing an AICUZ program, full attention is given to safety and noise problems.

(2) In all planning, acquisition and siting of noise generating items, such as engine test stands, full advantage is taken of available alleviating measures, such as remote sites or sound suppression equipment.

(3) The noise exposure of on-installation facilities and personnel are considered together with that off the installation.

(4) There is development or continuation with renewed emphasis, of programs to inform local governments, citizens groups, and the general public of the requirements of flying activities, the reasons therefore, the efforts which may have been made or may be taken to reduce noise exposure, and similar matters which will promote and develop a public awareness of the complexities of air installation operations, the problems associated therewith, and the willingness of the Department of Defense to take all measures possible to alleviate undesirable external effects.

(g) Responsibilities for the acquisition, management and disposal of real property are defined in DoD Directive 4165.6, ''Real Property; Acquisition, Management and Disposal,'' September 15, 1955 (20 FR 7113).

(h) The Deputy Assistant Secretary of Defense (Installations and Housing) will examine the program developed pursuant to this part, and from time to time review the progress thereunder to assure conformance with policy.

§ 256.6 Runway classification by aircraft type.

Class A runways

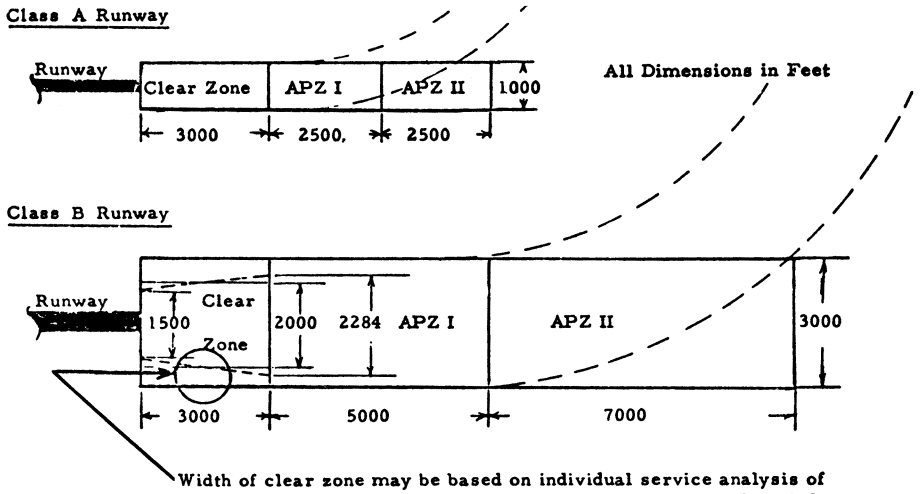
S–2, VC–6, C–1, C–2, TC–4C, U–10, U–11, LU–16, TU–16, HU–16, C–7, C–8, C–12, C–47, C–117, U–21, QU–22, E–1, E–2, O–1, U–1, U–3, U–6, U–8, U–9, O–2, OV–1, OV–10, T–28, T–34, T–41, T–42.

Class B runways

A–1, A–3, A–4, A–5, A–6, F–106, F–5, F–15, F–18, S–3, C–121, EC–121, WC–121, C–123, C–130, A–7, A–38, AV–8, P–2, P–3, T–29, T–33, T–37, T–39, T–1, HC–130B, C–131, C–140, C–5A, KC–97, F–9, F–14, F–4, F–8, F–111, T–2, T–38, B–52, B–57, B–57F, C–124, EC–130E, HC–130, C–135, VC–137, YF–12, SR–71, F–100, F–101, F–102, B–66, C–9, C–54, C–97, C–118, C–141, KC–135, EC–135, RC–135, U–2, F–104, F–105, C–119.

[42 FR 13022, Mar. 8, 1977]

§ 256.7 Accident potential zone guidelines.



§ 256.8 Land use compatibility guidelines for accident potential.

ZONES AND FOOTNOTES—LAND USE CATEGORY

[See footnotes at end of table]

	Compatibility [1]		
	Clear zone	APZ I	APZ II
Residential:			
Single family	No	No	Yes. [2]
2 to 4 family	do	do	No.
Multifamily dwellings	do	do	Do.
Group quarters	do	do	Do.
Residential hotels	do	do	Do.
Mobile home parks or courts	do	do	Do.
Other residential	do	do	Do.
Industrial manufacturing: [3]			
Food and kindred products	do	do	Yes.
Textile mill products	do	do	Do.
Apparel	do	do	No.
Lumber and wood products	do	Yes	Do.
Furniture and fixtures	do	do	Do.
Paper and allied products	do	do	Do.
Printing, publishing	do	do	Do.
Chemicals and allied products	do	No	No.
Petroleum refining and related industries.	do	do	Do.

ZONES AND FOOTNOTES—LAND USE CATEGORY—Continued

[See footnotes at end of table]

	Compatibility [1]		
	Clear zone	APZ I	APZ II
Rubber and miscellaneous plastic goods.	do	do	Do.
Stone, clay, and glass products	do	Yes	Yes.
Primary metal industries	do	do	Do.
Fabricated metal products	do	do	Do.
Professional, scientific and controlling instruments.	do	No	No.
Miscellaneous manufacturing	do	Yes	Yes.
Transportation, communications and utilities: [4]			
Railroad, rapid rail transit (ongrade).	Yes	Yes [4]	Yes.
Highway and street ROW	do	Yes	Do.
Auto parking	No	do	Do.
Communication	Yes	do	Do.
Utilities	do	Yes [4]	Do.
Other transportation, communications and utilities.	do	Yes	Do.
Commercial/retail trade:			
Wholesale trade	No	do	Do.
Building materials—retail	do	do	Do.
General merchandise—retail	do	No	Do.

ZONES AND FOOTNOTES—LAND USE CATEGORY—Continued

[See footnotes at end of table]

	Compatibility [1]		
	Clear zone	APZ I	APZ II
Food—retail	.....do	.....do	Do.
Automotive, marine, aviation—retail.	.....do	Yes	Do.
Apparel and accessories—retail	.....do	No	Do.
Furniture, homefurnishing—retail	.....do	.....do	Do.
Eating and drinking places	.....do	.....do	No.
Other retail trade	.....do	.....do	Yes.
Personal and business services: [5]			
Finance, insurance and real estate.	.....do	.....do	Do.
Personal services	.....do	.....do	Do.
Business services	.....do	.....do	Do.
Repair services	.....do	Yes	Do.
Professional services	.....do	No	Do.
Contract construction services	.....do	Yes	Do.
Indoor recreation services	.....do	No	Do.
Other services	.....do	.....do	Do.
Public and quasi-public services:			
Government service	.....do	.....do	Yes.[5]
Educational services	No	No	No.
Cultural activities	.....do	.....do	Do.
Medical and other health services.	.....do	.....do	Do.
Cemeteries	.....do	Yes [6] ..	Yes. [6]
Nonprofit organization including churches.	.....do	No	No.
Other public and quasi-public services.	.....do	.....do	Yes.
Outdoor recreation:			
Playground's neighboring parks	.....do	.....do	Yes.
Community and regional parks	.....do	Yes [7] ..	Yes. [7]
Nature exhibits	.....do	Yes	Yes.
Spectator sports including arenas.	.....do	No	No.
Golf course, [8] riding stables [9]	.....do	Yes	Yes.
Water based recreational areas	.....do	.....do	Do.
Resort and group camps	.....do	No	No.
Entertainment assembly	.....do	.....do	Do.
Other outdoor recreation	.....do	Yes [7] ..	Yes.
Resource production and extraction and open land:			
Agriculture [10]	Yes	Yes	Do.
Livestock farming, animal breeding [11].	No	.....do	Do.
Forestry activities [12]	No [13] ..	Yes	Do.
Fishing activities and related services [14].	No [15] ..	Yes [14]	Do.
Mining activities	No	Yes	Do.
Permanent open space	Yes	.....do	Do.
Water areas [14]	.....do	.....do	Do.

Footnotes.

[1] A "Yes" or "No" designation for compatible land use is to be used only for gross comparison. Within each, uses exist where further definition may be needed as to whether it is clear or normally acceptable/unacceptable owing to variations in densities of people and structures.

[2] Suggested maximum density 1–2 DU/AC, possibly increased under a planned unit development where maximum lot covered less than 20 percent.

[3] Tactics to be considered: Labor intensity, structural coverage, explosive characteristics, air pollution.

[4] No passenger terminals and no major above ground transmission lines in APZ I.

[5] Low intensity office uses only. Meeting places, auditoriums, etc., not recommended.

[6] Excludes chapels.

[7] Facilities must be low intensity.

[8] Clubhouse not recommended.

[9] Concentrated rings with large classes not recommended.

[10] Includes livestock grazing but excludes feedlots and intensive animal husbandry.

[11] Includes feedlots and intensive animal husbandry.

[12] No structures (except airfield lighting), buildings or above ground utility/communication lines should be located in the clear zone. For further runway safety clearance limitations pertaining to the clear zone see AFM 86–6 TM 5–803–4 and NAVFAC P–80.[2]

[13] Lumber and timber products removed due to establishment, expansion or maintenance of clear zones will be disposed of in accordance with DoD Instruction 4170.7, "Natural Resources—Forest Management," June 21, 1965 (32 CFR 233) and DoD Instruction 7310.1, "Accounting and Reporting for Property Disposal and Proceeds from Sale of Disposable Personal Property and Lumber or Timber Products," July 10, 1970.[1]

[14] Includes hunting and fishing.

[15] Controlled hunting and fishing may be permitted for the purpose of wildlife control.

§ 256.9 Real estate interests to be considered for clear zones and accident potential zone.

(a) The right to make low and frequent flights over said land and to generate noises associated with:

(1) Aircraft in flight, whether or not while directly over said land,

(2) Aircraft and aircraft engines operating on the ground at said base, and,

(3) Aircraft engine test/stand/cell operations at said base.

(b) The right to regulate or prohibit the release into the air of any substance which would impair the visibility or otherwise interfere with the operations of aircraft, such as, but not limited to, steam, dust and smoke.

(c) The right to regulate or prohibit light emissions, either direct or indirect (reflective), which might interfere with pilot vision.

(d) The right to prohibit electrical emissions which would interfere with

aircraft and aircraft communications systems or aircraft navigational equipment.

(e) The right to prohibit any use of the land which would unnecessarily attract birds or waterfowl, such as, but not limited to, operation of sanitary landfills, maintenance of feeding stations or the growing of certain types of vegetation attractive to birds or waterfowl.

(f) The right to prohibit and remove any buildings or other non-frangible structures.

(g) The right to top, cut to ground level, and to remove trees, shrubs, brush or other forms of obstruction which the installation commander determines might interfere with the operation of aircraft, including emergency landings.

(h) The right of ingress and egress upon, over and across said land for the purpose of exercising the rights set forth herein.

(i) The right to post signs on said land indicating the nature and extent of the Government's control over said land.

(j) The right to prohibit land uses other than the following:

(1) Agriculture.

(2) Livestock grazing.

(3) Permanent open space.

(4) Existing water areas.

(5) Rights of way for fenced two lane highways, without sidewalks or bicycle trails and single track railroads.

(6) Communications and utilities rights of way, provided all facilities are at or below grade.

(k) The right to prohibit entry of persons onto the land except in connection with activities authorized under paragraphs (a), (b), (c), and (f) of this section.

(l) The right to disapprove land uses not in accordance with § 256.8.

(m) The right to control the height of structures to insure that they do not become a hazard to flight.

(n) The right to install airfield lighting and navigational aids.

§ 256.10 Air installations compatible use zone noise descriptors.

(a) Composite Noise Rating (CNR) and Noise Exposure Forecast (NEF) values as previously required by Sections III., IV., and V. of DoD Instruction 4165.57, ''Air Installations Compatible Use Zones,'' July 30, 1973[1] will no longer be used.

(b) Where CNR 100 (or the quietest boundary of CNR Zone 2 if otherwise computed) or NEF 30 would previously have been used, data shall be collected sufficient to permit computation of Ldn 65 noise contours and these noise contours shall be plotted on maps accompanying AICUZ studies.

(c) Where CNR 115 (or the boundary of CNR Zone 3 if otherwise computed) or NEF 40 would previously have been used, data shall be collected sufficient to permit computation of Ldn 75 noise contours and these noise contours shall be plotted on maps accompanying AICUZ studies.

(d) Where previous studies have used CNR or NEF, for meters of policy, noise planning and decisionmaking, areas quieter than Ldn 65 shall be considered approximately equivalent to the previously used CNR Zone 1 and to areas quieter than NEF 30. The area between Ldn 65 and Ldn 75 shall be considered approximately equivalent to the previously used CNR Zone 2 and to the area between NEF 30 and NEF 40. The area of higher noise than Ldn 75 shall be considered approximately equivalent to the previously used CNR Zone 3 and to noise higher the NEF 40. The procedures shall remain in effect only until sufficient data to compute land values can be obtained.

(e) When computing helicopter noise levels using data collected from meters, a correction of +7db shall be added to meter readings obtained under conditions where blade slap was present until and unless matters are developed which more accurately reflect true conditions.

(f) Noise contours less than Ldn 65 or more than Ldn 80 need not be plotted for AICUZ studies.

(g) Since CNR noise levels are not normally directly convertible to Ldn values without introducing significant

[1] Filed as part of original. Copies available in the Office of the Assistant Secretary of Defense (Installations and Logistics)—IO, Washington, DC 20301.

error, care should be exercised to assure that personnel do not revise previous studies by erroneously relabeling CNR contours to the approximately equivalent Ldn values.

(h) Where intermittent impulse noises are such as are associated with bombing and gunnery ranges are of importance such noises will be measured using standard ''C'' weighing of the various frequencies to insure a description most representative of actual human response.

§ 256.11 Effective date and implementation.

This part is effective immediately. Two copies of implementing regulations shall be forwarded to the Assistant Secretary of Defense (Installations and Logistics) within 90 days after publication of final rules.

PART 257—ACCEPTANCE OF SERVICE OF PROCESS

Sec.
257.1 Purpose.
257.2 Applicability.
257.3 Definition.
257.4 Policy.
257.5 Responsibilities.

AUTHORITY: 5 U.S.C. 301, 133.

SOURCE: 49 FR 1490, Jan. 12, 1984, unless otherwise noted.

§ 257.1 Purpose.

This rule updates DoD policy governing acceptance of service of process served on the Secretary of Defense and the Secretaries of the Military Departments.

§ 257.2 Applicability.

This rule applies to the Office of the Secretary of Defense (OSD) and the Military Departments.

§ 257.3 Definition.

Service of Process. When applied to the filing of a court action against an officer or agency of the United States, service of process refers to the delivery or, when appropriate, receipt by mail, of a summons and complaint made in accordance with Rule 4, Federal Rules of Civil Procedure by serving the United States and by serving a copy of the summons and complaint by registered or certified mail to such officer or agency. It further signifies the delivery of a subpoena requiring a witness to appear and give testimony or of a subpoena requiring production of documents, or delivery of a subpoena for any other reason whether or not the matter involves the United States.

§ 257.4 Policy.

It is DoD policy to accept service of process directed to the Secretary of Defense or a Secretary of a Military Department in his official capacity. Acceptance of service of process will not constitute an admission or waiver with respect to the jurisdiction or to the propriety of service.

§ 257.5 Responsibilities.

The following responsibilities may not be redelegated:

(a) The *General Counsel, Department of Defense,* shall accept service of process for the OSD.

(b) The *Secretary of the Army,* or his designee, the *Chief, Litigation Division,* Office of the Judge Advocate General, shall accept service of process for the Department of the Army.

(c) The *Secretary of the Navy,* or his designee, the *General Counsel,* shall accept service of process for the Department of the Navy.

(d) The *Secretary of the Air Force,* or his designee, the *Chief, General Litigation Division,* Office of the Judge Advocate General, shall accept service of process for the Department of the Air Force.

PART 259—UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION FOR FEDERAL AND FEDERALLY-ASSISTED PROGRAMS

AUTHORITY: Section 213, Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Pub. L. 91–646, 84 Stat. 1894, (42 U.S.C. 4601) as amended by the Surface Transportation and Uniform Relocation Assistance Act of 1987, Title IV of Pub. L. 100–17, 101 Stat. 246–256 (42 U.S.C. 4601 note).

§ 259.1 Uniform relocation assistance and real property acquisition.

Regulations and procedures for complying with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Pub. L. 91–646, 84 Stat. 1894 42 U.S.C. 4601) as amended by the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Title IV of Pub. L. 100–17, 101 Stat. 246–256, 42 U.S.C. 4601 note) are set forth in 49 CFR part 24.

[52 FR 48020, Dec. 17, 1987]

PART 263—TRAFFIC AND VEHICLE CONTROL ON CERTAIN DEFENSE MAPPING AGENCY SITES

Sec.
263.1 Definitions.
263.2 Applicability.
263.3 Compliance.
263.4 Registration of vehicles.
263.5 Inspection of license and registration.
263.6 Speeding or reckless driving.
263.7 Emergency vehicles.
263.8 Signs.
263.9 Right-of-way in crosswalks.
263.10 Parking.
263.11 Penalties.

AUTHORITY: 63 Stat. 377 as amended, 18 U.S.C. 13, 40 U.S.C. 318 a through d, 50 U.S.C. 797, Delegations, 43 FR 56895, 46 FR 58306.

SOURCE: 48 FR 34952, Aug. 2, 1983, unless otherwise noted.

§ 263.1 Definitions.

As used in this part:

(a) *Brookmont site* means those grounds and facilities of the Defense Mapping Agency Hydrographic/Topographic Center (DMAHTC) and the Defense Mapping Agency Office of Distribution Services (DMAODS) located in Montgomery County, Maryland, over which the Federal Government has acquired exclusive or concurrent jurisdiction.

(b) *Uniformed guard* means a designated DMA government guard appointed to enforce vehicle and traffic regulations by the Director, DMAHTC.

§ 263.2 Applicability.

The provisions of this regulation apply to all areas in the Brookmont site and to all persons on or within the site. They supplement those penal provisions of Title 18, U.S. Code, relating to crimes and criminal procedures, which apply without regard to the place of the offense and those provisions of state law which are made federal criminal offenses by virtue of the Assimilative Crimes Act, 18 U.S.C. 13.

§ 263.3 Compliance.

(a) All persons entering the site shall comply with this regulation; with all official signs; and with the lawful directions or orders of a uniformed guard in connection with the control or regulation of traffic, parking or other conduct at the Brookmont site.

(b) At the request of a uniformed guard, a person must provide identification by exhibiting satisfactory credentials (such as driver's license).

(c) No person shall knowingly give any false or fictitious report concerning an accident or violation of this regulation to any person properly investigating an accident or alleged violation.

(d) All incidents resulting in injury to persons or damage to property must be reported to the Security Office immediately.

(e) No person involved in an accident shall leave the scene of that accident without first giving aid or assistance to the injured and making his or her identity known.

§ 263.4 Registration of vehicles.

(a) Newly assigned or employed individuals who intend to operate a privately-owned vehicle at the site shall register it with the Security Police Division within 24 hours after entry on duty.

(b) Temporary registration for a specified period of time will be permitted for temporarily hired, detailed, or assigned personnel; consultants; contractors; visiting dignitaries, etc.

§ 263.5 Inspection of license and registration.

No person may operate any motor vehicle on the site without a valid, current operator's license, nor may any person, if operating a motor vehicle on the site, refuse to exhibit for inspection, upon request of a uniformed guard, his operator's license or proof of registration of the vehicle under his control at time of operation.

§ 263.6 Speeding or reckless driving.

(a) No person shall drive a motor vehicle on the site at a speed greater than or in a manner other that what is reasonable and prudent for the particular location, given the conditions of traffic, weather, and road surface and having regard to the actual and potential hazards existing.

(b) Except when a special hazard exists that requires lower speed, the speed limit on the site is 15 m.p.h., unless another speed limit has been duly posted, and no person shall drive a motor vehicle on the site in excess of the speed limit.

§ 263.7 Emergency vehicles.

No person shall fail or refuse to yield the right-of-way to an emergency vehicle when operating with siren or flashing lights.

§ 263.8 Signs.

Every driver shall comply with all posted traffic signs.

§ 263.9 Right-of-way in crosswalks.

No person shall fail or refuse to yield the right-of-way to a pedestrian or bicyclist crossing a street in the marked crosswalk.

§ 263.10 Parking.

(a) No person, unless otherwise authorized by a posted traffic sign or directed by a uniformed guard, shall stand or park a motor vehicle:

(1) On a sidewalk, lawn, plants or shrubs.

(2) Within an intersection or within a crosswalk.

(3) Within 15 feet of a fire hydrant, 5 feet of a driveway or 30 feet of a stop sign or traffic control device.

(4) At any place which would result in the vehicle being double parked.

(5) At curbs painted yellow.

(6) In a direction facing on-coming traffic.

(7) In a manner which would obstruct traffic.

(8) In a parking space marked as not intended for his or her use.

(9) Where directed not to do so by a uniformed guard.

(10) Except in an area specifically designated for parking or standing.

(11) Except within a single space marked for such purposes, when parking or standing in an area with marked spaces.

(12) At any place in violation of any posted sign.

(13) In excess of 24 hours, unless permission has been granted by the Security Office.

(b) No person shall park bicycles, motorbikes or similar vehicles in areas not designated for that purpose.

(c) Visitors shall park in areas identified for that purpose by posted signs and shall register their vehicles at the front desk of Erskine Hall, Ruth Building or Fremont Building.

(d) No person, except visitors, shall park a motor vehicle on the Brookmont site without having a valid parking permit displayed on such motor vehicle in compliance with the instructions of the issuing authority.

§ 263.11 Penalties.

(a) Except with respect to the laws of the State of Maryland assimilated under 18 U.S.C. 13, whoever shall be found guilty of violating these regulations is subject to a fine of not more than $50 or imprisonment of not more than 30 days, or both in accordance with 40 U.S.C. 318c. Except as expressly provided in this part, nothing contained in these regulations shall be construed to abrogate any other Federal laws or regulations, or any State and local laws and regulations applicable to the area in which the site is situated.

(b) In addition to the penalties described in subsection (a) of this section, parking privileges may be revoked by the issuing authority for violations of any of the provisions of this regulation.

(c) Any motor vehicle that is parked in violation of this regulation may be towed away or otherwise moved if a determination is made by a uniformed guard that it is a nuisance or hazard. A fee for the moving service and for the storage of the vehicle, if any, may be charged, and the vehicle is subject to a lien for that charge.

PART 264—INTERNATIONAL INTERCHANGE OF PATENT RIGHTS AND TECHNICAL INFORMATION

Sec.
264.1 Purpose and cancellation.
264.2 Scope.
264.3 Background.
264.4 Policy.
264.5 Claims for compensation.

AUTHORITY: Secs. 601, 606, 75 Stat. 438, 440; 22 U.S.C. 2351, 2356.

SOURCE: 25 FR 14456, Dec. 31, 1960, unless otherwise noted.

§ 264.1 Purpose and cancellation.

The purpose of this part is to restate Department of Defense policy concerning the international interchange for defense purposes of patent rights and technical information. DoD Directive 2000.3, ''Technical Property Interchange Agreements'', dated April 15, 1954, is hereby superseded and cancelled. Delegation published at 19 FR 2523 is cancelled.

§ 264.2 Scope.

This part applies to the activities of all Department of Defense personnel involved in the international interchange for defense purposes of patent rights and technical information. The policy prescribed herein applies to unclassified as well as classified information, owned by the United States Government or privately owned, but does not apply to patents, patent applications, and technical information in the field of atomic energy.

§ 264.3 Background.

(a) Pursuant to the provisions of the Mutual Security Act of 1954, as amended, and of predecessor legislation superseded by that Act, the United States has entered into agreements for the Interchange of Patent Rights and Technical Information for Defense Purposes with Australia, Belgium, Denmark, France, the Federal Republic of Germany, Greece, Italy, Japan, The Netherlands, Norway, Portugal, Spain, Turkey, and the United Kingdom. The agreements, which are published in the Treaties and Other International Act Series, are basically similar in substance but are not identical. Under the agreements:

(1) Each government undertakes to facilitate the interchange of privately owned patent rights and of technical information through the medium of commercial relationships, to the extent permitted by the laws and security requirements of the contracting governments.

(2) When technical information is supplied by one government to the other for information only, the recipient government undertakes to treat the information as disclosed in confidence and to use its best endeavors to ensure that the information is not dealt with in any manner likely to prejudice the rights of the owner to obtain patent or similar statutory protection.

(3) When technical information supplied by one government to the other discloses an invention which is the subject of a patent or patent application held in secrecy in the country of origin, the recipient government undertakes to accord similar treatment to a corresponding patent application filed in that country.

(4) When privately owned technical information is released by one government to the other and the recipient government uses or disclosed the information, the owner shall, subject to the extent that the owner may be entitled thereto under the applicable law and subject to arrangements between the contracting governments regarding the assumption as between them of liability for compensation, receive prompt, just and effective compensation for such use and for any damages resulting from such use or disclosure.

(5) Each government is entitled to use for defense purposes without cost any invention which the other government (including government corporations) owns or to which it has the right to grant a license to use, except to the extent that there may be liability to any private owner of an interest in the invention.

(b) Each of these agreements establishes a Technical Property Committee consisting of a representative of each contracting government, whose function it is to consider and make recommendations to the contracting governments on all matters relating to the subject of the agreement and to assist

where appropriate in the negotiation of commercial or other agreements for the use of patent rights and technical information in the military assistance program.

(1) The Patent Advisor assigned to the Defense Staff of the U.S. Mission to the North Atlantic Treaty Organization and European Regional Organizations (USRO), Paris, France, is the United States representative to the Technical Property Committees in Europe. The J–4, Hq. United States Forces Japan, Tokyo, Japan is the United States representative to the United States-Japanese Technical Property Committee. A member of the Office of Assistant General Counsel, International Affairs, Office of the Secretary of Defense, is the United States representative to the United States-Australian Technical Property Committee. The appropriate representative should be consulted on all problems dealing with patent rights, technical information and related matters under the agreements.

(2) These representatives receive policy guidance from the Department of Defense. The Assistant Secretary of Defense for International Security Affairs is responsible within the Department of Defense for transmitting such policy guidance through appropriate channels. Guidance transmitted for the United States representative in Europe shall be forwarded to the Defense Advisor, USRO; guidance transmitted for the United States representative in Japan shall be transmitted to the Commanding General, United States Forces Japan.

(c) Department of Defense problems arising in the United States in connection with the interchange of patent rights and privately owned technical information should be referred to the patent activity of the appropriate Military Department.

[25 FR 14456, Dec. 31, 1960, as amended at 26 FR 1993, Mar. 8, 1961; 26 FR 6479, July 19, 1961]

§ 264.4 Policy.

It is the policy of the Department of Defense to encourage and facilitate international interchanges of patent rights and technical information to further the common defense of the United States and friendly nations. In achieving this purpose, the following principles shall be observed.

(a) Classified military information shall be released only through Government channels and only when consistent with the National Disclosure Policy, or when approved as an exception to that policy.

(b) In accordance with the Congressional policy prescribed by section 413(a) of the Mutual Security Act of 1954, as amended (22 U.S.C. 1933(a)), and pursuant to the bilateral agreements referred to in § 264.3, commercial relationships shall be utilized whenever appropriate and to the maximum extent feasible in order to encourage the participation of private enterprise in the Mutual Security Program, to relieve the Department of Defense of administrative burdens, and to reduce the costs to the United States of such interchanges.

(c) In accordance with section 414 of the Mutual Security Act of 1954, as amended (22 U.S.C. 1934), the utilization of commercial channels for the exportation of unclassified privately owned technical information relating to articles designated as arms, ammunition, and implements of war in the United States Munitions List shall be subject to the regulations issued by the Secretary of State pursuant to section 414 of the Mutual Security Act of 1954, as amended (22 U.S.C. 1934) (Title 22 CFR, chapter I, subchapter M). (The term ''technical data'' is used in those regulations to describe technical information relating to such articles).

(d) Technical information which might be privately owned may be released under paragraph (e) (1) or (2) of this section by Department of Defense Agencies to foreign governments if any one of the following conditions are met:

(1) The owner expressly consents to the proposed release;

(2) The United States, by contract or otherwise, has acquired or is entitled to acquire, the information under circumstances which permit the proposed release; or

(3) The Secretary of the Military Department concerned, or his designee, determines, under the authority of the Mutual Security Act of 1954, as amended, that:

(i) The exigencies of the requirement for release to further the common defense do not allow sufficient time to obtain the consent of the owner; or

(ii) The owner refuses consent and the best interests of the United States would be served by the release.

(e) In accordance with the provisions of the agreements referred to in § 264.3, the release to foreign governments by Department of Defense agencies of technical information which might be privately owned shall normally be in accord with the following two step procedure:

(1) Release for information only.

(2) Permission for manufacture, or use, for defense purposes.

(f)(1) All technical information, whether privately owned or government owned, released to a foreign government by Department of Defense Agencies shall be marked with the following restrictions:

1. This information is accepted for defense purposes only.

2. This information shall be accorded substantially the same degree of security protection as such information has in the United States.

3. This information shall not be disclosed to another country without the consent of the United States.

(2) When technical information which might be privately owned is released for information only, the restrictive marking shall also contain these additional notations:

4. This information is accepted upon the understanding that it might be privately owned.

5. This information is accepted solely for the purpose of information and shall accordingly be treated as disclosed in confidence. The recipient Government shall use its best endeavors to ensure that the information is not dealt with in any manner likely to prejudice the rights of the private owner thereof to obtain patent or other like statutory protection therefor.

6. The recipient Government shall obtain the consent of the United States if it desires that this information be made available for manufacture, or use, for defense purposes.

(g) When technical information which might be privately owned is released under the procedures set forth herein, the owner, if known, shall be furnished:

(1) Notice of the release;

(2) The identity of the recipient, if not contrary to security regulations;

(3) Notice that the recipient has been advised that the information might be privately owned; and

(4) Notice of the restrictions to which the release is subject.

§ 264.5 Claims for compensation.

(a) With respect to interchanges in furtherance of the purposes of the Mutual Security Act of 1954, as amended, section 506 of the Mutual Security Act of 1954, as amended (22 U.S.C. 1758) provides the exclusive remedy for compensation for infringement within the United States of a patent issued by the United States and for damage resulting from the disclosure by the United States of privately owned technical information.

(b) The Secretaries of the Military Departments are hereby authorized to exercise the power and authority conferred by section 506 of the Mutual Security Act of 1954, as amended (22 U.S.C. 1758) to enter into agreements with claimants in full settlement and compromise of any claim against the United States thereunder, subject to such rules and regulations, if any, as the Secretary of Defense may promulgate from time to time. The Secretaries of the Military Departments are authorized to make successive redelegations in writing of this power and authority to any officer, employee, board or agent of their respective departments.

(c) Funds appropriated for military assistance pursuant to the Mutual Security Act of 1954, as amended, which have been made available to a Military Department may be used to settle claims under section 506 of the Mutual Security Act of 1954, as amended (22 U.S.C. 1758). In addition, in those cases where the provisions of 10 U.S.C. 2386 are applicable, funds appropriated for a Military Department available for making or procuring supplies may be used to settle such claims.

PART 266—AUDITS OF STATE AND LOCAL GOVERNMENTS, INSTITUTIONS OF HIGHER EDUCATION, AND OTHER NONPROFIT INSTITUTIONS

Sec.
266.1 Purpose.
266.2 Applicability.
266.3 Definitions.
266.4 Policy.
266.5 Responsibilities.
266.6 Procedures.

AUTHORITY: 10 U.S.C. 140.

SOURCE: 56 FR 36003, July 30, 1991, unless otherwise noted.

§ 266.1 Purpose.

This part:

(a) Updates policy, responsibilities, and procedures.

(b) Implements Public Law 98–502 (31 U.S.C. 7501–7507 and 3512) and Office of Management and Budget (OMB) Circulars A–128[1] and A–133[2] to establish audit requirements for State and local governments, institutions of higher education, and other nonprofit institutions that receive Federal financial assistance.

(c) Assigns responsibilities within the Department of Defense for monitoring compliance with those requirements.

§ 266.2 Applicability.

This part applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Commands, the Inspector General of the Department of Defense (IG, DoD), the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as ''the DoD Components'') that provide Federal financial assistance to State and local governments, institutions of higher education, and other nonprofit institutions.

§ 266.3 Definitions.

Terms used in this part are defined in OMB Circulars A–128 and A–133 with the following deviation. Funds paid by the National Guard Bureau to States under facilities' operation and maintenance agreements do not constitute ''Federal financial assistance'' for purposes of Public Law 98–502 and OMB Circular A–128.

§ 266.4 Policy.

The DoD Components shall rely on and use financial and performance audits performed by non-Federal auditors under OMB Circular A–128 and independent auditors under OMB Circular A–133 in the oversight of Federal financial assistance provided to State and local governments, institutions of higher education, and other nonprofit institutions. Public Law 98–502 provides that a non-Federal audit of the operations of a State or local government performed under OMB Circular A–128 may exclude public colleges and universities, in which case an audit of the public college or university shall be made in accordance with OMB Circular A–133. The DoD Components, however, may request additional audits of such assistance when required by regulation or to ensure effective use of such assistance as deemed necessary. Any additional audit effort shall be planned and carried out in such a way as to avoid duplication and shall be separately funded.

§ 266.5 Responsibilities.

(a) The Inspector General of the Department of Defense shall:

(1) Serve as the DoD senior official under OMB Circulars A–128 and A–133 for policy guidance, direction, and coordination with DoD Components and other Federal Agencies on audit matters related to State and local governments, institutions of higher education and other nonprofit institutions.

(2) For State and local governments, institutions of higher education, and other nonprofit institutions for which the OMB has assigned the DoD cognizance, do the following:

(i) Ensure that audits are made and reports are received in a timely manner and in accordance with the requirements of OMB Circulars A–128 and A–133.

(ii) Provide technical advice and liaison through the DoD Components to

[1] Forward written requests to: Office of Management and Budget Publications, 725 17th Street, NW. New Executive Office Building, Washington, DC 20503.

[2] See footnote 1 to § 266.1(b).

State and local governments, institutions of higher education, other nonprofit institutions, and independent auditors.

(iii) Make desk reviews of all reports received, and also make quality control reviews of selected audits made by non-Federal audit organizations and provide the results, when appropriate, to other interested organizations.

(iv) Promptly inform other affected Federal Agencies and appropriate law enforcement officials of any reported illegal acts or irregularities in accordance with requirements of OMB Circulars A–128 and A–133.

(v) Advise the recipient of audits that have been found not to have met the requirements in OMB Circulars A–128 and A–133. In such instances, the recipient will work with the auditor to take corrective action. If corrective action is not taken, the cognizant agency shall notify the recipient and Federal awarding agencies of the facts and make recommendations for followup action. Major inadequacies or repetitive sub-standard performance of independent auditors shall be referred to appropriate professional bodies for disciplinary action.

(vi) Coordinate, to the extent practicable, audits requested by other Federal Agencies, in addition to those required by OMB Circulars A–128 and A–133.

(vii) Ensure the resolution of audit findings and recommendations that affect DoD programs and those findings affecting programs of more than one Federal Agency. Ensure that a management decision affecting audit resolution shall be made within 6 months after receipt of the audit report.

(3) For local governments, institutions of higher education, and other nonprofit institutions for which the Department of Defense has assumed oversight responsibility, do the following:

(i) Provide technical advice and counsel through DoD Components to institutions and independent auditors when requested.

(ii) Assume all or some of the cognizant agency responsibilities (see paragraph (a)(2) of this section), as deemed necessary.

(4) For other State and local governments, institutions of higher education, and other nonprofit institutions, receive and distribute copies of single audit reports to appropriate DoD Components for appropriate action and followup by designated program officials.

(5) For audit reports that contain conditions affecting DoD programs, institute followup efforts to ensure that corrective actions have been taken by DoD organizations responsible for managing associated programs or funds.

(b) The Heads of the DoD Components shall:

(1) Designate an official to coordinate with the IG, DoD, on matters dealing with audits of financial assistance provided by the DoD Component to State and local governments, institutions of higher education, and other nonprofit institutions.

(2) Ensure input of accurate award data for Federal financial assistance to the appropriate DoD management information system.

(3) Ensure that the State or local government, institution of higher education, or other nonprofit institution takes appropriate actions to correct audit deficiencies involving financial assistance provided by the DoD Component.

(4) For State and local governments, institutions of higher education, and other nonprofit institutions for which the OMB has assigned DoD cognizance, do the following:

(i) Coordinate with the IG, DoD, on requests from other Federal Agencies for audits of State and local governments, institutions of higher education, and other nonprofit institutions, in addition to those required by OMB Circulars A–128 and A–133.

(ii) Seek the views of other interested agencies when a coordinated audit approach is to be used and before completing a coordinated program.

(iii) Help coordinate the audit work and reporting responsibilities among independent public accountants, State auditors, and both resident and nonresident Federal auditors to achieve the most cost-effective audit.

§ 266.6 Procedures.

The costs of audits made by non-Federal auditors under OMB Circulars A–128 and A–133 are allowable charges to Federal financial assistance programs. The charges may be considered as a direct cost or an allocated indirect cost in accordance with OMB Circulars A–87, A–122 and A–21[3]; FAR, part 31 (48 CFR part 31); or the DFARS, part 231 (48 CFR part 231). Generally, the percentage of costs charged to Federal assistance programs for an audit shall not exceed the percentage of Federal funds expended to the total funds expended by the recipient during the fiscal year. No cost, however, may be charged to Federal programs for audits not made in accordance with OMB Circulars A–128 and A–133 and other applicable cost principles and regulations.

PART 268—COLLECTING AND REPORTING OF FOREIGN INDEBTEDNESS WITHIN THE DEPARTMENT OF DEFENSE

Sec.
268.1 Purpose.
268.2 Applicability.
268.3 Policy.
268.4 Responsibilities.
268.5 Collection and followup procedures.
268.6 Reporting of accounts receivable and sales under 120 days delayed payment terms (short-term credit).
268.7 Collecting and reporting of foreign debts under long-term loans and debts.
268.8 Flash report of major foreign debt arrearages.
268.9 Discussion of terms.

AUTHORITY: Federal Claims Collection Act of 1966 (31 U.S.C. 951–953); Arms Export Control Act, sec. 23.

SOURCE: 43 FR 11196, Mar. 17, 1978, unless otherwise noted.

§ 268.1 Purpose.

This part establishes standard procedures to be used for the collecting and reporting of foreign indebtedness. Such indebtedness may arise through the (a) sale of Defense articles and services pursuant to the Arms Export Control Act; (b) operation of military missions; and (c) logistical support provided under country-to-country agreements.

[3] See footnote 1 to § 266.1(b).

§ 268.2 Applicability.

The provisions of this part apply to the Office of the Secretary of Defense, the Military Departments, and the Defense Agencies (hereafter referred to as ''DoD Components'').

§ 268.3 Policy.

It is the policy of the Department of Defense that timely and aggressive collection efforts will be conducted to assure that foreign arrearages to DoD Components are held to the absolute minimum. Foreign indebtedness will be uniformly and accurately reported to the Department of the Treasury on forms prescribed by the Treasury Fiscal Requirements Manual. The information system on the status of collection actions will support the information requirements of the National Advisory Council on International Monetary and Financial Policies (NAC).

§ 268.4 Responsibilities.

(a) The assistant Secretary of Defense (Comptroller) is the DoD point of contact for matters concerning foreign indebtedness requirements imposed on DoD from outside the Department, such as by the Congress, Treasury Department, and NAC.

(b) The Defense Security Assistance Agency (DSAA) is responsible for consolidation of feeder arrearage reports and submission of a single consolidated DoD arrearage report to the Treasury Department. The DSAA shall (1) monitor collection actions; (2) follow up when initial collection actions have been unsuccessful; and (3) serve as the focal point within DoD for responding to NAC information requests.

(c) Unless otherwise directed, the DoD Component which makes the sale, or is otherwise assigned responsibility, is responsible for taking initial collection action, accounting for indebtedness, preparation of feeder arrearage reports, and providing copies of arrearage reports to the DSAA.

§ 268.5 Collection and followup procedures.

Each DoD Component is responsible for taking timely and aggressive billing and followup collection actions for each category of indebtedness incurred

by official and private obligors pursuant to authorized programs.

§ 268.6 Reporting of accounts receivable and sales under 120 days delayed payment terms (short-term credit).

(a) *General.* (1) Amounts payable to DoD Components for sales of Defense articles and services on terms which require payment of cash in advance of delivery/performance or within 60 days thereof will be classified as accounts receivable. Military Departments shall submit reports to the DSAA of foreign indebtedness related to those sales.

(2) Sales made by DoD Components under existing cases which provide for 120-day payment terms shall be classified as short-term credit sales. Similarly, those sales made after September 30, 1976, under special emergency appropriations which provide for payments 120 days after delivery of articles or services will also be classified as short-term credit sales. DoD Components shall submit reports to the DSAA of these short-term credit sales.

(3) Foreign indebtedness to DoD Components for logistical support, mission support costs, and other programs is payable upon presentation of the appropriate billing documents. Reports of foreign indebtedness related to these programs will be submitted to the DSAA.

(b) *Basis for reporting.* Amounts to be reported will be determined by analyzing unpaid bills using the criteria and definitions contained in § 268.9.

§ 268.7 Collecting and reporting of foreign debts under long-term loans and debts.

The DSAA is responsible for administering FMS long-term loans and credit programs authorized by Section 23 of the Arms Export Control Act, and likewise is responsible for determining foreign indebtedness against these programs. Debts remaining uncollected 90 days after the due date will be referred to the State Department for diplomatic assistance to effect settlement.

§ 268.8 Flash report of major foreign debt arrearages.

Major foreign debt arrearages are monitored by the NAC. Therefore, periodically DSAA will request flash reports from the DoD Components to satisfy NAC requirements for information on major foreign debt arrearages. For this purpose, a ''major'' foreign debt arrearage is any country program arrearage which involves the sum of $250,000 or more. Flash reports will be submitted directly to DSAA by the local command in message form with information copies to the next higher command. The report will reflect any significant changes in major foreign debt arrearages from the quarterly foreign indebtedness reports submitted in accordance with § 268.6. Collections, information on increased indebtedness, problems encountered in unsuccessful collection attempts, or country circumstances which may adversely affect collections are examples of the information which should be included in the flash reports.

§ 268.9 Discussion of terms.

(a) *Accounts receivable.* ''Accounts receivable'' consist of those amounts due in which the original payment time required full payment within 90 days of delivery or performance. It excludes principal payments or interest on short-term and long-term loans and credits.

(b) *Arrearage delinquency determination.* Obligations generated by formal agreements, as in the case of Foreign Military Sales contracts, are due on the dates specified in the contract or on the date specified in billings rendered in accordance with these contracts. Obligations incurred under Military Mission Support (Program 142) Logistical Support (Program 143) and any other authorized programs are due on the date billings are made to the customer country unless otherwise stated in the bill. Followup and reporting actions required by this part will be taken based on these dates. (See § 268.5.)

(c) *Country designations.* For reporting purposes, grants and contingent liabilities will be identified with the country which receives the benefit. Loans and credits will be identified

generally with the country of the obligor or, in the instance of official multinational organizations, with the institution name. When the project is located in, or goods are destined for another country or area, the latter country or area should be stated in the description of purpose. If a government credit intermediary is the obligor, the transaction should be identified with the country where the project is located or the goods are destined.

(1) *United States.* ''United States'' shall mean the states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Canal Zone, Guam, Midway Island, U.S. Virgin Islands, and Wake Island.

(2) *Foreign country designations.* Country designations other than the ''United States'' shall be consistent with the standardized names and codes contained in the Military Assistance and Sales Manual (MASM).

(3) *Official Multinational Organization.* For reporting purposes, ''Official Multinational Organization'' shall mean any international or regional organization (or affiliated agency thereof) created by treaty or convention between sovereign states.

(d) *Dollar equivalents of foreign currency.* Represents dollar equivalent of all foreign currency amounts disbursed and still outstanding, undisbursed balances, and arrearages of principal and interest. They shall be computed at the reporting rate prescribed by Treasury Department Circular No. 930 for balances as of the end of the reporting period. The dollar equivalents of all other reportable amounts shall be the summation of individual transactions computed at the reporting rate prescribed for the period in which the transactions occurred.

(e) *Foreign indebtedness.* ''Foreign indebtedness'' means financial obligations owed to the U.S. Government by the following entities in connection with DoD activities.

(1) Any individual, including a citizen of the United States (excluding U.S. military members and U.S. Government employees) domiciled outside the United States.

(2) Any partnership, association, corporation, or other organization created or organized under the laws of a foreign country, excepting branches or agencies thereof located in the United States.

(3) Any branch, subsidiary, or allied organization within a foreign country of a partnership, association, corporation, or other organization created or organized under the laws of a foreign country or the United States.

(4) Any government of a foreign country and any subdivision, agency, or instrumentality thereof, including all foreign ''Official'' institutions, even though located in the United States.

(5) Any private relief, philanthropic, or other organization of a multinational or regional character with headquarters abroad.

(6) Any official multinational organization, defined as any international or regional organization (or affiliated agency thereof) created by treaty or convention between sovereign states.

(f) *Indebtedness.* ''Indebtedness'' within the context of this part refers to financial obligations to make payment(s) to the U.S. Government in accordance with contractual or other arrangements. Such obligations generally arise from

(1) The disbursements of cash to be repaid at a future time (with or without interest),

(2) The extension of credit (by formal agreement or an open book account) in connection with the sale of products, property, or services,

(3) The formal deferral of interest collection,

(4) The purchase or repurchase of obligations that have been insured or guaranteed by the U.S. Government, and

(5) Payments by the U.S. Government in cases of default on insured or guaranteed loans and other investments when the U.S. Government acquires a debt instrument from the insured.

(g) *Long-term loans and credits.* ''Long-term loans and credits'' include any indebtedness under which the original payment terms provided for payment within a period of time exceeding one year after delivery or performance.

(h) *Official obligor.* ''Official obligors'' are debtors or guarantors who are:

(1) Central governments or their departments (ministries) or components, whether administrative or commercial.

(2) Political subdivisions such as states, provinces, departments, and municipalities.

(3) Foreign central banks.

(4) Other institutions (such as corporations, development banks, railways, and utilities) when (i) the budget of the institution is subject to the approval of the government, or (ii) the government owns more than 50 percent of the voting stock or more than half of the members of the board of directors are government representatives, or (iii) in the case of default the government or central bank would become liable for the debt of the institution.

(5) Any official multinational organization.

(i) *Private obligor.* ''Private obligors'' are all debtors or guarantors who are not defined as ''official obligors.''

(j) *Program.* ''Program'' is the law, international treaty, appropriation, or other authority under which the loans or credits are extended, or the accounts receivable arise. When a narrative program designation is required, commonly used terms should be used, e.g., Arms Export Control Act, Logistical Support, and Military Assistance Advisory Groups.

(k) *Short-term loans and credits.* ''Short-term loans and credits'' include any indebtedness under which the original payment terms provided for payment within a period from 90 days to and including one year after delivery or performance.

(l) *Time conventions.* The terms 30, 60 and 90 days should be interpreted to mean 1, 2, and 3 calendar months, respectively. That is, the period February 6 through May 5 would be considered to be 90 days. For example, in calculating amounts ''due and unpaid'' 90 days or more as of December 31 the amounts due before October 1 and remaining unpaid as of December 31 would be reportable. However, amounts due as of October 1 but remaining unpaid at December 31 would not be reportable.

PART 269—CIVIL MONETARY PENALTY INFLATION ADJUSTMENT

Sec.

269.1 Scope and purpose.
269.2 Definitions.
269.3 Civil monetary penalty inflation adjustment.
269.4 Cost of living adjustments of civil monetary penalties.
269.5 Application of increase to violations.

AUTHORITY: 28 U.S.C. 2461.

SOURCE: 61 FR 67945, Dec. 26, 1996, unless otherwise noted.

§ 269.1 Scope and purpose.

The purpose of this part is to establish a mechanism for the regular adjustment for inflation of civil monetary penalties and to adjust such penalties in conformity with the Federal Civil Penalties Inflation Adjustment Act of 1990, 46 U.S.C. 2461, as amended by the Debt Collection Improvement Act of 1996, Public Law 104–134, April 26, 1996, in order to maintain the deterrent effect of civil monetary penalties and to promote compliance with the law.

§ 269.2 Definitions.

(a) *Department.* The Department of Defense.

(b) *Civil monetary penalty.* Any penalty, fine, or other sanction that:

(1)(i) Is for a specific monetary amount as provided by Federal law; or

(ii) Has a maximum amount provided by Federal law;

(2) Is assessed or enforced by the Department pursuant to Federal law; and

(3) Is assessed or enforced pursuant to an administrative proceeding or a civil action in the Federal Courts.

(c) *Consumer Price Index.* The index for all urban consumers published by the Department of Labor.

§ 269.3 Civil monetary penalty inflation adjustment.

The Department shall, not later than 180 days after the enactment of the Debt Collection Improvement Act on April 23, 1996, and at least once every 4 years thereafter—

(a) By regulation adjustment each civil monetary penalty provided by law

within the jurisdiction of the Department of Defense by the inflation adjustment described in § 269.4; and

(b) Publish each such update in the FEDERAL REGISTER.

§ 269.4 Cost of living adjustments of civil monetary penalties.

(a) The inflation adjustment under § 269.3 shall be determined by increasing the maximum civil monetary penalty for each civil monetary penalty by the cost-of-living adjustment. Any increase determined under this paragraph shall be rounded to the nearest:

(1) Multiple of $10 in the case of penalties less than or equal to $100;

(2) Multiple of $100 in the case of penalties greater than $100 but less than or equal to $1,000;

(3) Multiple of $1,000 in the case of penalties greater than $1,000 but less than or equal to $10,000;

(4) Multiple of $5,000 in the case of penalties greater than $10,000 but less than or equal to $100,000;

(5) Multiple of $10,000 in the case of penalties greater than $100,000 but less than or equal to $200,000; and

(6) Multiple of $25,000 in the case of penalties greater than $200,000.

(b) For purposes of paragraph (a) of this section, the term ''cost-of-living adjustment'' means the percentage (if any) for each civil monetary penalty by which the Consumer Price Index for the month of June of the calendar year preceding the adjustment, exceeds the Consumer Price Index for the month of June of the calendar year in which the amount of such civil monetary penalty was last set or adjusted pursuant to law.

(c) *Limitation on initial adjustment.* The first adjustment of civil monetary penalty pursuant to § 269.3 may not exceed 10 percent of such penalty.

(d) *Inflation adjustment.* Maximum civil monetary penalties within the jurisdiction of the Department of Defense are adjusted for inflation as follows:

United States Code citation	Civil monetary penalty description	Maximum penalty amount as of 10/23/96	New adjusted maximum penalty amount
10 U.S.C. 1094(c)(1)	Unlawful Provision of Health Care	$5,000	$5,500
10 U.S.C. 1102(k)	Wrongful Disclosure—Medical Records:		
	First Offense	3,000	3,300
	Subsequent Offense	20,000	22,000
31 U.S.C. 1352	Use of Appropriated Funds to Influence Contract:		
	Minimum	10,000	11,000
	Maximum	100,000	110,000
31 U.S.C. 3721(i)	Personal Property Loss Claims from Government Personnel	1,000	1,100
31 U.S.C. 3802(a)(1)	Program Fraud Civil Remedies Act/Violation Involving False Claim.	5,000	5,500
31 U.S.C. 3802(a)(2)	Program Fraud Civil Remedies Act/Violation Involving False Statement.	5,000	5,500
33 U.S.C. 1319(g)(2)(A)	§ 404 Permit Condition Violation, Class I (per violation amount).	10,000	11,000
33 U.S.C. 1319(g)(2)(A)	§ 404 Permit Condition Violation, Class I (maximum amount)	25,000	27,500
33 U.S.C. 1319(g)(2)(B)	§ 404 Permit Condition Violation, Class II (per day amount)	10,000	11,000
33 U.S.C. 1319(g)(2)(B)	§ 404 Permit Condition Violation, Class II (maximum amount)	125,000	137,500

§ 269.5 Application of increase to violations.

Any increase in a civil monetary penalty under this part shall apply only to violations which occur after the date the increase takes effect.

PART 270—COMPENSATION OF CERTAIN FORMER OPERATIVES INCARCERATED BY THE DEMOCRATIC REPUBLIC OF VIETNAM

Subpart A—General

Sec.

270.1 Purpose.
270.2 Definitions.
270.3 Effective date.

Subpart B—Commission

270.4 Membership.
270.5 Staff.

Subpart C—Standards and Verification of Eligibility

270.6 Standards of eligibility.
270.7 Verification of eligibility.

Subpart D—Payment

270.8 Authorization of payment.
270.9 Amount of payment.
270.10 Time limitations.
270.11 Limitation on disbursements.
270.12 Payment in full satisfaction of all claims against the United States.
270.13 No right to judicial review or legal cause of action.
270.14 Limitation on attorneys fees.
270.15 Waiver of notary requirement.

Subpart E—Appeal Procedures

270.16 Notice of the Commission's determinations.
270.17 Procedures for filing petitions for reconsideration.
270.18 Action on reconsideration.

Subpart F—Reports to Congress

270.19 Reports to Congress.

APPENDIX A TO PART 270—APPLICATION FOR COMPENSATION OF VIETNAMESE COMMANDOS

AUTHORITY: Sec. 657, Pub. L. 104–201, 110 Stat. 2422.

SOURCE: 63 FR 3472, Jan. 23, 1998, unless otherwise noted.

Subpart A—General

§ 270.1 Purpose.

The purpose of this part is to implement section 657 of the National Defense Authorization Act for Fiscal Year 1997 (Pub. L. 104–201), which authorizes the Secretary of Defense to make payments to persons who demonstrate to the satisfaction of the Secretary of Defense that the persons were captured and incarcerated by the Democratic Republic of Vietnam as a result of the participation by the persons in certain operations conducted by the Republic of Vietnam.

§ 270.2 Definitions.

(a) *Applicant*. A person applying for payments under this part.

(b) *Child of an eligible person*. A recognized natural child, an adopted child, or a stepchild who lived with the eligible person in a regular parent-child relationship.

(c) *Parents of an eligible person*. Natural parents, adoptive parents, or step parents of a deceased person described in Part A of appendix A to this part. (Step parents must show that they established a parent-child relationship with the deceased person described in Part A of appendix A to this part.)

(d) *Siblings by blood of an eligible person*. Siblings related by blood to a deceased person described in Part A of appendix A to this part, including half-brothers and half-sisters.

(e) *The Commission*. The Commission authorized to oversee payments to certain persons captured and incarcerated by the Democratic Republic of Vietnam, established under this part.

(f) *Eligible person*. A person determined by the Commission as eligible for payment under subpart C of this part.

(g) *OPLAN 34A*. The operation carried out under the auspices of the government of South Vietnam and the U.S. Military Assistance Command Vietnam, Studies and Observations Group (MACV/SOG), starting in 1964, which inserted commandos into North Vietnam for the purpose of conducing intelligence and other military activities. OPLAN 34A also refers to predecessor operations which were precursors to OPLAN 34A operations. OP 35 refers to the small military units which were sent to conduct sabotage, reconnaissance, exploitation and other intelligence missions on or around the borders of Vietnam and Laos.

(h) *North Vietnam*. The Democratic Republic of Vietnam.

(i) *OSD*. The Office of the Secretary of Defense.

(j) *The Secretary*. The Assistant Secretary of Defense (Force Management Policy).

(k) *South Vietnam*. The Republic of Vietnam.

(l) *Spouse of an eligible person*. Someone who was married to that eligible person for at least 1 year immediately before the death of the eligible person.

(m) *Required declaration.* The statements to be signed and notarized in appendix A to this part. All applicants must sign part C and either part A or part B of appendix A to this part.

[63 FR 3472, Jan. 23, 1998, as amended at 63 FR 68195, Dec. 10, 1998]

§ 270.3 Effective date.

This part is effective on May 15, 1997.

Subpart B—Commission

§ 270.4 Membership.

The Secretary shall establish within OSD a Commission that is composed of the following voting members: one representative from the Office of the Under Secretary of Defense for Personnel and Readiness, who shall be the chairman of the Commission, one representative from the Office of the Under Secretary of Defense for Policy, and one representative from each of the military departments. Members of the Commission may be either military or civilian and all members must possess, at a minimum, a Secret clearance.

§ 270.5 Staff.

(a) The Commission will have a support staff, which will include staff members sufficient to expeditiously and efficiently process the applications for payments under this part. All members of the staff will possess, as a minimum, a Top Secret clearance because of the sensitive nature of the information that may require review in determining eligibility of claimants.

(b) The Secretary will ensure that the Commission has all administrative support, including space, office and automated equipment and translation services, needed for the efficient and expeditious review and payment of claims. The Secretary may task appropriate Department of Defense elements to provide such support, either through assignment of personnel or the hiring of independent contractors.

Subpart C—Standards and Verification of Eligibility

§ 270.6 Standards of eligibility.

(a) A person is eligible for payments under this part if such person:

(1) Was captured and incarcerated by North Vietnam as a result of his participation in operations conducted under OPLAN 34A or its predecessor operation; or

(2) Served as a Vietnamese operative under OP 35, and was captured and incarcerated by North Vietnamese forces as a result of the participation by the person in operations in Laos or along the Lao-Vietnamese border pursuant to OP 35, and

(i) Was captured and incarcerated by the North Vietnamese, and remained in captivity after 1973 (or died in captivity) after participation in OP 35, and

(ii) Has not previously received payment for the United States Government after 1972 from the period spent in captivity.

(b) In the case of a decedent who would have been eligible for a payment under this part if alive, payment will be made to the survivors of the decedent in the following order:

(1) To the surviving spouse of an eligible person; or

(2) If there is no surviving spouse of an eligible person, to the surviving children of an eligible person, in equal shares; or

(3) If there is no surviving spouse of an eligible person and no surviving children of an eligible person, to the surviving parents of an eligible person, in equal shares (step parents take equal shares the same as natural parents); or

(4) If there is no surviving spouse of an eligible person, no surviving children of an eligible person, and no surviving parents of an eligible person, to the surviving siblings of an eligible person, in equal shares. (Half siblings take equal shares in the same manner as full siblings.)

(c) A payment may not be made under this part to, or with respect to, a person who the Commission determines, based on the available evidence, served in the People's Army of North Vietnam or provided active assistance to the Government of North Vietnam

or forces opposed to the Government of South Vietnam or the United States during any period from 1958 through 1975.

(d) The Commission will make reasonable efforts to publicize the availability of payments involved in this procedure, using existing public affairs channels.

[63 FR 3472, Jan. 23, 1998, as amended at 63 FR 68195, Dec. 10, 1998]

§ 270.7 Verification of eligibility.

(a) All persons applying for payment under this part shall first submit a properly completed, signed and notarized Application for Compensation of Vietnamese Commandos as set out in appendix A to this part, along will all corroborating documents and information required, to the Commission on Compensation, Office of the Secretary of Defense, 4000 Defense Pentagon, Washington, D.C. 20301–4000. Submission of an Application for Compensation of Vietnamese Commandos without properly signed and notarized declarations will automatically render the application ineligible for consideration by the Commission for payment. All applicants must sign and have notarized the declarations in Part C of the Application for Compensation of Vietnamese Commandos. In addition, all applicants must sign and have notarized the declaration in either Part A or Part B of the Application for Compensation of Vietnamese Commandos. If portions of the Application for Compensation of Vietnamese Commandos are not completed, the Commission may draw adverse inferences from the portions left incomplete.

(b) Staff Functions in the Verification of Eligibility Process. The Staff Director shall:

(1) Establish a database for logging and tracking Applications for Compensation of Vietnamese Commandos throughout the claims process, including appellate actions and final payment or denial of claims.

(2) Maintain a liaison with on-site personnel at the National Archives Center, College Park, Maryland, to organize and translate finance records for review.

(3) Upon receipt of each Application for Compensation of Vietnamese Commandos, research cases to verify eligibility of claimant to include reviewing and analyzing existing records.

(4) Forward applications (including support documentation) to other U.S. Government agencies as required (e.g., CIA, INS) for review of their records, as needed to acquire documentation that may aid in determining the eligibility of claimants to receive payments.

(5) Present any information or comments resulting from the research and review of cases, plus any reasonably available and probative information, to the Commission with a recommendation on the eligibility of applicants.

(6) If eligibility is favorably approved by the Commission, forward written requests to DFAS to effectuate payments.

(7) Prepare notification letters, on behalf of the Commission, for forwarding to claimants notifying them of the final determination concerning approval or disapproval of their applications.

(8) In coordination with the Army Budget Office and OSD, determine appropriate fund cite that will be used for payments.

(9) Assist in the preparation of required Reports to Congress.

(10) Determine administrative budgetary support requirements and submit funding request to OSD.

(11) Provide clerical and administrative support to the Commission.

(12) Create and maintain a system of records to manage all information generated by the processing of Applications for Compensation of Vietnamese Commandos under this part and to create an administrative record of actions by the Commission. All information received or originated from other Departments and agencies of the U.S. government will be retained, stored, and further disseminated only in accordance with pertinent law (e.g., 5 U.S.C. section 552(FOIA) and 5 U.S.C. section 552a (Privacy Act)) and conditions set by those originating Departments and agencies.

(c) Claims will be processed expeditiously. Within 18 months of actual receipt by the Commission of an Application for Compensation of Vietnamese Commandos, the Commission will determine the eligibility of the applicant.

The standard for finding eligibility is whether the information reasonably available to the Commission indicates that the applicant is more likely than not to be eligible for a payment under this part. The burden of making a showing of eligibility shall be on the applicant. Upon determination of eligibility, the payment should be promptly accomplished.

(d) Applicants may request to appear in person before the Commission, which will retain discretion whether to grant such requests. The Commission may request the personal appearance or interview of any applicant as a condition of further consideration of his or her application if such appearance would significantly aid the Commission in its determination. All appearances shall be at the expense of the applicant.

Subpart D—Payment

§ 270.8 Authorization of payment.

Subject to the availability of appropriated funds, upon determination by the Commission of the eligibility of a person for payment, the Commission will authorize the Defense Finance and Accounting Service (DFAS) to make payments out of the funds appropriated for this purpose. Any payment authorized to a person under a legal disability, may, in the discretion of the Commission, be paid for the use of the person, to the natural or legal guardian, committee, conservator, or curator, or, if there is no such natural or legal guardian, committee, conservator, or curator, to any other person, including the spouse, children, parents, or siblings of such person, who the Commission determines is charged with the care of the person. The Commission will notify eligible persons of the process for disbursements.

[63 FR 3472, Jan. 23, 1998, as amended at 63 FR 68195, Dec. 10, 1998]

§ 270.9 Amount of payment.

The amount payable to, or with respect to, an eligible person under this part is $40,000. If an eligible person can demonstrate to the satisfaction of the Commission that confinement or incarceration exceeded 20 years, the Commission may authorize payment of an additional $2,000 for each full year in excess of 20 (and a proportionate amount for a partial year), but the total amount paid to, or with respect to, an eligible person under this part may not exceed $50,000.

§ 270.10 Time limitations.

To be eligible for payments under this part, applicants must file Applications for Compensation of Vietnamese Commandos with the Commission within 18 months of the effective date of these regulations, May 15, 1997.

§ 270.11 Limitation on disbursements.

Notwithstanding any agreement (including a power of attorney) to the contrary, the Commission must disburse a payment under this part only to the person who is eligible for the payment, i.e., the commando, his surviving spouse, children, parents, or siblings. The Commission may, in its discretion, require the person who is eligible for the payment to appear at any designated Defense Finance Accounting Service disbursement office in the United States to receive payment. The Commission may, in its discretion, coordinate with other U.S. governmental agencies to facilitate disbursement of payments to persons eligible for payments who reside outside the United States. If an eligible person makes a written request that payment be made at an alternate location or in an alternate manner, the Commission may, in its discretion, grant such request, provided that the actual disbursement of the payment (i.e., the physical delivery of the payment) is made only to the eligible person. The Commission will not disburse payment to any person other than an eligible person, notwithstanding any written request, assignment of rights, power of attorney, or other agreement. In the case of an application authorized for payment but not disbursed as a result of the foregoing, the Secretary will hold the funds in trust for the person authorized to receive payment in an interest bearing account until such time as the person complies with the conditions for disbursement set out in this part.

[63 FR 3472, Jan. 23, 1998, as amended at 63 FR 68195, Dec. 10, 1998]

§ 270.12 Payment in full satisfaction of all claims against the United States.

The acceptance of payment by, or with respect to, an eligible person under this part shall constitute full satisfaction of all claims by or on behalf of that person against the United States arising from the person's participation in operations under OPLAN 34A or OP35.

§ 270.13 No right to judicial review or legal cause of action.

Subject to subpart E of this part, all determinations by the Commission pursuant to this part are final and conclusive, notwithstanding any other regulation. Applicants under this part have no right to judicial review, and such review is specifically precluded. This part does not create or acknowledge any legal right or obligation whatsoever.

§ 270.14 Limitation on attorneys fees.

Notwithstanding any contract or agreement, the representative of a person authorized to receive payment under this part may not receive, for services rendered in connection with the claim of, or with respect to, a person under this part, more than 10 percent of a payment made under this part on such claim.

§ 270.15 Waiver of notary requirement.

In exceptional circumstances (e.g., overseas claimant) the requirement for notarizations may be waived at the discretion of the Commission.

Subpart E—Appeal Procedures

§ 270.16 Notice of the Commission's determinations.

Applicants whose claims for payment are denied in whole or in part by the Commission will be notified in writing of the determination. Applicants may petition the Assistant Secretary of Defense, Force Management Policy (or his designee) for a reconsideration of the Commission's determinations, and may submit any documentation in support of such petitions.

§ 270.17 Procedures for filing petitions for reconsideration.

A request for reconsideration must be made to the Secretary, care of the Staff Director of the Commission at the address of the Commission set out in § 270.7, within 45 days of receipt of the notice from the Commission of ineligibility. The Commission may waive that time limit for good cause shown.

§ 270.18 Action on reconsideration.

(a) The Assistant Secretary of Defense, Force Management Policy (or his designee) will:

(1) Review the Commission's administrative record of the original determination.

(2) Review additional information or documentation submitted by the applicant to support his or her petition for reconsideration.

(3) Determine whether the decision of the Commission should be affirmed, modified, or reversed.

(b) When there is a decision affirming the Commission's determinations, the Staff Director will notify the applicant in writing and include a statement of the reason for the affirmance.

(c) A decision of affirmance shall constitute the final action of the Department of Defense. The Secretary (or his designee) may decline to consider any subsequent petitions for reconsideration.

(d) When there is a decision modifying or reversing the Commission's determination, the notification should be immediately made to the Staff Director so as to implement the final action.

Subpart F—Reports to Congress

§ 270.19 Reports to Congress.

Not later than September 23, 1998, the Commission will prepare and the Secretary will submit to Congress a report on the payment of claims under this part. Subsequent to that initial report, the Commission will prepare and the Secretary will submit to Congress annual reports on the status of payment of claims.

APPENDIX A TO PART 270—APPLICATION FOR COMPENSATION OF VIETNAMESE COMMANDOS

All persons applying for payment shall submit a properly completed, signed and notarized Application for Compensation of Vietnamese Commandos, along with corroborating documents and information, to: Commission on Compensation, Office of the Secretary of Defense, 4000 Defense Pentagon, Washington, D.C. 20301–4000.

All applicants must sign and have notarized the declaration in Part C of the application. In addition, all applicants must sign and have notarized the declaration in either Part A or Part B of the application (as applicable).

Applicants must file applications within 18 months of the effective date of this part (15 May 1997): that is, *not later than 15 November 1998*.

Privacy Act Statement:

AUTHORITY: National Defense Authorization Act for Fiscal Year 1997, Public Law 104–201, Section 657.

Principal Purpose: To evaluate applications for cash payments for those individuals, or their surviving spouse, children, parents, or siblings, who were captured and incarcerated by North Vietnam as a result of participating in specified joint United States-South Vietnamese operations.

Routine Uses: To the Immigration and Naturalization Service and the Central Intelligence Agency for purposes of verifying information relating to the claimant's eligibility for payment. To the Department of Justice for purposes of representing the Department of Defense in *Au Dong Quy, et al./Lost Commandos* v. *The United States*.

Disclosure: Voluntary. However, if portions are not completed the Commission may draw adverse inferences from the incomplete portions.

Social Security Number: Providing a social security number is voluntary. If one is not provided, the application for payment will still be processed.

This application shall be executed by the person applying for eligibility, or his surviving spouse, children, parents, or siblings, or designated representatives of such persons.

Part A—Complete the following information on the person whose status as a former operative is the basis for applying for payment:

(1) Current legal name or legal name at death:

(a) Aliases:

(b) Former, or other legal names used:

(2) Current address or last address prior to death:

(3) Mailing address for compensation check in the event compensation is approved (may be different from commando's current/last address):

(4) Telephone Number(s):

(5) Identification Numbers:

(a) U.S. Social Security Number (optional):

(b) U.S. Immigration & Naturalization Service (INS) Number:

(c) Vietnamese Identification Card Number:

(6) Date of Birth:

(7) Place of Birth:

(8) Distinguishing marks (e.g., scars):

(9) Family Identification:

(a) Parents:

Father:

Mother:

(b) Spouse:

(c) Children:

(d) Brothers:

(e) Sisters:

(f) Others:

(10) Team name:

(11) Team role/duties (e.g., team leader, radioman):

(12) Place of insertion:

(13) Method of insertion (e.g., parachute, boat):

(14) Date of insertion:

(15) Date and place of capture:

(16) Detailed Record of confinement:

First Prison Name:

Date Arrived:

Next Prison Name:

Date Transferred:

Next Prison Name:

Date Transferred:

Next Prison Name:

Date Transferred:

Next Prison Name:

Date Transferred:

Next Prison Name: _____
Date Transferred: _____
Next Prison Name: _____
Date Transferred: _____
Date of Final Release from Confinement:

_____

Name of Prison/Camp/Location of Final Release:

_____

(17) Name, address, and telephone number of counsel or attorney (if any):

_____

_____

(18) Required Declaration only for commandos filing on their own behalf (complete the applicable declaration, 34A or 35—not both):

FOR OPLAN 34A OR PREDECESSOR OPERATIONS (MISSIONS INTO NORTH VIETNAM)

I served pursuant to OPLAN 34A or its predecessor operation and was captured and imprisoned by North Vietnam as a result of those activities. I did not serve in the People's Army of Vietnam or provide active assistance to the Government of the Democratic Republic of Vietnam (North Vietnam). I did not serve in or provide active assistance to forces opposed to the Government of the Republic of Vietnam (South Vietnam) or forces opposed to the United States during the period from 1958 through 1975. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Signature: _____
Date: _____
Sworn to and subscribed before me on

_____

(Date)

Notary Public: _____
Date: _____
My commission expires on

_____

(Date)

FOR OP 35 OPERATIONS (MISSIONS INTO LAOS OR ALONG THE VIET-LAO BORDER)

I served as a Vietnamese operative pursuant to OP 35, and was captured and imprisoned by North Vietnam as a result of my participation in operations in Laos or along the Lao-Vietnamese border under the direction of OP 35. I did not serve in the People's Army of Vietnam or provide active assistance to the Government of the Democratic Republic of Vietnam (North Vietnam). I did not serve in or provide active assistance to forces opposed to the Government of the Republic of Vietnam (South Vietnam) or forces opposed to the United States during the period from 1958 through 1975. I have not previously received payment from the United States Government as compensation for the period of captivity. I remained in captivity after 1973. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Signature: _____
Date: _____
Sworn to and subscribed before me on

_____

(Date)

Notary Public: _____
Date: _____
My commission expires on

_____

(Date)

Part B—In addition to PART A, above, any applicant who is a surviving spouse, child, parent, or sibling by blood of a deceased commando must complete Part B, below, with information on themselves.

(1) Current Legal name:

_____

(a) Aliases: _____
(b) Former, or other names used:

_____

(2) Current Address: _____

_____

(3) Telephone Number(s): _____
(4) Identification Numbers:
(a) U.S. Social Security Number (optional):

_____

(b) U.S. Immigration and Naturalization Service (INS) Number:

_____

(c) Vietnamese Identification Card Number:

_____

(5) Date of birth: _____
(6) Place of birth: _____
(7) Relationship to deceased person: _____
(8) Date and place of marriage (if surviving spouse):

_____

_____

(9) If you are a surviving child and there is no surviving spouse, list the names and addresses of all other children of the deceased person, including all recognized natural children, step-children who lived with the deceased person, and adopted children. Provide the date of death for any who are deceased.

_____

_____

_____

_____

_____

(10) If you are a surviving parent, the deceased person described in PART A has no surviving spouse or children, list the

name and address of the other parent of the deceased person.

(11) If you are a surviving sibling, the deceased person described in Part A has no surviving spouse, children, or parents, list the names and addresses of all other siblings of the deceased person, including half-brothers or half-sisters. Provide the date of death for any who are deceased.

(12) Name, address, and telephone number of counsel/attorney (if any):

_____

_____

(13) Required Declaration (Note: If Commando is deceased, applicant must sign one of the two following declarations here and part C, below):

FOR SURVIVING SPOUSE, CHILD, PARENT, OR SIBLING OF DECEASED COMMANDO (OPLAN 34A OR PREDECESSOR OPERATIONS-MISSIONS INTO NORTH VIETNAM)

To the best of my information, knowledge, and belief, my deceased family member served pursuant to OPLAN 34A or its predecessor operation and was captured and imprisoned by North Vietnam as a result of those activities. He did not serve in the People's Army of Vietnam or provide active assistance to the Government of the Democratic Republic of Vietnam (North Vietnam). He did not serve in or provide active assistance to forces opposed to the Government of the Republic of Vietnam (South Vietnam) or forces opposed to the United States during the period from 1958 through 1975. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Signature: _____

Date: _____

Sworn to and subscribed before me on

_____

(Date)

Notary Public: _____

Date: _____

My commission expires on

_____

(Date)

FOR SURVIVING SPOUSE, CHILD, PARENT, OR SIBLING OF DECEASED COMMANDO (OP 35 UNITS-MISSIONS INTO LAOS OR ALONG THE VIET-LAO BORDER)

To the best of my information, knowledge, and belief, my deceased family member served as a Vietnamese operative pursuant to OP 35, and was captured and imprisoned by North Vietnam as a result of his participation in operations in Laos or along the Lao-Vietnamese border under the direction of OP 35. He did not serve in the People's Army of Vietnam or provide active assistance to the Government of the Democratic Republic of Vietnam (North Vietnam). He did not serve in or provide active assistance to forces opposed to the Government of the Republic of Vietnam (South Vietnam) or forces opposed to the United States during the period from 1958 through 1975. He did not previously receive payment from the United States Government as compensation for the period of captivity. He remained in captivity after 1973. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Signature: _____

Date: _____

Sworn to and subscribed before me on

_____

(Date)

Notary Public: _____

Date: _____

My commission expires on

_____

(Date)

Part C—Required Documents:

All documents submitted in support of an application for payment should be originals when possible, or copies of the originals certified by the official custodian of the documents. If certified copies cannot be obtained, uncertified copies should be submitted. If uncertified copies cannot be obtained, submit sworn affidavits from two or more persons who have personal knowledge of the information sought.

FOR THE COMMANDO/OPERATIVE (PERSON DESCRIBED IN PART A, ABOVE)

(1) Identification. A document with his current legal name and address (or legal name and address at death if deceased).

(2) Two or more sworn affidavits from individuals having personal knowledge of the person's identity (these should be submitted in addition to the document with current name and address).

(3) One document of date of birth. A birth certificate, or if unavailable, other proof of birth (e.g., passport).

(4) One document of name change, *if* the person's current legal name is not the same as when he was sent on the OPLAN 34A or OP 35 missions.

(5) One document of evidence of guardianship. This is only required if you are executing this document as the guardian of the person identified in Part A. If you are a legally-appointed guardian, submit a certificate executed by the proper official of the court appointment. If you are not such a legally-appointed guardian, submit an affidavit describing your relationship to the person and the extent to which you are responsible for the care of the person, or your position as an officer of the institution in which the person is institutionalized.

(6) One document of evidence of imprisonment. This should be a document issued by the government of North Vietnam showing the dates of the person's imprisonment.

(7) Any documents of evidence of participation in covered operations. These documents should be contracts, orders, or other operational documentation corroborating participation in clandestine operations under OPLAN 34A (or its predecessor) or OP 35.

FOR A SURVIVING SPOUSE, CHILD, PARENT, OR SIBLING OF A DECEASED PERSON DESCRIBED IN PART A, ABOVE

In addition to documents (1) through (7) above concerning the deceased person described in Part A, submit the following:

(8) One of the following documents as evidence of the Commando's death:

(a) A certified copy of extract from the public records of death, coroner's report of death, or verdict of a coroner's jury;

(b) A certificate by the custodian of the public record of death;

(c) A statement of the funeral director or attending physician or intern of the institution where death occurred;

(d) A certified copy, or extract from an official report or finding of death made by an agency or department of the United States government; or

(e) If death occurred outside the United States, an official report of death by a United States Consul or other employee of the State Department, or a copy of public record of death in the foreign country.

(f) If you cannot obtain any of the above evidence of the commando/operative's death, you must submit other convincing evidence, such as signed sworn statements of two or more persons with personal knowledge of the death, giving the place, date, and cause of death.

(g) If you are submitting an application as a surviving spouse, submit another document of the same type as evidence of the Commando's spouse's death.

FOR THE SPOUSE OF A DECEASED PERSON DESCRIBED IN PART A ABOVE

In addition to documents described in Part C items (1) through (8), above, each surviving spouse should submit the following:

(9) One of the following documents as evidence of your marriage to the deceased person:

(a) A copy of the public records of marriage, certified or attested, or an abstract of the public records, containing sufficient information to identify the parties, the date and place of marriage, and the number of prior marriages by either party if shown on the official record, issued by the officer having custody of the record or other public official authorized to certify the record, or a certified copy of the religious record of marriage;

(b) An official report from a public agency as to a marriage which occurred while the deceased person was employed by such agency;

(c) An affidavit of the clergyman or magistrate who officiated;

(d) The certified copy of a certificate of marriage attested to by the custodian of the records;

(e) The affidavits of two or more eyewitnesses to the ceremony; or

(f) In jurisdictions where ''common law'' marriages are recognized, an affidavit by the surviving spouse setting forth all of the facts and circumstances concerning the alleged marriage, such as the agreement between the parties at the beginning of their cohabitation, places and dates of residences, and whether children were born as the result of the relationship. This evidence should be supplemented by affidavits from two or more persons who know as the result of personal observation the reputed relationship which existed between the parties to the alleged marriage, including the period of cohabitation, places of residences, whether the parties held themselves out as husband and wife and whether they were generally accepted as such in the communities in which they lived.

(g) If you cannot obtain any of the above evidence of your marriage, you must submit any other evidence that would reasonably support a belief that a valid marriage actually existed.

(10) In addition, submit the following documents about ourself:

(a) Identification. A document with your current legal name and address plus two or more sworn affidavits from individuals having personal knowledge of your identity (these should be submitted in addition to the document with current name and address).

(b) One document of date of birth. A birth certificate, or if unavailable, other proof of birth (e.g. passport).

(c) One document of name change. If your current legal name is the same as that during the marriage, this section does not apply. Spouses whose current legal name is different than that used when married should submit a document or affidavits to corroborate the name change.

(d) One document of evidence of guardianship. If you are executing this document as the guardian of the spouse, you must submit evidence of your authority. If you are a legally-appointed guardian, submit a certificate executed by the proper official of the court appointment. If you are not such a legally-appointed guardian, submit an affidavit describing your relationship to the spouse and the extent to which you are responsible for the care of the spouse or your position as an officer of the institution in which the spouse is institutionalized.

FOR THE SURVIVING CHILDREN

In addition to documents described in Part C items (1) through (8), above, each surviving child should submit the following:

(11) One document as evidence of your relationship to your parent (the deceased person described in Part A, above), as follows:

If A Natural Child:

(a) Birth certificate showing that the deceased person was your parent.

(b) If the birth certificate does not show the deceased person as your parent, a certified copy of:

(i) An acknowledgment in writing signed by the deceased person;

(ii) A judicial decree ordering the deceased person to contribute to your support;

(iii) The public record of birth or a religious record showing that the deceased person was named as your parent;

(iv) Affidavit of a person who knows that the deceased person accepted you as his child; or

(v) Public records, such as records of school or welfare agencies, which show that with the deceased person's knowledge, the deceased individual was named as your parent.

If An Adopted Child:

An adopted child must submit a certified copy of the decree of adoption.

If a Step-Child:

Submit all three of the following documents as evidence of the step-child relationship:

(a) One document as evidence of birth to the spouse of the deceased person, or other evidence that reasonably supports the existence of a parent-child relationship between you and the spouse of the deceased person;

(b) One document as evidence that you were either living with or in a parent-child relationship with the deceased person at the time of his death; and

(c) One document as evidence of the marriage of the deceased person and the spouse, such as a certified copy of the record of marriage, or an abstract of the public records containing sufficient information to identify the parties and the date and place of marriage issued by the officer having custody of the record, or a certified copy of a religious record of marriage.

(12) In addition, submit the following documents about yourself:

(a) Identification. A document with your current legal name and address plus two or more sworn affidavits from individuals having personal knowledge of your identify (these should be submitted in addition to the document with current name and address).

(b) One document of date of birth. A Birth certificate, or if unavailable, other proof of birth (e.g., passport).

(c) One document of name change. If your current legal name is the same as that shown on documents attesting to your birth, this section does not apply. Persons whose current legal name is different than that used on such documents should submit a document or affidavit to corroborate the name change.

(d) One document of evidence of guardianship. If you are executing this document as the guardian of the person identified as a surviving child of a deceased person, you must submit evidence of your authority. If you are a legally-appointed guardian, submit a certificate executed by the proper official of the court appointment. If you are not such a legally-appointed guardian, submit an affidavit describing your relationship to the child and the extent to which you are responsible for the care of the child, or your position as an officer of the institution in which the child is institutionalized.

Read the following statement carefully before signing this document. A false statement may be grounds for punishment by fine or imprisonment or both. This sworn declaration must accompany all documents submitted to the Commission, whether with or separate from the application.

FOR THE SURVIVING PARENT

In addition to documents described in Part C items (1) through (8), above, each surviving parent should submit the following:

(13) An affidavit certifying that the deceased individual described in Part A, above, has no surviving spouse.

(a) In addition to the above affidavit, if the individual described in Part A, above, was divorced at the time of his death, a copy of the divorce decree from his spouse shall be submitted as additional proof that he has no surviving spouse.

(b) In addition to the above affidavit, if the individual described in Part A, above, had been married at some point prior to his death, and his spouse pre-deceased him, one of the following documents as evidence of the death of the spouse of the individual described in Part A, above, shall be submitted as additional proof that he has no surviving spouse:

(i) A certified copy of extract from the public records of death, coroner's report of death, or verdict of a coroner's jury;

(ii) A certificate by the custodian of the public record of death;

(iii) A statement of the funeral director or attending physician or intern of the institution where death occurred;

(iv) A certified copy, or extract from an official report or finding of death made by an agency or department of the United States government; or

(v) If death occurred outside the United States, an official report of death by a United States Consul or other employee of the State Department, or a copy of public record of death in the foreign country.

(vi) If you cannot obtain any of the above evidence of death of the spouse of the deceased individual described in Part A, above, you must submit other convincing evidence, such as signed sworn statements of two or more persons with personal knowledge of the death, giving the place, date, and cause of death.

(14) One of the following documents as evidence of the death of all of the children (if any), of the deceased individual described in Part A, above:

(a) A certified copy of extract from the public records of death, coroner's report of death, or verdict of a coroner's jury;

(b) A certificate by the custodian of the public record of death;

(c) A statement of the funeral director are attending physician or intern of the institution where death occurred;

(d) A certified copy, or extract from an official report or finding of death made by an agency or department of the United States government; or

(e) If death occurred o8tside the United States, an official report of death by a United States Consul or other employee of the State Department, or a copy of public record of death in the foreign country.

(f) If you cannot obtain any of the above evidence of death of all of the children of the deceased individual described in Part A, above, you must submit other convincing evidence, such as signed sworn statements of two or more persons with personal knowledge of the death, giving the place, date, and cause of death.

(15) One document as evidence of your relationship to your child (the deceased person described in Part A, above), as follows:

If a Natural Parent:

(a) Birth certificate showing that the deceased person was your child.

(b) If the birth certificate does not show the deceased person as your child, a certified copy of:

(i) An acknowledgement in writing signed by the deceased person;

(ii) The public record of birth or a religious record showing that the deceased person was named as your child.

(iii) Public records, such as records of school or welfare agencies, which show that the deceased individual was named as your child; or

(iv) Other convincing evidence, such as signed, sworn statements of two or more persons who know that the deceased person was your child.

If An Adoptive Parent:

An adoptive parent must submit a certified copy of the decree of adoption. If the adoption took place outside of the United States and there is no decree of adoption, other convincing evidence must be submitted, such as signed, sworn statements of two or more persons with personal knowledge of the adoptive relationship, or a government official who can attest to the adoptive relationship.

If a Step-Parent:

Submit all three of the following documents as evidence of the step-parent relationship:

(a) One document as evidence of birth of the deceased person to the natural parent, or other convincing evidence that reasonably supports the existence of a parent-child relationship between the deceased person and the natural parent (see ''If a Natural Parent,'' above).

(b) One document as evidence that you had established a parent-child relationship with the deceased person; and

(c) One of the following documents as evidence that you were married to the natural parent of the deceased person:

(i) A copy of the public records of marriage, certified or attested, or an abstract of the public records, containing sufficient information to identify the parties, the date and place of marriage, and the number of prior marriages by either party if shown on the official record, issued by the officer having custody of the record or other public official authorized to certify the record, or a certified copy of the religious record of marriage;

(ii) An official report from a public agency as to a marriage which occurred while either parent was employed by such agency;

(iii) An affidavit of the clergyman or magistrate who officiated;

(iv) The certified copy of a certificate of marriage attested to by the custodian of the records;

(v) The affidavits of two or more eyewitnesses to the ceremony; or

(vi) In jurisdictions where ''common law'' marriages are recognized, an affidavit by the parent setting forth all of the facts and circumstances concerning the alleged marriage, such as the agreement between the parties at the beginning of their cohabitation, places and dates of residences, and whether children were born as the result of the relationship. This evidence should be supplemented by affidavits from two or more persons who know as a result of personal observation the reputed relationship which existed between the parties to the alleged marriage, including the period of cohabitation, places of residences, whether the parties held themselves out as husband and wife and whether they were generally accepted as such in the communities in which they lived.

(vii) If you cannot obtain any of the above evidence of your marriage to the natural parent, you must submit any other evidence that would reasonably support a belief that a valid marriage actually existed.

(16) In addition, submit the following documents about yourself:

(a) Identification. A document with your current legal name and address plus two or

more sworn affidavits from individuals having personal knowledge of your identity (these should be submitted in addition to the document with current name and address).

(b) One document of date of birth. A Birth certificate, or if unavailable, other proof of birth (e.g., passport).

(c) One document of name change. If your current legal name is the same as that shown on documents attesting to your birth, this section does not apply. Persons whose current legal name is different than that used on such documents should submit a document or affidavit to corroborate the name change.

(d) One document of evidence of guardianship. If you are executing this document as the guardian of the person identified as a surviving parent of the deceased person described in Part A, above, you must submit evidence of your authority. If you are a legally-appointed guardian, submit a certificate executed by the proper official of the court appointment. If you are not such a legally-appointed guardian, submit an affidavit describing your relationship to the parent and the extent to which you are responsible for the care of the parent, or your position as an officer of the institution in which the parent is institutionalized.

FOR THE SURVIVING SIBLING BY BLOOD

In addition to documents described in Part C items (1) through (8), above, each surviving sibling by blood should submit the following:

(17) An affidavit certifying that the deceased individual described in Part A, above, has no surviving spouse.

(a) In addition to the above affidavit, If the individual described in Part A, above, was divorced at the time of his death, a copy of the divorce decree from his spouse shall be submitted as additional proof that he has no surviving spouse.

(b) In addition to the above affidavit, If the individual described in Part A, above, had been married at some point prior to his death, and his spouse pre-deceased him, one of the following documents as evidence of the death of the spouse of the deceased individual described in Part A, above, shall be submitted as additional proof that he has no surviving spouse:

(i) A certified copy of extract from the public records of death, coroner's report of death, or verdict of a coroner's jury;

(ii) A certificate by the custodian of the public record of death;

(iii) A statement of the funeral director or attending physician or intern of the institution where death occurred;

(iv) A certified copy, or extract from an official report or finding of death made by an agency or department of the United States government; or

(v) If death occurred outside the United States, an official report of death by a United States Consul or other employee of the State Department, or a copy of public record of death in the foreign country.

(vi) If you cannot obtain any of the above evidence of death of the spouse of the deceased individual described in Part A, above, you must submit other convincing evidence, such as signed sworn statements of two or more persons with personal knowledge of the death, giving the place, date, and cause of death.

(18) One of the following documents as evidence of the death of all of the children (if any), of the deceased individual described in Part A, above:

(a) A certified copy of extract from the public records of death, coroner's report of death, or verdict of a coroner's jury;

(b) A certificate by the custodian of the public record of death;

(c) A statement of the funeral director or attending physician or intern of the institution where death occurred;

(d) A certified copy, or extract from an official report or finding of death made by an agency or department of the United States government; or

(e) If death occurred outside the United States, an official report of death by a United States Consul or other employee of the State Department, or a copy of public record of death in the foreign country.

(f) If you cannot obtain any of the above evidence of death of the children of the deceased individual described in Part A, above, you must submit other convincing evidence, such as signed sworn statements of two or more persons with personal knowledge of the death, giving the place, date, and cause of death.

(19) One of the following documents as evidence of the death of the parents of the deceased in individual described in Part A, above:

(a) A certified copy of extract from the public records of death, coroner's report of death, or verdict of a coroner's jury;

(b) A certificate by the custodian of the public record of death;

(c) A statement of the funeral director or attending physician or intern of the institution where death occurred;

(d) A certified copy, or extract from an official report or finding of death made by an agency or department of the United States government; or

(e) If death occurred outside the United States, an official report of death by a United States Consul or other employee of the State Department, or a copy of public record of death in the foreign country.

(f) If you cannot obtain any of the above evidence of death of the parents of the deceased individual described in Part A, above, you must submit other convincing evidence, such as signed sworn statements of two or more persons with personal knowledge of the

death, giving the place, date, and cause of death.

Each surviving sibling should submit the following:

(20) One document as evidence of your relationship to your sibling (the deceased individual described in Part A, above), as follows:

(a) Birth certificate showing that at least one of your deceased parents was also the natural parent of the deceased person described in Part A, above;

(b) If the birth certificate does not show the deceased individual described in Part A, above, as your sibling, a certified copy of:

(i) An acknowledgement in writing signed by the deceased person;

(ii) The public record of birth or a religious record showing that the deceased person was named as your sibling.

(iii) Affidavit of a person who knows that the deceased person was your sibling; or

(iv) Public records, such as records of school or welfare agencies, which show that the deceased individual was named as your sibling.

(v) If you cannot obtain any of the above evidence of your sibling relationship to the deceased individual described in Part A, above, you must submit any other evidence that would reasonably support a belief that a valid sibling relationship actually existed.

(21) In addition, submit the following documents about yourself:

(a) Identification. A document with your current legal name and address plus two or more sworn affidavits from individuals having personal knowledge of your identity (these should be submitted in addition to the document with current name and address).

(b) One document of date of birth. A Birth certificate, or if unavailable, other proof of birth (e.g., passport).

(c) One document of name change. If your current legal name is the same as that shown on documents attesting to your birth, this section does not apply. Persons whose current legal name is different than that used on such documents should submit a document or affidavit to corroborate the name change.

(d) One document of evidence of guardianship. If you are executing this document as the guardian of the person identified as a surviving sibling by blood of the deceased individual described in Part A, above, you must submit evidence of your authority. If you are a legally-appointed guardian, submit a certificate executed by the proper official of the court appointment. If you are not such a legally-appointed guardian, submit an affidavit describing your relationship to the sibling and the extent to which you are responsible for the care of the sibling, or your position as an officer of the institution in which the sibling is institutionalized.

FOR ALL APPLICANTS

I declare under penalty of perjury under the laws of the United States of America that the foregoing documents provided in Part C are true and correct.

Signature: _____

Date: _____

Sworn to and subscribed before me on

_____

(Date)

Notary Public: _____

Date: _____

My commission expires on

_____

(Date)

[63 FR 3472, Jan. 23, 1998, as amended at 63 68195, Dec. 10, 1998]

PART 272—ADMINISTRATION AND SUPPORT OF BASIC RESEARCH BY THE DEPARTMENT OF DEFENSE

Sec.

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272.2 Applicability.
272.3 Definition of basic research.
272.4 Policy.
272.5 Responsibilities.
APPENDIX A TO PART 272—PRINCIPLES FOR THE CONDUCT AND SUPPORT OF BASIC RESEARCH.

AUTHORITY: 5 U.S.C. 301 and 10 U.S.C. 113.

SOURCE: 70 FR 55726, Sept. 23, 2005, unless otherwise noted.

§ 272.1 Purpose

This part implements the:

(a) Policy on the support of scientific research in Executive Order 10521, ''Administration of Scientific Research by Agencies of the Federal Government'' (3 CFR, 1954–1958 Comp., p. 183), as amended; and

(b) Guiding principles for the government-university research partnership in Executive Order 13185, ''To Strengthen the Federal Government-University Research Partnership'' (3 CFR 2000 Comp., p. 341).

§ 272.2 Applicability.

This part applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the

Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as the ''DoD Components'').

§ 272.3 Definition of basic research.

Basic research is systematic study directed toward greater knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind. It includes all scientific study and experimentation directed toward increasing fundamental knowledge and understanding in those fields of the physical, engineering, environmental, and life sciences related to long-term national security needs. It is farsighted high payoff research that provides the basis for technological progress.

§ 272.4 Policy.

It is DoD policy that:

(a) Basic research is essential to the Department of Defense's ability to carry out its missions because it is:

(1) A source of new knowledge and understanding that supports DoD acquisition and leads to superior technological capabilities for the military; and

(2) An integral part of the education and training of scientists and engineers critical to meeting future needs of the Nation's defense workforce.

(b) The Department of Defense shall:

(1) Conduct a vigorous program of high quality basic research in the DoD Component laboratories; and

(2) Support high quality basic research done by institutions of higher education, other nonprofit research institutions, laboratories of other Federal agencies, and industrial research laboratories.

(c) The DoD Components' conduct and support of basic research shall be consistent with the principles stated in Appendix A to this part.

§ 272.5 Responsibilities.

(a) The Director of Defense Research and Engineering, under the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)), shall:

(1) Provide technical leadership and oversight, issue guidance for plans and programs; develop policies; conduct analyses and studies; and make recommendations for DoD basic research.

(2) Recommend approval, modification, or disapproval of the DoD Components' basic research programs and projects to eliminate unpromising or unnecessarily duplicative programs, and to stimulate the initiation or support of promising ones.

(3) Recommend, through the USD(AT&L) to the Secretary of Defense, appropriate funding levels for DoD basic research.

(4) Develop and maintain a metrics program to measure and assess the quality and progress for DoD basic research, a required element of which is an independent technical review:

(i) At least biennially; and

(ii) With participation by all the Military Departments and all the other DoD Components that have basic research programs.

(5) Monitor the implementation of this part and issue any additional direction and guidance that may be necessary for that purpose.

(b) The Directors of the Defense Agencies supporting basic research and the Secretaries of the Military Departments, within their organizational purview, shall implement this part.

APPENDIX A TO PART 272—PRINCIPLES FOR THE CONDUCT AND SUPPORT OF BASIC RESEARCH

1. Basic research is an investment. The DoD Components are to view and manage basic research investments as a portfolio, with assessments of program success based on aggregate returns. There should be no expectation that every individual research effort will succeed because basic research essentially is an exploration of the unknown and specific outcomes are not predictable.

2. Basic research is a long-term activity that requires continuity and stability of support. Individual basic research efforts sometimes return immediate dividends, with transitions directly from research laboratories to defense systems in the field. However, most often the full benefits of basic research are not apparent until much later. Therefore, the DoD Components must engage in long-term planning and funding of basic research to the maximum possible extent.

3. Balance is essential in the portfolio of basic research investments. A wide range of

scientific and engineering fields is of potential interest to the Department of Defense and the DoD Components. It is important to develop a balanced portfolio that includes investments not only in established research areas with promise for evolutionary advances, but also in areas that entail higher risk and offer potential for revolutionary advances with correspondingly higher benefits.

4. Coordination with other Federal agencies is important. The DoD Components are to consider other Federal agencies' basic research investments when making investment decisions, both to avoid unintended overlapping of support and to leverage those agencies' investments as appropriate.

5. Merit review is used to select basic research projects for support. It is crucial that the Department of Defense invest in the highest quality research for defense needs. Merit review relies on the informed advice of qualified individuals who are independent of the individuals proposing to do the research. The principal merit review factors used in selecting among possible projects are technical merit and potential long-term relevance to defense missions.

PART 274—REGULATIONS GOVERNING COMPETITIVE BIDDING ON U.S. GOVERNMENT GUARANTEED MILITARY EXPORT LOAN AGREEMENTS

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274.1 Purpose.
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274.6 Submission of bids.
274.7 Acceptance of bids.
274.8 Bids-revocations-rejections-postponements.
274.9 Delegation of authority to the Secretary of the Treasury.
274.10 Reservations.

AUTHORITY: Sec. 24, Foreign Military Sales Act (22 U.S.C. 2764) and Executive Order 11501 (34 FR 20169).

SOURCE: 38 FR 858, Jan. 5, 1973, unless otherwise noted.

§ 274.1 Purpose.

The purpose of this memorandum is to prescribe regulations under which the Secretary of Defense or his designee may, from time to time, by public notice, offer financial institutions the opportunity to bid on the interest rates for the subject agreements. The bids made will be subject to the terms, conditions, and procedures herein set forth, except as they may be supplemented in the public notice or notices issued by the Secretary of Defense or his designee in connection with particular offerings.

§ 274.2 Definitions.

(a) The terms *public notice*, *notices*, or *announcement* mean the public notice of invitation to bid and any supplementary or amendatory notices or announcements with respect thereto, including, but not limited to, any statement released to the press by the Secretary of Defense or his designee and notices sent to those who have filed notices of intent to bid or who have filed bids.

(b) The term *Loan Agreement* means the proposed agreement between the foreign government and the private U.S. lender as described in the particular notice of Invitation to Bid.

§ 274.3 Public notice.

(a) Bids hereunder will be invited through a public notice issued by the Secretary of Defense or his designee which will prescribe the amount of the loan for which bids are invited, the repayment schedule, the conditions under which bidders may specify the rate of interest, and the date and closing hour for receipt of bids.

(b) Accompanying the notice will be the form of the Loan Agreement which the successful bidder must execute with the borrower, except for those terms which will be subject to bidding.

§ 274.4 U.S. guaranty.

Under section 24 of the Foreign Military Sales Act (22 U.S.C. 2764), any individual, corporation, partnership, or other juridical entity (excluding U.S. Government agencies) will be guaranteed against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles and defense services to friendly countries and international organizations. Section 24 explicitly provides that guarantees thereunder are backed by the full faith and credit of the United States. Fees in the amount of one-fourth of 1 percent of the amount of credits agreed upon shall be charged for such guaranties.

§ 274.5 Notice of intent to bid.

Any individual or organization, syndicates, or other group which intends to submit a bid, must, when required by the notice, give written notice of such intent on the appropriate form at the place and within the time specified in the public notice. Such notice, which shall be given to the Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045, will not constitute a commitment to bid.

§ 274.6 Submission of bids.

(a) *General.* Bids will be received only at the place specified and not later than the time designated in the public notice. Bids shall be irrevocable.

(b) *Interest rates.* Bids must be expressed in terms of rates of interest not to exceed three decimals, for example, 5.125 percent.

(c) *Group bids.* A syndicate or other group submitting a bid must act through a representative who must be a member of the group. The representative must warrant to the Secretary of Defense or his designee, that he has all necessary power and authority to act for each member and to bind the members jointly and severally. In addition to whatever other data may be required by the Secretary of Defense or his designee, in the case of a syndicate, the representative must file, within 1 hour after the time for opening bids, at the place specified in the public notice for receipt of bids a final statement of the composition of the syndicate membership and the amount of each member's underwriting participation.

§ 274.7 Acceptance of bids.

(a) *Opening bids.* Bids will be opened at the time and place specified in the public notice.

(b) *Acceptance of successful bid.* The Secretary of Defense or his designee will notify any successful bidder of acceptance in the manner and form specified in the public notice.

§ 274.8 Bids-revocations-rejections-postponements.

The Secretary of Defense or his designee in his discretion, may (a) revoke the public notice of invitation to bid at any time before opening bids, (b) return all bids unopened either at or prior to the time specified for their opening, (c) reject any or all bids, (d) postpone the time for presentation and opening of bids, and (e) waive any immaterial or obvious defect in any bid. Any action the Secretary of Defense or his designee may take in these respects shall be final. In the event of a postponement, known bidders will be advised thereof and their bids returned unopened.

§ 274.9 Delegation of authority to the Secretary of the Treasury.

There is hereby delegated to the Secretary or Acting Secretary of the Treasury the authority, in the name of and title of the Secretary of the Treasury, to invite bids under this memorandum, to issue, modify and revoke public notices, notices, and announcements concerning such bids, to prescribe additional terms and conditions with respect thereto, consistent with this memorandum, to receive, return, open, reject, and accept bids, and to take such other actions as may be necessary and proper to execute this delegation of authority to implement this memorandum, excluding, however, the issuance of guaranties under § 274.4.

§ 274.10 Reservations.

The Secretary of Defense reserves the right, at any time, or from time to time, to amend, repeal, supplement, revise or withdraw all or any of the provisions of this memorandum.

PART 275—OBTAINING INFORMATION FROM FINANCIAL INSTITUTIONS: RIGHT TO FINANCIAL PRIVACY ACT OF 1978

Sec.

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APPENDIX N TO PART 275—OBTAINING ACCESS TO FINANCIAL RECORDS OVERSEAS

AUTHORITY: 12 U.S.C. 3401, *et seq.*

SOURCE: 71 FR 26221, May 4, 2006, unless otherwise noted.

§ 275.1 Purpose.

This part:

(a) Updates policies and responsibilities, and prescribes procedures for obtaining access to financial records maintained by financial institutions.

(b) Implements 12 U.S.C. Chapter 35 by providing guidance on the requirements and conditions for obtaining financial records.

§ 275.2 Applicability and scope.

This part applies to:

(a) The Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as the ''DoD components'').

(b) Only to financial records maintained by financial institutions.

§ 275.3 Definitions.

(a) *Administrative Summons or Subpoena.* A statutory writ issued by a Government Authority.

(b) *Customer.* Any person or authorized representative of that person who used or is using any service of a financial institution or for whom a financial institution is acting or has acted as fiduciary for an account maintained in the name of that person.

(c) *Financial Institution (for intelligence activity purposes only.* (1) An insured bank (includes a foreign bank having an insured branch) whose deposits are insured under the Federal Deposit Insurance Act.

(2) A commercial bank or trust company.

(3) A private banker.

(4) An agency or branch of a foreign bank in the United States.

(5) Any credit union.

(6) A thrift institution.

(7) A broker or dealer registered with the Securities and Exchange Commission.

(8) A broker or dealer in securities or commodities.

(9) An investment banker or investment company.

(10) A currency exchange.

(11) An issuer, redeemer, or cashier of travelers' checks, checks, money orders, or similar instruments.

(12) An operator of a credit card system.

(13) An insurance company.

(14) A dealer in precious metals, stones, or jewels.

(15) A pawnbroker.

(16) A loan or finance company.

(17) A travel agency.

(18) A licensed sender of money or any other person who engages as a business in the transmission of funds, including any person who engages as a business in an informal money transfer system or any network of people who engage as a business in facilitating the transfer of money domestically or internationally outside of the conventional financial institutions system.

(19) A telegraph company.

(20) A business engaged in vehicle sales, including automobile, airplane, and boat sales.

(21) Persons involved in real estate closings and settlements.

(22) The United States Postal Service.

(23) An agency of the United States Government or of a State or local government performing a duty or power of a business described in this definition.

(24) A casino, gambling casino, or gaming establishment with an annual gaming revenue of more than $1,000,000 which is licensed as a casino, gambling casino, or gaming establishment under the laws of a State or locality or is an Indian gaming operation conducted pursuant to, and as authorized by, the Indian Gaming Regulatory Act.

(25) Any business or agency that engages in any activity which the Secretary of the Treasury, by regulation determines to be an activity in which any business described in this definition is authorized to engage; or any other business designated by the Secretary of the Treasury whose cash transactions have a high degree of usefulness in criminal, tax, or regulatory matters.

(26) Any futures commission merchant, commodity trading advisor, or commodity pool operator registered, or required to register, under the Commodity Exchange Act that is located inside any State or territory of the United States, the District of Columbia, Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the United States Virgin Islands.

(d) *Financial Institution (other than for intelligence activity purposes).* Any office of a bank, savings bank, credit card issuer, industrial loan company, trust company, savings association, building and loan, or homestead association (including cooperative banks), credit union, or consumer finance institution that is located in any state or territory of the United States, or in the District of Columbia, Puerto Rico, Guam, American Samoa, or the Virgin Islands.

(e) *Financial Record.* An original, its copy, or information known to have been derived from the original record held by a financial institution that pertains to a customer's relationship with the financial institution.

(f) *Government Authority.* Any agency or Department of the United States, or any officer, employee, or agent thereof, to include DoD law enforcement offices, personnel security elements, and/or intelligence organizations.

(g) *Intelligence Activities.* The collection, production, and dissemination of foreign intelligence and counterintelligence, to include investigation or analyses related to international terrorism, by DoD intelligence organizations.

(h) *Intelligence Organizations.* Any element of a DoD Component authorized by the Secretary of Defense to conduct intelligence activities.

(i) *Law Enforcement Inquiry.* A lawful investigation or official proceeding that inquires into a violation of or failure to comply with a criminal or civil statute, or any rule, regulation, or order issued pursuant thereto.

(j) *Law Enforcement Office.* Any element of a DoD Component authorized by the Head of the DoD Component conducting law enforcement inquiries.

(k) *Person.* An individual or a partnership consisting of five or fewer individuals.

(l) *Personnel Security Element.* Any element of a DoD Component authorized by the Secretary of Defense conducting personnel security investigations.

(m) *Personnel Security Investigation.* An investigation required for determining a person's eligibility for access to classified information, acceptance or retention in the Armed Forces, assignment or retention in sensitive duties, or other designated duties requiring such investigation. Personnel security investigations include investigations conducted for the purpose of making personnel security determinations. They also include investigations of allegations that may arise subsequent to favorable adjudicative action and require resolution to determine a person's current eligibility for access to classified information or assignment or retention in a sensitive position.

§ 275.4 Policy.

It is DoD policy that:

(a) Authorization of the customer to whom the financial records pertain shall be sought unless doing so compromises or harmfully delays either a legitimate law enforcement inquiry or a lawful intelligence activity. If the

person declines to consent to disclosure, the alternative means of obtaining the records authorized by subpart B shall be utilized.

(b) The provisions of 12 U.S.C. Chapter 35 do not govern obtaining access to financial records maintained by military banking contractors located outside the United States, the District of Columbia, Guam, American Samoa, Puerto Rico, and the Virgin Islands. The guidance set forth in Appendix N of subpart B may be used to obtain financial information from these contractor operated facilities.

§ 275.5 Responsibilities.

(a) The Director of Administration and Management, Office of the Secretary of Defense shall:

(1) Exercise oversight to ensure compliance with this part.

(2) Provide policy guidance to affected DoD Components to implement this part.

(b) The Secretaries of the Military Departments and the Heads of the affected DoD Components shall:

(1) Implement policies and procedures to ensure implementation of this part when seeking access to financial records.

(2) Adhere to the guidance and procedures contained in this part.

APPENDIX A TO PART 275—OBTAINING BASIC IDENTIFYING ACCOUNT INFORMATION

A. A DoD law enforcement office may issue a formal written request for basic identifying account information to a financial institution relevant to a legitimate law enforcement inquiry. A request may be issued to a financial institution for any or all of the following identifying data:

1. Name.

2. Address.

3. Account number.

4. Type of account of any customer or ascertainable group of customers associated with a financial transaction or class of financial transactions.

B. The notice (paragraph B of Appendix C to this part), challenge (paragraph D of Appendix C to this part), and transfer (paragraph B. of Appendix G to this part) requirements of this part shall not apply when a Government authority is seeking only the above specified basic identifying information concerning a customer's account.

C. A format for obtaining basic identifying account information is set forth in Appendix I to this part.

APPENDIX B TO PART 275—OBTAINING CUSTOMER AUTHORIZATION

A. A DoD law enforcement office or personal security element seeking access to a person's financial records shall, when feasible, obtain the customer's consent.

B. Any authorization obtained under paragraph A. of this appendix, shall:

1. Be in writing, signed, and dated.

2. Identify the particular financial records that are being disclosed.

3. State that the customer may revoke the authorization at any time before disclosure.

4. Specify the purposes for disclosure and to which Governmental authority the records may be disclosed.

5. Authorize the disclosure for a period not in excess of 3 months.

6. Contain a ''State of Customer Rights'' as required by 12 U.S.C. Chapter 35 (see Appendix J to this part).

7. Contain a Privacy Act Statement as required by 32 CFR part 310 for a personnel security investigation.

C. Any customer's authorization not containing all of the elements listed in paragraph B. of this appendix, shall be void. A customer authorization form, in a format set forth in Appendix J to this part, shall be used for this purpose.

D. A copy of the customer's authorization shall be made a part of the law enforcement or personnel security file where the financial records are maintained.

E. A certificate of compliance stating that the applicable requirements of 12 U.S.C. Chapter 35 have been met (Appendix M to this part), along with the customer's authorization, shall be provided to the financial institution as a prerequisite to obtaining access to financial records.

APPENDIX C TO PART 275—OBTAINING ACCESS BY ADMINISTRATIVE OR JUDICIAL SUBPOENA OR BY FORMAL WRITTEN REQUEST

A. Access to information contained in financial records from a financial institution may be obtained by Government authority when the nature of the records is reasonably described and the records are acquired by:

1. *Administrative Summons or Subpoena.* a. Within the Department of Defense, the Inspector General, DoD, has the authority under the Inspector General Act to issue administrative subpoenas for access to financial records. No other DoD Component official may issue summons or subpoenas for access to these records.

b. The Inspector General, DoD shall issue administrative subpoenas for access to financial records in accordance with established procedures but subject to the procedural requirements of this appendix.

2. *Judicial Subpoena.*

3. *Formal Written Request.*

a. Formal requests may only be used if an administrative summons or subpoena is not reasonably available to obtain the financial records.

b. A formal written request shall be in a format set forth in Appendix K to this part and shall:

1. State that the request is issued under 12 U.S.C. Chapter 35 and the DoD Component's implementation of this part.

2. Describe the specific records to be examined.

3. State that access is sought in connection with a legitimate law enforcement inquiry.

4. Describe the nature of the inquiry.

5. Be signed by the head of the law enforcement office or a designee.

B. A copy of the administrative or judicial subpoena or formal request, along with a notice specifying the nature of the law enforcement inquiry, shall be served on the person or mailed to the person's last known mailing address on or before the subpoena is served on the financial institution unless a delay of notice has been obtained under Appendix H of this part.

C. The notice to the customer shall be in a format similar to Appendix L to this part and shall be personally served at least 10 days or mailed at least 14 days prior to the date on which access is sought.

D. The customer shall have 10 days to challenge a notice request when personal service is made and 14 days when service is by mail.

E. No access to financial records shall be attempted before the expiration of the pertinent time period while awaiting receipt of a potential customer challenge, or prior to the adjudication of any challenge made.

F. The official who signs the customer notice shall be designated to receive any challenge from the customer.

G. When a customer fails to file a challenge to access to financial records within the above pertinent time periods, or after a challenge is adjudicated in favor of the law enforcement office, the head of the office, or a designee, shall certify in writing to the financial institution that such office has complied with the requirements of 12 U.S.C. Chapter 35. No access to any financial records shall be made before such certification (Appendix M to this part) is provided the financial institution.

APPENDIX D TO PART 275—OBTAINING ACCESS BY SEARCH WARRANT

A. A Government authority may obtain financial records by using a search warrant obtained under Rule 41 of the Federal Rules of Criminal Procedure.

B. Unless a delay of notice has been obtained under provisions of Appendix H to this part, the law enforcement office shall, no later than 90 days after serving the search warrant, mail to the customer's last known address a copy of the search warrant together with the following notice:

"Records or information concerning your transactions held by the financial institution named in the attached search warrant were obtained by this [DoD office or activity] on [date] for the following purpose: [state purpose]. You may have rights under the Right to Financial Privacy Act of 1978."

C. In any state or territory of the United States, or in the District of Columbia, Puerto Rico, Guam, American Samoa, or the Virgin Islands, search authorizations signed by installation commanders, military judges, or magistrates shall not be used to gain access to financial records.

APPENDIX E TO PART 275—OBTAINING ACCESS FOR FOREIGN INTELLIGENCE, FOREIGN COUNTERINTELLIGENCE, AND INTERNATIONAL TERRORIST ACTIVITIES OR INVESTIGATIONS

A. Financial records may be obtained from a financial institution (as identified at §275.3) by an intelligence organization, as identified in DoD Directive 5240.1[1], authorized to conduct intelligence activities, to include investigation or analyses related to international terrorism, pursuant to DoD Directive 5240.1 and Executive Order 12333.

B. The provisions of this part do not apply to the production and disclosure of financial records when requests are submitted by intelligence organizations except as may be required by this Appendix.

C. When a request for financial records is made under paragraph A. of this appendix, a Component official designated by the Secretary of Defense, the Secretary of a Military Department, or the Head of the DoD Component authorized to conduct foreign intelligence or foreign counterintelligence activities shall certify to the financial institution that the requesting Component has complied with the provisions of U.S.C. chapter 35. Such certification in a format similar to Appendix M to this part shall be made before obtaining any records.

D. An intelligence organization requesting financial records under paragraph A. of this appendix, may notify the financial institution from which records are sought 12 U.S.C. 3414(3) prohibits disclosure to any person by the institution, its agents, or employees that

[1] Copies may be obtained at *http://www.dtic.mil/whs/directives/.*

financial records have been sought or obtained. An intelligence organization requesting financial records under paragraph A. of this appendix, shall maintain an annual tabulation of the occasions in

E. An intelligence organization requesting financial records under paragraph A. of this appendix, shall maintain an annual tabulation of the occasions in which this access procedure was used.

APPENDIX F TO PART 275—OBTAINING EMERGENCY ACCESS

A. Except as provided in paragraphs B. and C. of this appendix, nothing in this part shall apply to a request for financial records from a financial institution when a determination is made that a delay in obtaining access to such records would create an imminent danger of:

1. Physical injury to any person.

2. Serious property damage.

3. Flight to avoid prosecution.

B. When access is made to financial records under paragraph A of this appendix, a Component official designated by the Secretary of Defense or the Secretary of a Military Department shall:

1. Certify in writing, in a format set forth in Appendix M to this part, to the financial institution that the Component has complied with the provisions of 12 U.S.C. chapter 35, as a prerequisite to obtaining access.

2. Submit for filing with the appropriate court a signed sworn statement setting forth the grounds for the emergency access within 5 days of obtaining access to financial records.

C. When access to financial records are obtained under paragraph A. of this appendix, a copy of the request, along with the following notice, shall be served on the person or mailed to the person's last known mailing address as soon as practicable after the records have been obtained unless a delay of notice has been obtained under appendix H of this part.

''Records concerning your transactions held by the financial institution named in the attached request were obtained by [Agency or Department] under the Right to Financial Privacy Act of 1978 on [date] for the following purpose: [state with reasonable specificity the nature of the law enforcement inquiry]. Emergency access to such records was obtained on the grounds that [state grounds].''

Mailings under this paragraph shall be by certified or registered mail.

APPENDIX G TO PART 275—RELEASING INFORMATION OBTAINED FROM FINANCIAL INSTITUTIONS

A. Financial records obtained under 12 U.S.C. chapter 35 shall be marked: ''This record was obtained pursuant to the Right to Financial Privacy Act of 1978, 12 U.S.C. 3401 *et seq.*, and may not be transferred to another Federal Agency or Department without prior compliance with the transferring requirements of 12 U.S.C. 3412.''

B. Financial records obtained under this part shall not be transferred to another Agency or Department outside the Department of Defense unless the head of the transferring law enforcement office, personnel security element, or intelligence organization, or designee, certifies in writing that there is reason to believe that the records are relevant to a legitimate law enforcement inquiry, or intelligence or counterintelligence activity (to include investigation or analyses related to international terrorism) within the jurisdiction of the receiving Agency or Department. Such certificates shall be maintained with the DoD Component along with a copy of the released records.

C. Subject to paragraph D. of this appendix, unless a delay of customer notice has been obtained under Appendix H of this part, the law enforcement office or personnel security element shall, within 14 days, personally serve or mail to the customer, at his or her last known address, a copy of the certificate required by paragraph B., along with the following notice:

''Copies of or information contained in your financial records lawfully in possession of [name of Component] have been furnished to [name of Agency or Department] pursuant to the Right to Financial Privacy Act of 1978 for the following purposes: [state the nature of the law enforcement inquiry with reasonable specificity]. If you believe that this transfer has not been made to further a legitimate law enforcement inquiry, you may have legal rights under the Financial Privacy Act of 1978 or the Privacy Act of 1974.''

D. If a request for release of information is from a Federal Agency, as identified in E.O. 12333, authorized to conduct foreign intelligence or foreign counterintelligence activities, the transferring DoD Component shall release the information without notifying the customer, unless permission to provide notification is given in writing by the requesting Agency.

E. Whenever financial data obtained under this part is incorporated into a report of investigation or other correspondence; precautions must be taken to ensure that:

1. The reports or correspondence are not distributed outside the Department of Defense except in compliance with paragraph B.; and

2. The report or other correspondence contains an appropriate warning restriction on the first page or cover. Such a warning could read as follows:

''Some of the information contained herein (cite specific paragraph) is financial record information which was obtained pursuant to

the Right to Privacy Act of 1978, 12 U.S.C. 3401 *et seq*. This information may not be released to another Federal Agency or Department outside the Department of Defense except for those purposes expressly authorized by Act.''

APPENDIX H TO PART 275—PROCEDURES FOR DELAY OF NOTICE

A. The customer notice required when seeking an administrative subpoena or summons (paragraph B. of appendix C to this part), obtaining a search warrant (paragraph B. of appendix D to this part), seeking a judicial subpoena (paragraph B. to appendix C to this part), making a formal written request (paragraph B. to appendix C to this part), obtaining emergency access (paragraph C. of appendix F to this part), or transferring information (paragraph C. of appendix G to this part), may be delayed for an initial period of 90 days and successive periods of 90 days. The notice required when obtaining a search warrant (paragraph B. of appendix D to this part) may be delayed for a period of 180 days and successive periods of 90 days. A delay of notice may only be made by an order of an appropriate court if the presiding judge or magistrate finds that:

1. The investigation is within the lawful jurisdiction of the Government authority seeking the records.

2. There is reason to believe the records being sought are relevant to a law enforcement inquiry.

3. There is reason to believe that serving the notice will result in:

a. Endangering the life or physical safety of any person.

b. Flight from prosecution.

c. Destruction of or tampering with evidence.

d. Intimidation of potential witnesses.

e. Otherwise seriously jeopardizing an investigation or official proceeding or unduly delaying a trial or ongoing official proceeding to the same degree as the circumstances in paragraphs A.2.a. through A.2.d. of this appendix.

B. When a delay of notice is appropriate, legal counsel shall be consulted to obtain such a delay. Application for delays of notice shall be made with reasonable specificity.

C. Upon the expiration of a delay of notification obtained under paragraph A. of this appendix for a search warrant, the law enforcement office obtaining such records shall mail to the customer a copy of the search warrant, along with the following notice:

''Records or information concerning your transactions held by the financial institution named in the attached search warrant were obtained by this [agency or department] on [date].

Notification was delayed beyond the statutory 180-day delay period pursuant to a determination by the court that such notice would seriously jeopardize an investigation concerning [state with reasonable specificity]. You may have rights under the Right to Financial Privacy Act of 1978.''

D. Upon the expiration of all other delays of notification obtained under paragraph A. of this appendix, the customer shall be served with or mailed a copy of the legal process or formal request, together with the following notice which shall state with reasonable specificity the nature of the law enforcement inquiry.

''Records or information concerning your transactions which are held by the financial institution named in the attached process or request were supplied to or requested by the Government authority named in the process or request on (date). Notification was withheld pursuant to a determination by the (title of the court ordering the delay) under the Right to Financial Privacy Act of 1978 that such notice might (state the reason). The purpose of the investigation or official proceeding was (state the purpose).''

APPENDIX I TO PART 275—FORMAT FOR OBTAINING BASIC IDENTIFYING ACCOUNT INFORMATION

[Official Letterhead]

[Date]

Mr./Mrs. XXXXXXXXXX
Chief Teller [as appropriate]
First National Bank
Anywhere, VA 00000–0000

Dear Mr./Mrs. XXXXXXXXXX

In connection with a legitimate law enforcement inquiry and pursuant to section 3413(g) of the Right to Financial Privacy Act of 1978, 12 U.S.C. 3401 et. seq., you are requested to provide the following account information:

[Name, address, account number, and type of account of any customer or ascertainable group of customers associated with a financial transaction or class of financial transactions.

I hereby certify, pursuant to section 3403(b) of the Right of Financial Privacy Act of 1978, that the provisions of the Act have been complied with as to this request for account information.

Under section 3417(c) of the Act, good faith reliance upon this certification relieves your institution and its employees and agents of any possible liability to the customer in connection with the disclosure of the requested financial records.

[Official Signature Block]

APPENDIX J TO PART 275—FORMAT FOR CUSTOMER AUTHORIZATION

Pursuant to section 3404(a) of the Right to Financial Privacy Act of 1978, I, [Name of customer], having read the explanation of my rights on the reverse side, hereby authorize the [Name and address of financial institution] to disclose these financial records: [List the particular financial records] to [DoD Component] for the following purpose(s): [Specify the purpose(s)].

I understand that the authorization may be revoked by me in writing at any time before my records, as described above, are disclosed, and that this authorization is valid for no more than three months from the date of my signature.

Signature: _____

Date: _____

[Typed name]
[Mailing address of customer]

STATEMENT OF CUSTOMER RIGHTS UNDER THE RIGHT TO FINANCIAL PRIVACY ACT OF 1978

Federal law protects the privacy of your financial records. Before banks, savings and loan associations, credit unions, credit card issuers, or other financial institutions may give financial information about you to a Federal Agency, certain procedures must be followed.

AUTHORIZATION TO ACCESS FINANCIAL RECORDS

You may be asked to authorize the financial institution to make your financial records available to the Government. You may withhold your authorization, and your authorization is not required as a condition of doing business with any financial institution. If you provide authorization, it can be revoked in writing at any time before your records are disclosed. Furthermore, any authorization you provide is effective for only three months, and your financial institution must keep a record of the instances in which it discloses your financial information.

WITHOUT YOUR AUTHORIZATION

Without your authorization, a Federal Agency that wants to see your financial records may do so ordinarily only by means of a lawful administrative subpoena or summons, search warrant, judicial subpoena, or formal written request for that purpose. Generally, the Federal Agency must give you advance notice of its request for your records explaining why the information is being sought and telling you how to object in court.

The Federal Agency must also send you copies of court documents to be prepared by you with instructions for filling them out. While these procedures will be kept as simple as possible, you may want to consult an attorney before making a challenge to a Federal Agency's request.

EXCEPTIONS

In some circumstances, a Federal Agency may obtain financial information about you without advance notice or your authorization. In most of these cases, the Federal Agency will be required to go to court for permission to obtain your records without giving you notice beforehand. In these instances, the court will make the Government show that its investigation and request for your records are proper. When the reason for the delay of notice no longer exists, you will be notified that your records were obtained.

TRANSFER OF INFORMATION

Generally, a Federal Agency that obtains your financial records is prohibited from transferring them to another Federal Agency unless it certifies in writing that the transfer is proper and sends a notice to you that your records have been sent to another Agency.

PENALTIES

If the Federal Agency or financial institution violates the Right to Financial Privacy Act, you may sue for damages or seek compliance with the law. If you win, you may be repaid your attorney's fee and costs.

ADDITIONAL INFORMATION

If you have any questions about your rights under this law, or about how to consent to release your financial records, please call the official whose name and telephone number appears below:

(Last Name, First name, Middle Initial)
Title
(Area Code) (Telephone number)

(Component activity, Local Mailing Address)

APPENDIX K TO PART 275—FORMAT FOR FORMAL WRITTEN REQUEST

[Official Letterhead]

Mr./Mrs. XXXXXXXXXX
President (as appropriate)
City National Bank and Trust Company
Anytown, VA 00000–0000

Dear Mr./Mrs. XXXXXXXXX

In connection with a legitimate law enforcement inquiry and pursuant to section 3402(5) and section 3408 of the Right to Financial Privacy Act of 1978, 12 U.S.C. 3401 et. seq., and [cite Component's implementation of this Part], you are requested to provide the following account information pertaining to the subject:

[Describe the specific records to be examined]

The [DoD Component] is without authority to issue an administrative summons or subpoena for access to these financial records which are required for [Describe the nature or purpose of the inquiry].

A copy of this request was [personally served upon or mailed to the subject on [date] who has [10 or 14] days in which to challenge this request by filing an application in an appropriate United States District Court if the subject desires to do so.

Upon the expiration of the above mentioned time period and absent any filing or challenge by the subject, you will be furnished a certification certifying in writing that the applicable provisions of the Act have been complied with prior to obtaining the requested records. Upon your receipt of a Certificate of Compliance with the Right to Financial Privacy Act of 1978, you will be relieved of any possible liability to the subject in connection with the disclosure of the requested financial records.

[Official Signature Block]

APPENDIX L TO PART 275—FORMAT FOR CUSTOMER NOTICE FOR ADMINISTRATIVE OR JUDICIAL SUBPOENA OR FOR A FORMAL WRITTEN REQUEST

[Official Letterhead]

[Date]

Mr./Ms. XXXXX X. XXXX
1500 N. Main Street
Anytown, VA 00000–0000

Dear Mr./Ms. XXXX:

Information or records concerning your transactions held by the financial institution named in the attached [administrative subpoena or summons] [judicial subpoena] [request] are being sought by the [Agency/Department] in accordance with the Right to Financial Privacy Act of 1978, Title 12, United States Code, Section 3401 *et seq.*, and [Component's implementing document], for the following purpose(s):

[List the purpose(s)]

If you desire that such records or information not be made available, you must:

1. Fill out the accompanying motion paper and sworn statement or write one of your own, stating that you are the customer whose records are being requested by the Government and either giving the reasons you believe that the records are not relevant to the legitimate law enforcement inquiry stated in this notice or any other legal basis for objecting to the release of the records.

2. File the motion and statement by mailing or delivering them to the clerk of any one of the following United States District Courts:

[List applicable courts]

3. Serve the Government authority requesting the records by mailing or delivering a copy of your motion and statement to: [Give title and address].

4. Be prepared to come to court and present your position in further detail.

5. You do not need to have a lawyer, although you may wish to employ one to represent you and protect your rights.

If you do not follow the above procedures, upon the expiration of 10 days from the date of personal service or 14 days from the date of mailing of this notice, the records or information requested therein may be made available. These records may be transferred to other Government authorities for legitimate law enforcement inquiries, in which event you will be notified after the transfer.

[Signature]
[Name and title of official]
[DoD Component]
[Telephone]

Attachments—3

1. Copy of request
2. Motion papers
3. Sworn statement

APPENDIX M TO PART 275—FORMAT FOR CERTIFICATE OF COMPLIANCE WITH THE RIGHT TO FINANCIAL PRIVACY ACT OF 1978

[Official Letterhead]

[Date]

Mr./Mrs. XXXXXXXXX
Manager
Army Federal Credit Union
Fort Anywhere, VA 00000–0000

Dear Mr./Mrs. XXXXXXXXX

I certify, pursuant to section 3403(b) of the Right to Financial Privacy Act of 1978, 12 U.S.C. 3401 et. seq., that the applicable provisions of that statute have been complied with as to the [Customer's authorization, administrative subpoena or summons, search warrant, judicial subpoena, formal written request, emergency access, as applicable] presented on [date], for the following financial records of [customer's name]:

[Describe the specific records]

Pursuant to section 3417(c) of the Right to Financial Privacy Act of 1978, good faith reliance upon this certificate relieves your institution and its employees and agents of any possible liability to the customer in connection with the disclosure of these financial records.

[Official Signature Block]

APPENDIX N TO PART 275—OBTAINING ACCESS TO FINANCIAL RECORDS OVERSEAS

A. The provisions of 12 U.S.C. Chapter 35 do not govern obtaining access to financial records maintained by military banking contractors overseas or other financial institutions in offices located on DoD installations outside the United States, the District of Columbia, Guam, American Samoa, Puerto Rico, or the Virgin Islands.

B. Access to financial records held by such contractors or institutions is preferably obtained by customer authorization. However, in those cases where it would not be appropriate to obtain this authorization or where such authorization is refused and the financial institution is not otherwise willing to provide access to its records:

1. A law enforcement activity may seek access by the use of a search authorization issued pursuant to established Component procedures; Rule 315, Military Rules of Evidence (Part III, Manual for Courts-Martial); and Article 46 of the Uniform Code of Military Justice.

2. An intelligence organization may seek access pursuant to Procedure 7 of DoD 5240.1–R.

3. Information obtained under this appendix shall be properly identified as financial information and transferred only where an official need-to-know exists. Failure to identify or limit access in accordance with this paragraph does not render the information inadmissible in courts-martial or other proceedings.

4. Access to financial records maintained by all other financial institutions overseas by law enforcement activities shall be in accordance with the local foreign statutes or procedures governing such access.

PART 277—IMPLEMENTATION OF THE PROGRAM FRAUD CIVIL REMEDIES ACT

Sec.
277.1 Purpose.
277.2 Applicability.
277.3 Policy.
277.4 Responsibilities.
APPENDIX TO PART 277—PROGRAM FRAUD CIVIL REMEDIES

AUTHORITY: 31 U.S.C. 3807.

SOURCE: 53 FR 39262, Oct. 6, 1988, unless otherwise noted.

§ 277.1 Purpose.

This part establishes uniform policies, assigns responsibilities, and prescribes procedures for implementation of Pub. L. 99–509.

§ 277.2 Applicability.

This part applies to the Office of the Secretary of Defense (OSD); the Military Departments; the Office of the Inspector General, Department of Defense (OIG, DoD); the Defense Agencies; and the DoD Field Activities (hereafter referred to collectively as ''DoD Components'').

§ 277.3 Policy.

It is DoD policy to redress fraud in DoD programs and operations through the nonexclusive use of Pub. L. 99–509. All DoD Components shall comply with the requirements of this part in using this new remedy. Changes or modifications to this part by implementing organizations are prohibited. Implementing regulations are authorized only to the extent necessary to effectively carry out the requirements of this part.

§ 277.4 Responsibilities.

(a) The *Inspector General, Department of Defense* (IG, DoD), shall establish procedures for carrying out the duties and responsibilities of the ''investigating official'' as outlined in the appendix of this part.

(b) The *General Counsel, Department of Defense* (GC, DoD), shall:

(1) Establish procedures for carrying out the duties and responsibilities of the authority head, Department of Defense, which have been delegated to the GC, DoD, as set forth in appendix of this part.

(2) Establish procedures for carrying out the duties and responsibilities for appointment and support of presiding officers, as set forth in appendix of this part; and

(3) Review and approve the regulations and instructions required by this section to be submitted for approval by the GC, DoD.

(c) The *Secretaries of the Military Departments* shall:

(1) Establish procedures for carrying out the duties and responsibilities of the ''authority head'' and of the ''reviewing officials'' for their respective Departments, and for obtaining and supporting presiding officers from

other Agencies as specified in Office of Personnel Management (OPM) regulations; (see appendix of this part).

(2) Make all regulations or instructions promulgated subject to the approval of the GC, DoD; and

(3) Delegate duties as appropriate.

(d) The *General Counsel of the National Security Agency* (GC, NSA) and the *General Counsel of the Defense Logistics Agency* (GC, DLA) shall be responsible for establishing procedures for carrying out the duties and responsibilities of the reviewing officials that have been delegated to them, as stated in appendix of this part. All Regulations or Instructions promulgated pursuant to this part shall be submitted to the GC, DoD.

APPENDIX TO PART 277—PROGRAM FRAUD CIVIL REMEDIES

A. Scope and Purpose

1. The Department of Defense has the authority to impose civil penalties and assessments against persons who make, submit or present, or cause to be made, submitted, or presented, false, fictitious, or fraudulent claims or written statements to authorities or to their agents.

2. This appendix:

a. Establishes administrative policies and procedures for imposing civil penalties and assessments against persons who make, submit, or present, or cause to be made, submitted, or presented, false, fictitious, or fraudulent claims or written statements to authorities or to their agents;

b. Specifies the hearing and appeal rights of persons subject to allegations of liability for such penalties and assessments.

3. The uniform policies and procedures established by this enclosure are binding on the authorities and authority heads in the Department of Defense and Military Departments. Additional administrative regulations necessary to carry out the requirements of the PFCRA and this part may be written by the authority heads. Any such regulations shall be consistent with the provisions of this appendix.

B. Definitions

1. Adequate Evidence

Information sufficient to support the reasonable belief that a particular act or omission has occurred.

2. Authority

a. The Department of Defense, which includes OSD, Organization of the Joint Chiefs of Staff (OJCS), Unified and Specified Commands, Defense Agencies, and DoD Field Activities.

b. The Department of the Army.

c. The Department of the Navy.

d. The Department of the Air Force.

3. Authority Head

a. For the Department of Defense, the Deputy Secretary of the Department of Defense or an official or employee of the Department of Defense or the Military Departments designated in writing by the Deputy Secretary of Defense.

b. For the respective Military Departments, the Secretary of the Military Department or an official or employee of the Military Department designated in regulations promulgated by the Secretary to act on behalf of the Secretary.

4. Benefit

In the context of statements, anything of value, including but not limited to any advantage, preference, privilege, license, permit, favorable decision, ruling status, or loan guarantee.

5. Claim

Any request, demand, or submission made as follows:

a. To the authority for property, services, or money (including money representing grants, loans, insurance, or benefits);

b. To a recipient of property, services, or money from the authority or to a party to a contract with the authority:

(1) For property or services if the United States:

(a) Provided such property or services;

(b) Provided any portion of the funds for the purchase of such property or services; or

(c) Will reimburse such recipient or party for the purchase of such property or services; or

(2) For the payment of money (including money representing grants, loans, insurance, or benefits) if the United States:

(a) Provided any portion of the money requested or demanded; or

(b) Will reimburse such recipient or party for any portion of the money paid on such request or demand; or

(3) Made to the authority that has the effect of decreasing an obligation to pay or account for property, services, or money.

6. Complaint

The administrative complaint served by the reviewing official on the defendant under section G., below.

7. Defendant

Any person alleged in a complaint under section G., below, to be liable for a civil penalty or assessment under Section C., below.

8. DoD Criminal Investigative Organizations

The U.S. Army Criminal Investigative Command, Naval Security and Investigative Command, U.S. Air Force Office of Special Investigations, and the Defense Criminal Investigative Service.

9. Government

The U.S. Government.

10. Individual

A natural person.

11. Initial Decision

The Written decision of the presiding officer required by section J. or KK., below. This includes a revised initial decision issued following a remand or a motion of reconsideration.

12. Investigating Official

a. The IG, DoD; or

b. An officer or employee of the OIG designated by the IG;

c. Who, if a member of the Armed Forces of the United States on active duty, is serving in Grade 0–7 or above or, if a civilian employee, is serving in a position for which the rate of basic pay is not less than the minimum rate of basic pay for Grade GS–16 under the General Schedule.

13. Knows or Has Reason To Know

A person who, with respect to a claim or statement:

a. Has actual knowledge that the claim or statement is false, fictitious, or fraudulent;

b. Acts in deliberate ignorance of the truth or falsity of the claim or statement; or

c. Acts in reckless disregard of the truth or falsity of the claim or statement.

14. Makes

Includes the terms presents, submits, and causes to be made, presented, or submitted. As the context requires, making or made shall likewise include the corresponding forms of such terms.

15. Person

Any individual, partnership, corporation, association or private organization, and includes the plural of that term.

16. Preponderance of the Evidence

The evidence necessary to support a presiding officer's decision that a violation of the PFCRA has occurred. Evidence that leads to the belief that what is sought to be proved is more likely true than not true.

17. Presiding Officer

An officer or employee of the Department of Defense or an employee detailed to the Department of Defense from another agency who:

a. Is selected under 5 U.S.C., chapter 33, pursuant to the competitive examination process applicable to administrative law judges;

b. Is appointed by the authority head of DoD to conduct hearings under this part for cases arising in the Department of Defense or the Military Departments;

c. Is assigned to cases in rotation so far as practicable;

d. May not perform duties inconsistent with the duties and responsibilities of a presiding officer;

e. Is entitled to pay prescribed by the Office of Personnel Management (OPM) independently of ratings and recommendations made by the authority and in accordance with 5 U.S.C., chapters 51 and 53, subchapter III;

f. Is not subject to a performance appraisal pursuant to 5 U.S.C., chapter 43; and

g. May be removed, suspended, furloughed, or reduced in grade or pay only for good cause established and determined by the Merit Systems Protection Board (MSPB) on the record after opportunity for hearing by such Board.

18. Representative

An Attorney-at-law duly licensed in any State, commonwealth, territory, the District of Columbia, or foreign country, who enters his or her appearance in writing to represent a party in a proceeding under this part, or an officer, director, or employee of a defendant or of its affiliate.

19. Reviewing Official

a. In all cases arising in the Department of Defense and any of the Military Departments, the reviewing official shall be an officer or employee of an authority as follows:

(1) Who is designated by the authority head to make the determination required under section E., below, of this enclosure;

(2) Who, if a member of the Armed Forces of the United States on active duty, is serving in Grade 0–7 or above or, if a civilian employee, is serving in a position for which the rate of basic pay is not less than the minimum rate of basic pay for Grade GS–16 under the General Schedule; and

(3) Who is as follows:

(a) Not subject to supervision by, or required to report to, the investigating official;

(b) Not employed in the organizational unit of the authority in which the investigating official is employed; and

(c) Not an official designated to make suspension or debarment decisions.

b. The General Counsel, Defense Logistics Agency (GC, DLA), shall be the reviewing official for all cases involving a claim or statement made to the DLA or any other part of the Department of Defense other than a Military Department or the National Security Agency (NSA). The General Counsel, National Security Agency (GC, NSA), shall be the reviewing official for all cases involving claims or statements made to that Agency. The General Counsel, Defense Logistics Agency (GC, DLA), and GC, NSA, may redelegate their authority to act as reviewing officials to any individual(s) meeting the criteria set out in subparagraph (1) of this section.

c. The authority head of each Military Department shall select a reviewing official, who shall review all cases involving a claim or statement that was made to their Department.

20. Statement

Any written representation, certification, affirmation, document, record, accounting, or bookkeeping entry made:

a. With respect to a claim or to obtain the approval or payment of a claim (including relating to eligibility to make a claim); or

b. With respect to (including relating to eligibility for):

(1) A contract with, or a bid or proposal for a contract with; or

(2) A grant, loan, or benefit from the authority, or any State, political subdivision of a State, or other party; if the U.S. Government provides any portion of the money or property under such contract or for such grant, loan, or benefit, or if the U.S. Government will reimburse such State, political subdivision, or party for any portion of the money or property under such contract or for such grant, loan, or benefit.

C. Basis for Civil Penalties and Assessments

1. Claims

a. Any person who makes a claim that the person knows or has reason to know:

(1) Is false, fictitious, or fraudulent;

(2) Includes or is supported by a written statement that asserts a material fact that is false, fictitious, or fraudulent;

(3) Includes or is supported by any written statement that:

(a) Omits a material fact;

(b) Is false, fictitious, or fraudulent as a result of such omission; and

(c) Is a statement in which the person making such statement has a duty to include such material fact; or

(4) Is for payment for the provision of property or services that the person had not provided as claimed, shall be subject, in addition to any other remedy that may be prescribed by law, to a civil penalty of not more than $5,000 for each such claim.

b. Each voucher, invoice, claim form, or other individual request or demand for property, services, or money constitutes a separate claim.

c. A claim shall be considered made to an authority, recipient, or party when such claim is received by an agent, fiscal intermediary, or other entity, including any State or political subdivision thereof, acting for or on behalf of such authority, recipient, or party.

d. Each claim for property, services, or money is subject to a civil penalty regardless of whether such property, service, or money is actually delivered or paid.

e. If the Government has made any payment (including transferred property or provided services) on a claim, a person subject to a civil penalty under subparagraph a.(1) of this section shall also be subject to an assessment of not more than twice the amount of such claim or that portion thereof that is determined to be in violation of subparagraph a.(1) of this section. Such assessment shall be in lieu of damages sustained by the Government because of such claim.

2. Statements

a. Any person who makes a written statement that:

(1) The person knows or has reason to know the following:

(a) Asserts a material fact that is false, fictitious, or fraudulent; or

(b) Is false, fictitious, or fraudulent because it omits a material fact that the person making the statement has a duty to include in such statement; and

(2) Contains or is accompanied by an express certification or affirmation of the truthfulness and accuracy of the contents of the statement, shall be subject, in addition to any other remedy that may be prescribed by law, to a civil penalty of not more than $5,000 for each statement.

b. Each written representation, certification, or affirmation constitutes a separate statement.

c. A statement shall be considered made to an authority when such statement is received by an agent, fiscal intermediary, or other entity, including any State or political subdivision thereof, acting for or on behalf of such authority.

3. No proof of specific intent to defraud is required to establish liability under this section.

4. In any case in which it is determined that more than one person is liable for making a claim or statement under this section, each such person may be held jointly and severally liable for a civil penalty with respect to such claims or statements.

5. In any case in which it is determined that more than one person is liable for making a claim under this section on which the Government has made payment (including

transferred property or provided services) an assessment may be imposed against any such person or jointly and severally against any combination of such persons.

D. Investigation

1. If the investigating official concludes that a subpoena pursuant to the authority conferred by 31 U.S.C. 3804(a) is warranted, then:

a. The subpoena so issued shall notify the person to whom it is addressed of the authority under which the subpoena is issued and shall identify the records or documents sought;

b. The investigating official may designate a person to act on his or her behalf to receive the documents sought; and

c. The person receiving such subpoena shall be required to tender to the investigating official, or to the person designated to receive the documents, a certification that the documents sought have been produced, or that such documents are not available and the reasons therefor, or that such documents, suitably identified, have been withheld based upon the assertion of an identified privilege.

2. If the investigating official concludes that an action under the PFCRA may be warranted, the investigating official shall submit a report containing the findings and conclusions of such investigation to the appropriate reviewing official(s). In instances where the false claim or false statement involves more than one authority within the Department of Defense, or where the investigating official finds that more than one case has arisen from the same set of facts, the investigating official may, at his or her sole discretion, refer the case(s) to the reviewing official of one of the affected authorities. That reviewing official shall consolidate the claims and statements and act for all. Nothing in this subsection confers any right in any party to the consolidation or severance of any case(s), although presiding officers may, at their sole discretion, entertain motions to consolidate or sever.

3. Nothing in this section shall preclude or limit an investigating official's discretion to refer allegations directly to the Department of Justice for suit under 18 U.S.C. 287 or 31 U.S.C. 3729 and 3730, False Claims Act, or other civil relief, or to preclude or limit such official's discretion to defer or postpone a report or referral to the reviewing official to avoid interference with a criminal investigation or prosecution.

4. Nothing in this section modifies any responsibility of an investigating official to report violations of criminal law to the Attorney General.

5. Nothing in this section shall preclude or limit the investigating official's authority to obtain the assistance of any investigative units of the Department of Defense, including those of the Military Departments. In this regard, appropriate investigation may be conducted by the Defense criminal investigative organizations and other investigative elements of the Military Departments and Defense Agencies.

E. Review by the Reviewing Official

1. If, based on the report of the investigating official under subsection D.2., above, the reviewing official determines that there is adequate evidence to believe that a person is liable under section C., above, the reviewing official shall transmit to the Attorney General or his or her designated point of coordination within the Department of Justice a written notice of the reviewing official's intention to issue a complaint under section G., below.

2. Such notice shall include the following:

a. A statement of the reviewing official's reasons for issuing a complaint;

b. A statement specifying the evidence that supports the allegations of liability;

c. A description of the claims or statements upon which the allegations of liability are based;

d. An estimate of the amount of money or the value of property, services, or other benefits requested or demanded in violation of section C., above.

e. A statement of any exculpatory or mitigating circumstances that may relate to the claims or statements known by the reviewing official or the investigating official; and

f. A statement that there is a reasonable prospect of collecting an appropriate amount of penalties and assessments.

F. Prerequisites for Issuing a Complaint

1. The reviewing official may issue a complaint under section G., below, only if:

a. The Attorney General or an Assistant Attorney General designated by the Attorney General approves the issuance of a complaint in a written statement described in 31 U.S.C. 3803(b)(1); and

b. In the case of allegations of liability under subsection C.1., above, with respect to a claim, the reviewing official determines that, with respect to such claim or a group of related claims submitted at the same time such claim is submitted (as defined in subsection 2. of this section), the amount of money or the value of property or services demanded or requested in violation of subsection C.1., above, does not exceed $150,000.00;

2. For the purposes of this section, a related group of claims submitted at the same time shall include only those claims arising from the same transaction (e.g., grant, loan, application, or contract) that are submitted simultaneously as part of a single request, demand, or submission.

3. Nothing in this section shall be construed to limit the reviewing official's authority to join in a single complaint against a person's claims that are unrelated or were not submitted simultaneously, regardless of the amount of money or the value of property or services demanded or requested.

4. In any case that involves claims or statements made to more than one entity within the Department of Defense or the Military Departments, or the reviewing officials having responsibility for each such entity, as stated in subsection D.2., above, shall have concurrent jurisdiction to make the required determinations under this section. In any such case, the responsible reviewing officials shall coordinate with each other prior to making any determination under this section. Where more than one case arises from the same set of facts, such cases shall be consolidated to the degree practicable, although the reviewing official shall have absolute discretion to make such determination. The requirements of this paragraph do not confer any procedural or substantive rights upon individuals, associations, corporations, or other persons or entities who might become defendants under the PFCRA.

G. Complaint

1. On or after the date the Attorney General or an Assistant Attorney General designated by the Attorney General approves the issuance of a complaint in accordance with 31 U.S.C. 3803(b)(1), the reviewing official may serve a complaint on the defendant, as provided in section H., below.

2. The complaint shall state the following:

a. The allegations of liability against the defendant, including the statutory basis for liability, an identification of the claims or statements that are the basis for the alleged liability, and the reasons why liability allegedly arises from such claims or statements;

b. The maximum amount of penalties and assessments for which the defendant may be held liable;

c. Instructions for filing an answer to a request including a specific statement of the defendant's right to request a hearing, by filing an answer and to be represented by a representative; and

d. That failure to file an answer within 30 days of service of the complaint shall result in the imposition of penalties and assessments without right to appeal, consistent with the provisions of section J., below.

3. At the same time the reviewing official serves the complaint, he or she shall notify the defendant with a copy of this part and any applicable implementing regulations.

H. Service of Complaint

1. Service of a complaint must be made by certified or registered mail or by delivery in any manner authorized by Rule 4(d) of the Federal Rules of Civil Procedure. Service is complete upon receipt.

2. Proof of service, stating the name and address of the person on whom the complaint was served, and the manner and date of service may be made by the following:

a. Affidavit of the individual serving the complaint by delivery;

b. A United States Postal Service return receipt card acknowledging receipt; or

c. Written acknowledgement of receipt by the defendant or his or her representative.

I. Answer

1. The defendant may request a hearing by filing an answer with the reviewing official within 30 days of service of the complaint. An answer shall be deemed to be a request for hearing.

2. In the answer, the defendant:

a. Shall admit or deny each of the allegations of liability made in the complaint;

b. Shall state any defense on which the defendant intends to rely;

c. May state any reasons why the defendant contends that the penalties and assessments should be less than the statutory maximum; and

d. Shall state the name, address, and telephone number of the person authorized by the defendant to act as defendant's representative, if any.

3. If the defendant is unable to file an answer meeting the requirements of paragraph 2.b of this section within the time provided, the defendant may, before the expiration of 30 days from service of the complaint, file with the reviewing official a general answer denying liability and requesting a hearing, and a request for an extension of time within which to file an answer meeting the requirements of subsection 2. of this section. The reviewing official shall, in such event, file promptly with the presiding officer the complaint, the general answer denying liability, and the request for an extension of time as provided in section K., below. For good cause shown, the presiding officer may grant the defendant additional time within which to file an answer meeting the requirements of subsection 2. of this section.

4. The 30-day limitation for filing an answer may be tolled for a reasonable period of time by written agreement of the parties and approval of the authority head to allow time for settlement.

J. Default Upon Failure To File an Answer

1. If the defendant does not file an answer within the time prescribed in subsection I.1., above, and there is no approved written agreement as in subsection I.4, above, tolling the time prescribed, the reviewing official may then refer the complaint to the presiding officer.

2. Upon referral of the complaint pursuant to this section, the presiding officer shall promptly serve on defendant, in the manner prescribed in section H., above, a notice that an initial decision will be issued under this section.

3. Upon referral of the complaint pursuant to this section, the presiding officer shall assume the facts alleged in the complaint to be true and, if such facts establish liability under section C., above, the presiding officer shall issue an initial decision imposing penalties and assessments under the statute.

4. Except as otherwise provided in this section, by failing to file a timely answer, the defendant waives any right to further review of the penalties and assessments imposed under subsection 3. of this section, and the initial decision shall become final and binding upon the parties 30 days after it is issued.

5. If, before such an initial decision becomes final, the defendant files a motion with the presiding officer seeking to reopen on the grounds that good cause prevented the defendant from filing an answer, the initial decision shall be stayed pending the presiding officer's decision on the motion.

6. If, on a motion brought under subsection J.5., above, the defendant can demonstrate good cause excusing the failure to file a timely answer, the presiding officer shall withdraw the initial decision in subsection 3. of this section if such a decision has been issued, and shall grant the defendant an opportunity to answer the complaint.

7. A decision of the presiding officer denying a defendant's motion under subsections 5. and 6. of this section is not subject to reconsideration under section LL., below.

8. The defendant may appeal to the authority head the decision denying a motion to reopen by filing a notice of appeal with the authority head within 15 days after the presiding officer denies the motion. The timely filing of a notice of appeal shall stay the initial decision until the authority head decides the issue.

9. If the defendant files a timely notice of appeal with the authority head, the presiding officer shall forward the record of the proceeding to the authority head.

10. The authority head shall decide expeditiously whether good cause excused the defendant's failure to file a timely answer based solely on the record before the presiding officer.

11. If the authority head decides that good cause excused the defendant's failure to file a timely answer, the authority head shall remand the case to the presiding officer with instructions to grant the defendant an opportunity to answer.

12. If the authority head decides that the defendant's failure to file a timely answer is not excused, the authority head shall approve the initial decision of the presiding officer, which shall become final and binding upon the parties 30 days after the authority head issues such decision.

K. Referral of Complaint and Answer to the Presiding Officer

1. Upon receipt of an answer, the reviewing official shall file the complaint and answer with the presiding officer.

2. To allow time for settlement, referral of complaint and answer to the presiding officer may be delayed for a reasonable period of time if there is a written agreement of the parties, approved by the authority head, in favor of such delay.

L. Notice of Hearing

1. When the presiding officer receives the complaint and answer, the presiding officer shall promptly serve a notice of hearing upon the defendant in the manner prescribed by section H., above. At the same time, the presiding officer shall send a copy of such notice to the representative for the Government.

2. Such notice shall include:

a. The tentative time and place, and the nature of the hearing;

b. The legal authority and jurisdiction under which the hearing is to be held;

c. The matters of fact and law to be asserted;

d. A description of the procedures for the conduct of the hearing;

e. The name, address, and telephone number of the representative of the Government, the defendant, and other parties, if any; and

f. Such other matters as the presiding officer deems appropriate.

M. Parties to the Hearing

The parties to the hearing shall be the defendant and the authority. The reviewing official of each authority shall, with the concurrence of the DoD Component head, designate attorneys within that authority to represent the authority in hearings conducted under this part. Attorneys appointed as authority representatives shall remain under the supervision of their DoD Component.

N. Separation of Functions

1. The investigating official and the reviewing official, for any particular case or factually related case, may not do the following:

a. Participate in the hearing as the presiding officer;

b. Participate or advise in the initial decision or the review of the initial decision by the authority head, except as a witness or a representative in a public proceeding; or

c. Make the collecting of penalties and assessments under 31 U.S.C. 3806.

2. The presiding officer shall not be responsible to, or subject to the supervision or direction of, the investigating official or the reviewing official.

3. Except as provided in subsection 1. of this section, the representative for the Government may be employed anywhere in the authority, including in the offices of either the investigating official or the reviewing official.

O. Ex parte Contacts

No party or person (except employees of the presiding officer's office) shall communicate in any way with the presiding officer on any matter at issue in a case unless on notice and there is an opportunity for all parties to participate. This provision does not prohibit a person or party from inquiring about the status of a case or asking routine questions concerning administrative functions or procedures.

P. Disqualification of Presiding Officer and Reviewing Official

1. A reviewing official or presiding officer in a particular case may disqualify himself or herself at any time.

2. A party may file a motion for disqualification of the presiding officer or the reviewing official. Such motion, to be filed with the presiding officer, shall be accompanied by an affidavit alleging personal bias or other reason for disqualification.

3. Such motion and affidavit shall be filed promptly upon the party's discovery of reasons requiring disqualification or such objections shall be deemed waived.

4. Such affidavit shall state specific facts that support the party's belief that personal bias or other reason for disqualification exists and the time and circumstances of the party's discovery of such facts. It shall be accompanied by a certificate of the representative of record that it is made in good faith.

5. Upon the filing of such a motion and affidavit, the presiding officer shall proceed no further in the case until he or she resolves the matter of disqualification by taking one of the following actions:

a. If the presiding officer determines that a reviewing official is disqualified, the presiding officer shall dismiss the complaint without prejudice;

b. If the presiding officer disqualifies himself or herself, the case shall be reassigned promptly to another presiding officer;

c. The presiding officer may deny a motion to disqualify. In such event, the authority head may determine the matter only as part of his or her review of the initial decision upon appeal, if any.

Q. Rights of Parties

Except as otherwise limited by this enclosure, all parties may:

1. Be accompanied, represented, and advised by a representative;

2. Participate in any conference held by the presiding officer;

3. Conduct discovery;

4. Agree to stipulations of fact or law, which shall be made part of the record;

5. Present evidence relevant to the issues at the hearing;

6. Present and cross-examine witnesses;

7. Present oral arguments at the hearing, as permitted by the presiding officer; and

8. Submit written briefs and proposed findings of fact and conclusions of law after the hearing.

R. Authority of the Presiding Officer

1. The presiding officer shall conduct a fair and impartial hearing, avoid delay, maintain order, and assure that a record of the proceeding is made.

2. The presiding officer has the authority to do the following:

a. Set and change the date, time, and place of the hearing upon reasonable notice to the parties;

b. Continue or recess the hearing in whole or in part for a reasonable period of time;

c. Hold conferences to identify or simplify the issues, or to consider other matters that may aid in the expeditious disposition of the proceeding;

d. Administer oaths and affirmations;

e. Issue subpoenas requiring the attendance of witnesses and the production of documents at depositions or at hearings;

f. Rule on motions and other procedural matters;

g. Regulate the scope and timing of discovery;

h. Regulate the course of the hearing and the conduct of representatives and parties;

i. Examine witnesses;

j. Receive, rule on, exclude, or limit evidence;

k. Upon motion of a party, take official notice of facts;

l. Upon motion of a party, decide cases, in whole or in part by summary judgment where there is no disputed issue of material fact;

m. Conduct any conference, argument, or hearing on motions in person or by telephone; and

n. Exercise such other authority as is necessary to carry out the responsibilities of the presiding officer under this Directive.

3. The presiding officer does not have the authority to find Federal statutes or regulations invalid.

S. Prehearing Conferences

1. The presiding officer may schedule prehearing conferences as appropriate.

2. Upon the motion of any party, the presiding officer shall schedule at least one prehearing conference at a reasonable time in advance of the hearing.

3. The presiding officer may use prehearing conferences to discuss the following:

a. Simplification of the issues;

b. The necessity or desirability of amendments to the pleadings, including the need for a more definite statement;

c. Stipulations and admissions of fact or as to the contents and authenticity of documents;

d. Whether the parties can agree to submission of the case on a stipulated record;

e. Whether a party chooses to waive appearance at an oral hearing and to submit only documentary evidence (subject to the objections of other parties) and written argument;

f. Limitation of the number of witnesses;

g. Scheduling dates for the exchange of witness lists and of proposed exhibits;

h. Discovery;

i. The time and place for the hearing; and

j. Such other matters as may tend to expedite the fair and just disposition of the proceedings.

4. The presiding officer may issue an order containing all matters agreed upon by the parties or ordered by the presiding officer at a prehearing conference.

T. Disclosure of Documents

1. Upon written request to the reviewing official, the defendant may review any relevant and material documents, transcripts, records, and other materials that relate to the allegations set out in the complaint and upon which the findings and conclusions of the investigating official under subsection D.2., above, are based, unless such documents are subject to a privilege under Federal law. Upon payment of fees for duplication, the defendant may obtain copies of such documents.

2. Upon written request to the reviewing official, the defendant also may obtain a copy of all exculpatory information in the possession of the reviewing official or investigating official relating to the allegations in the complaint, even if it is contained in a document that would otherwise be privileged. If the document would otherwise be privileged, only that portion containing exculpatory information must be disclosed, except if disclosure would violate Rule 6(e) of the Federal Rules of Criminal Procedure.

3. The notice sent to the Attorney General from the reviewing official as described in section E., above, is not discoverable under any circumstances.

4. The defendant may file a motion to compel disclosure of the documents subject to the provisions of this section at any time after service of the complaint.

U. Discovery

1. The following types of discovery are authorized:

a. Requests for production of documents for inspection and copying;

b. Requests for admissions of the authenticity of any relevant document or of the truth of any relevant fact;

c. Written interrogatories; and

d. Depositions.

2. For the purpose of this section and sections V. and W., below, the term ''documents'' includes information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence contained in a form contemplated by the definition of ''document'' set forth in the Federal Rules of Civil Procedure, Rule 34. Nothing contained herein shall be interpreted to require the creation of a document.

3. Unless mutually agreed to by the parties, discovery is available only as ordered by the presiding officer. The presiding officer shall regulate the timing of discovery.

4. Motions for discovery may be filed with the presiding officer by the party seeking discovery.

a. Such a motion shall be accompanied by a copy of the requested discovery, or in the case of depositions, a summary of the scope of the proposed deposition.

b. Within 10 days of service, a party may file an opposition to the motion and/or a motion for protective order as provided in section X., below.

c. The presiding officer may grant a motion of discovery only if he finds that the discovery sought:

(1) Is necessary for the expeditious, fair, and reasonable consideration of the issue;

(2) Is not unduly costly or burdensome;

(3) Will not unduly delay the proceeding; and

(4) Does not seek privileged information.

d. The burden of showing that discovery should be allowed is on the party seeking discovery.

e. The presiding officer may grant discovery subject to a protective order under section X., below.

5. Depositions

a. If a motion for deposition is granted, the presiding officer shall issue a subpoena for the deponent, which may require the deponent to produce documents. The subpoena shall specify the time and place at which the deposition will be held. The presiding officer may order that parties produce deponents and/or documents without the need for subpoena.

b. The party seeking to depose shall serve the subpoena in the manner prescribed in section H., above.

c. The deponent may file with the presiding officer a motion to quash the subpoena or a motion for a protective order within 10 days of service.

d. The party seeking to depose shall provide for the taking of a verbatim transcript of the deposition, which it shall make available to all parties for inspection and copying.

6. Each party shall bear its own costs of discovery.

V. Exchange of Witness Lists, Statements, and Exhibits

1. At least 15 days before the hearing or at such other time as may be ordered by the presiding officer, the parties shall exchange witness lists, copies of prior statements of proposed witnesses, and copies of proposed hearing exhibits, including copies of any written statements that the party intends to offer in lieu of live testimony in accordance with subsection GG.2., below. At the time the above documents are exchanged, any party that intends to rely upon the transcript of deposition testimony in lieu of live testimony at the hearing, if permitted by the presiding officer, shall provide each party with a copy of the specific pages of the transcript it intends to introduce into evidence.

2. If a party objects, the presiding officer shall not admit into evidence the testimony of any witness whose name does not appear on the witness list or any exhibit not provided to the opposing party as provided above unless the presiding officer finds good cause for the failure or that there is no prejudice to the objecting party.

3. Unless another party objects within the time set by the presiding officer, documents exchanged in accordance with subsection 1. of this section shall be admitted into evidence at the hearing. Later challenges to admissibility at the hearing shall be permitted only upon a showing of good cause for the lateness.

W. Subpoenas for Attendance at Hearing

1. A party wishing to procure the appearance and testimony of any individual at the hearing may request that the presiding officer issue a subpoena.

2. A subpoena requiring the attendance and testimony of an individual may also require the individual to produce documents at the hearing.

3. A party seeking a subpoena shall file a written request therefor not less than 15 days before the date fixed for the hearing, unless otherwise allowed by the presiding officer for good cause shown. Such request shall specify any documents to be produced and shall designate the witnesses and describe the address and location thereof with sufficient particularity to permit such witnesses to be found.

4. The subpoena shall specify the time and place at which the witness is to appear and any documents the witness is to produce.

5. The party seeking the subpoena shall serve it in the manner prescribed in section H., above. A subpoena on a party or upon an individual under the control of a party may be served by first class mail.

6. A party or a representative of the individual to whom the subpoena is directed may file with the presiding officer a motion to quash the subpoena with 10 days after service or on or before the time specified in the subpoena for compliance if it is less than 10 days after service.

X. Protective Order

1. A party or a prospective witness or deponent may file a motion for a protective order with respect to discovery sought by an opposing party or with respect to the hearing, seeking to limit the availability or disclosure of evidence.

2. In issuing a protective order, the presiding officer may make any order that justice requires to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense including one or more of the following:

a. That the discovery not be had;

b. That the discovery may be had only on specified terms and conditions, including a designation of the time or place;

c. That the discovery may be had only through a method of discovery other than that requested;

d. That classified information not be released unless prior notice and arrangements reasonably acceptable to the representative of the authority are made in coordination with the Defense Investigative Service, and the presiding officer agrees to the use;

e. That certain matters not be inquired into or that the scope of discovery be limited to certain matters;

f. That discovery be conducted with no person except persons designated by the presiding officer;

g. That the contents of discovery or evidence be sealed;

h. That the defendant comply with 32 CFR part 97 concerning official witnesses;

i. That a deposition after being sealed be opened only upon order of the presiding officer;

j. That a trade secret or other confidential research, development, commercial information, or facts pertaining to any criminal investigation, proceeding, or other administrative investigation not be disclosed or be disclosed only in a designated way; or

k. That the parties simultaneously file specified documents of information enclosed in sealed envelopes to be opened as directed by the presiding officer.

Y. Fees

The party requesting a subpoena shall pay the cost of the witness fees and mileage of any witness subpoenaed in the amounts that would be payable to a witness in a proceeding in the United States District Court. A check for witness fees and mileage shall accompany the subpoena when served, except that when a subpoena is issued on behalf of the authority a check for witness fees and mileage need not accompany the subpoena.

Z. Form, Filing, and Service of Papers

1. Form

a. Documents filed with the presiding officer shall include an original and two copies.

b. Every pleading and paper filed in the proceeding shall contain a caption setting forth the title of the action, the case number assigned by the presiding officer, and a designation of the paper (e.g., motion to quash subpoena).

c. Every pleading and paper shall be signed by, and shall contain the address and telephone number of, the party or the person on whose behalf the paper was filed, or his or her representative.

d. Papers are considered filed when they are mailed. Date of mailing may be established by a certificate from the party or its representative or by proof that the document was sent by certified or registered mail.

2. *Service.* A party filing a document with the presiding officer shall, at the time of filing, serve a copy of such document on every other party. Service upon any party of any document other than those required to be served as prescribed in section H., above, shall be made by delivering a copy or by placing a copy of the document in the United States mail, postage prepaid and addressed to the party's last known address. When a party is represented by a representative, service shall be made upon such representative in lieu of the actual party.

3. *Proof of service.* A certificate of the individual serving the document by personal delivery or by mail, setting forth the manner of service, shall be proof of service.

AA. Computation of Time

1. In computing any period of time under this part or in an order issued thereunder, the time begins with the day following the act, event, or default, and includes the last day of the period, unless it is a Saturday, Sunday, or legal holiday observed by the Federal Government, in which event it includes the next business day.

2. When the period of time allowed is less than 7 days, intermediate Saturdays, Sundays, and legal holidays observed by the Federal Government shall be excluded from the computation.

3. Where a document has been served or issued by placing it in the mail, an additional 5 days will be added to the time permitted for any response.

BB. Motions

1. Any application to the presiding officer for an order or ruling shall be by motion. Motions shall state the relief sought, the authority relied upon, the facts alleged, and shall be filed with the presiding officer and served on all other parties.

2. Except for motions made during a prehearing conference or at the hearing, all motions shall be in writing. The presiding officer may require the oral motions be put in writing.

3. Within 15 days after a written motion is served, or such other time as may be fixed by the presiding officer, any party may file a response to such motion.

4. The presiding officer may not grant a written motion before the time for filing responses thereto has expired, except upon consent of the parties or following a hearing on the motion, but may overrule or deny such motion without awaiting a response.

5. The presiding officer shall make a reasonable effort to dispose of all outstanding motions prior to the beginning of the hearing.

6. Failure by a party to raise defenses or objections or to make requests that must be made prior to the beginning of the hearing shall constitute waiver thereof, but the presiding officer may grant relief from the waiver for good cause shown.

CC. Sanctions

1. The presiding officer may sanction a person, including any party or representative, for the following:

a. Failing to comply with an order, rule, or procedure governing the proceeding;

b. Failing to prosecute or defend an action; or

c. Engaging in other misconduct that interferes with the speedy, orderly, or fair conduct of the hearing.

2. Any such sanction, including but not limited to those listed in subsections 3., 4., and 5. of this section, shall reasonably relate to the severity and nature of the failure or misconduct.

3. When a party fails to comply with an order, including an order for taking a deposition, the production of evidence within the party's control, or a request for admission, the presiding officer may:

a. Draw an inference in favor of the requesting party with regard to the information sought;

b. In the case of requests for admission, deem each matter of which an admission is requested to be admitted;

c. Prohibit the party failing to comply with such order from introducing evidence

concerning, or otherwise relying upon, testimony relating to the information sought; and

d. Strike any part of the pleadings or other submission of the party failing to comply with such request.

4. If a party fails to prosecute or defend an action under this part commenced by service of a notice of hearing, the presiding officer may dismiss the action or may issue an initial decision imposing penalties and assessments.

5. The presiding officer may refuse to consider any motion, request, response, brief, or other document that is not filed in a timely fashion.

DD. The Hearing and Burden of Proof

1. The presiding officer shall conduct a hearing on the record in order to determine whether the defendant is liable for a civil penalty or assessment under section C., above, and, if so, the appropriate amount of any such civil penalty or assessment considering any aggravating or mitigating factors.

2. The authority shall prove defendant's liability and any aggravating factors by a preponderance of the evidence.

3. The defendant shall prove any affirmative defenses and any mitigating factors by a preponderance of the evidence.

4. The hearing shall be open to the public unless otherwise ordered by the presiding officer for good cause shown.

EE. Determining the Amount of Penalties and Assessments

In determining an appropriate amount of civil penalties and assessments, the presiding officer and the authority head, upon appeal, should evaluate any circumstances that mitigate or aggravate the violation and should articulate in their opinions the reasons that support the penalties and assessments they impose.

FF. Location of Hearing

1. The hearing may be held as follows:

a. In any judicial district of the United States in which the defendant resides or transacts business;

b. In any judicial district of the United States in which the claim or statement at issue was made; or

c. In such other place, including foreign countries, as may be agreed upon by the defendant and the presiding officer.

2. Each party shall have the opportunity to petition the presiding officer with respect to the location of the hearing.

3. The hearing shall be held at the place and at the time ordered by the presiding officer.

GG. Witnesses

1. Except as provided in subsection 2. of this section, testimony at the hearing shall be given orally by witnesses under oath or affirmation.

2. At the discretion of the presiding officer, testimony may be admitted in the form of a written or videotaped statement or deposition. Any such written or videotaped statement must be provided to all other parties along with the last known address of such witness, in a manner which allows sufficient time for other parties to subpoena such witness for deposition or cross-examination at the hearing. Prior written or videotaped statements of witnesses proposed to testify at the hearings and deposition transcripts shall be exchanged as provided in subsection V.1., above.

3. The presiding officer shall exercise reasonable control over the mode and order of interrogating witnesses and presenting evidence so as to:

a. Make the interrogation and presentation effective for the ascertainment of the truth;

b. Avoid needless consumption of time; and

c. Protect witnesses from harassment or undue embarrassment.

4. The presiding officer shall permit the parties to conduct such cross-examination as may be required for a full and true disclosure of the facts.

5. At the discretion of the presiding officer, a witness may be cross-examined on matters relevant to the proceeding without regard to the scope of his or her direct examination.

6. Upon motion of any party, the presiding officer shall order witnesses excluded so that they cannot hear the testimony of other witnesses. This rule does not authorize exclusion of the following:

a. A party who is an individual;

b. In the case of a party that is not an individual, an officer or employee of the party appearing for the party as its representative, or designated by the party's representative; or

c. An individual whose presence is shown by a party to be essential to the presentation of its case, including an individual employed by the Government engaged in assisting the representative for the Government.

HH. Evidence

1. The presiding officer shall determine the admissibility of evidence.

2. Except as provided herein, the presiding officer shall not be bound by the Federal Rules of Evidence. However, the presiding officer may apply the Federal Rules of Evidence where appropriate; e.g., to exclude unreliable evidence.

3. The presiding officer shall exclude irrelevant and immaterial evidence.

4. Although relevant, evidence may be excluded if its probative value is substantially

outweighed by the danger of unfair prejudice, confusion of the issues, or by consideration of undue delay or needless presentation of cumulative evidence.

5. Evidence shall be excluded if it is privileged under Federal law and the holder of the privilege asserts it.

6. Evidence concerning offers of compromise or settlement shall be inadmissible to the extent provided in Rule 408 of the Federal Rules of Evidence.

7. The presiding officer shall permit the parties to introduce rebuttal witnesses and evidence.

8. All documents and other evidence offered or taken for the record shall be open to examination by all parties, unless otherwise ordered by the presiding officer pursuant to section X., above.

II. The Record and Finding

1. The hearing will be recorded and transcribed. Transcripts may be obtained following the hearing from the presiding officer at a cost not to exceed the actual cost of duplication.

2. The transcript of testimony, exhibits, and other evidence admitted at the hearing, and all papers and requests filed in the proceeding constitute the record for the decision by the presiding officer and the authority head.

3. The record may be inspected and copied (upon payment of a reasonable fee) by anyone, unless otherwise ordered by the presiding officer.

4. Funding for the hearing and record, except for the cost of the presiding officer, shall be the responsibility of the authority in which the case arose.

JJ. Post-hearing Briefs

The presiding officer may require or permit the parties to file post-hearing briefs. The presiding officer shall fix the time for filing any such briefs, not to exceed 60 days from the date the parties receive the transcript of the hearing or, if applicable, the stipulated record. Such briefs may be accompanied by proposed findings of fact and conclusions of law. The presiding officer may permit the parties to file reply briefs.

KK. Initial Decision

1. The presiding officer shall issue an initial decision based only on the record that shall contain findings of fact, conclusions of law, and the amount of any penalties and assessments imposed.

2. The findings of fact shall include a finding on each of the following issues:

a. Whether the claims or statements identified in the complaint, or any portions thereof, violate section C., above; and

b. If the person is liable for penalties or assessments, the appropriate amount of any such penalties or assessments.

3. The presiding officer shall promptly serve the initial decision on all parties within 90 days after the time for submission of post-hearing briefs and reply briefs (if permitted) has expired. The presiding officer shall at the same time serve all parties with a statement describing the right of any defendant determined to be liable for a civil penalty or assessment to file a motion for reconsideration with the presiding officer or a notice of appeal with the authority head. If the presiding officer fails to meet the deadline contained in this subsection, he or she shall notify the parties of the reason for the delay and shall set a new deadline.

4. Unless the initial decision of the presiding officer is timely appealed to the authority head, or a motion for reconsideration of the initial decision is timely filed, the initial decision of the presiding officer shall be final and binding on the parties 30 days after it is issued by the presiding officer.

LL. Reconsideration of Initial Decision

1. Except as provided in subsection 4. of this section, any party may file a motion for reconsideration of the initial decision within 20 days of service of the initial decision in the manner set forth in section H., above, for service of the complaint. Service shall be proved in the manner provided in subsection H.2., above.

2. Every such motion must set forth the matters claimed to have been erroneously decided and the nature of the alleged errors. Such motion shall be accompanied by a supporting brief.

3. Responses to such motions shall be allowed only upon request of the presiding officer; however, the presiding officer shall not issue a revised initial determination without affording both parties an opportunity to be heard on the motion for reconsideration.

4. No party may file a motion for reconsideration of an initial decision that has been revised in response to a previous motion for reconsideration.

5. The presiding officer may dispose of a motion for reconsideration by denying it or by issuing a revised initial decision.

6. If the presiding officer denies a motion for reconsideration, the initial decision shall constitute the final decision of the authority head and shall be final and binding on the parties 30 days after the presiding officer denies the motion, unless the initial decision is timely appealed to the authority head in accordance with section MM., below.

7. If the presiding officer issues a revised initial decision, that decision shall constitute the final decision of the authority head and shall be final and binding on the parties 30 days after it is issued, unless it is

timely appealed to the authority head in accordance with section MM., below.

MM. Appeal to Authority Head

1. Any defendant who has filed a timely answer and who is determined in an initial decision to be liable for a civil penalty or assessment may appeal such decision to the authority head by filing a notice of appeal with the authority head in accordance with this section.

2. A notice of appeal:

a. May be filed at any time within 30 days after the presiding officer issues an initial or a revised initial decision. If another party files a motion for reconsideration under section LL., above, consideration of the appeal shall be stayed automatically pending resolution of the motion for reconsideration, until the time period for filing a motion for reconsideration under section LL., above, has expired or the motion is resolved;

b. If a motion for reconsideration is timely filed, a notice of appeal may be filed within 30 days after the presiding officer denies the motion or issues a revised initial decision, whichever applies;

c. The authority head may extend the initial 30-day period for an additional 30 days if the defendant files with the authority head a request for an extension within the initial 30-day period and shows good cause.

3. If the defendant files a timely notice of appeal with the authority head, the presiding officer shall forward the record of the proceeding to the authority head when:

a. The time for filing a motion for reconsideration expires without the filing of such a motion, or

b. The motion for reconsideration is denied. Issuance of a revised initial decision upon motion for reconsideration shall require filing of a new notice of appeal.

4. A notice of appeal shall be accompanied by a written brief specifying exceptions to the initial decision and reasons supporting the exceptions.

5. The representative for the Government may file a brief in opposition to the exceptions within 30 days of receiving the notice of appeal and accompanying brief.

6. There is no right to appear personally before the authority head, although the authority head may at his or her discretion require the parties to appear for an oral hearing on appeal.

7. There is no right to appeal any interlocutory ruling by the presiding officer.

8. In reviewing the initial decision, the authority head shall not consider any objection that was not raised before the presiding officer, unless a demonstration is made of extraordinary circumstances causing the failure to raise the objection.

9. If any party demonstrates to the satisfaction of the authority head that additional evidence not presented at such hearing is material and that there were reasonable grounds for the failure to present such evidence at such hearing, the authority head shall remand the matter to the presiding officer for consideration of such additional evidence.

10. The authority head may affirm, reduce, reverse, compromise, remand, or settle any penalty or assessment determined by the presiding officer in any initial decision.

11. The authority head shall promptly serve each party to the appeal with a copy of the decision of the authority head and a statement describing the right of any person determined to be liable for a penalty or assessment to seek judicial review.

12. Unless a petition for review is filed as provided in 32 U.S.C. 3805 after a defendant has exhausted all administrative remedies under this part and within 60 days after the date on which the authority head serves the defendant with a copy of the authority head's decision, a determination that a defendant is liable under section C., above, is final and is not subject to judicial review.

13. The authority heads (or their designees) may designate an officer or employee of the authority, who is serving in the grade of GS–17 or above under the General Schedule, or in the Senior Executive Service, to carry out these appellate responsibilities; however, the authority to compromise, settle, or otherwise discretionarily dispose of the case on appeal provided pursuant to subsection MM.10, hereof, may not be so redelegated pursuant to this subsection.

NN. Stays Ordered by the Department of Justice

If at any time, the Attorney General or an Assistant Attorney General designated by the Attorney General transmits to the authority head a written finding that continuation of the administrative process described in this Directive with respect to a claim or statement may adversely affect any pending or potential criminal or civil action related to such claim or statement, the authority head shall stay the process immediately. The authority head may order the process resumed only upon receipt of the written authorization of the Attorney General.

OO. Stay Pending Appeal

1. An initial decision is stayed automatically pending disposition of a motion for reconsideration or of an appeal to the authority head.

2. No administrative stay is available following a final decision of the authority head.

PP. Judicial Review.

31 U.S.C. 3805 authorizes judicial review by an appropriate United States District Court of a final decision of the authority head imposing penalties or assessment under this

part and specifies the procedures for such review.

QQ. Collection of Civil Penalties and Assessments

31 U.S.C. 3806 and 3808(b) authorize actions for collection of civil penalties and assessments imposed under this part and specify the procedures for such actions.

RR. Right to Administrative Offset

The amount of any penalty or assessment that has become final, or for which a judgment has been entered under section QQ., above, or any amount agreed upon in a compromise or settlement under section TT., below, may be collected by administrative offset under 31 U.S.C. 3716, except that an administrative offset may not be made under this section against a refund of an overpayment of Federal taxes then or later owing by the United States to the defendant.

SS. Deposit in Treasury of United States

All amounts collected pursuant to this part shall be deposited as miscellaneous receipts in the Treasury of the United States, except as provided in 31 U.S.C. 3806(g).

TT. Compromise or Settlement

1. Parties may make offers of compromise or settlement at any time.

2. The reviewing official has the exclusive authority to compromise or settle a case under this part at any time after the date on which the reviewing official is permitted to issue a complaint and before the date on which the presiding officer issues an initial decision.

3. The authority head has exclusive authority to compromise or settle a case under this Directive at any time after the date on which the presiding officer issues an initial decision, except during the pendency of any review under section PP., above, or during the pendency of any action to collect penalties as assessments under section QQ., above.

4. The Attorney General has exclusive authority to compromise or settle a case under this part during the pendency of any review under section PP., above, of any action to recover penalties and assessments under 31 U.S.C. 3806.

5. The investigating official may recommend settlement terms to the reviewing official or the Attorney General, as appropriate. The reviewing official may recommend settlement terms to the Attorney General, as appropriate.

6. Any compromise or settlement must be in writing.

UU. Limitations

1. The notice of hearing with respect to a claim or settlement must be served in the manner specified in section H., above, within 6 years after the date on which such claim or statement is made.

2. If the defendant fails to file a timely answer, service of a notice under subsection J.2., above, shall be deemed a notice of hearing for purposes of this section.

3. If at any time during the course of proceedings brought pursuant to this section, the authority head receives or discovers any specific information concerning bribery, gratuities, conflict of interest, or other corruption or similar activity in relation to a false claim or statement, the authority head shall immediately report such information to the Attorney General and to the Inspector General, Department of Defense.

VV. Delegations

The General Counsel for the Department of Defense is designated to carry out the responsibilities of the authority head of the Department of Defense for the issuance of additional implementing regulations that are necessary to implement PFCRA and this part to decide cases upon appeal, and to hire or designate employees of the Department of Defense to decide cases on appeal. The General Counsel, Department of Defense, is also designated to appoint presiding officers for the Department of Defense, and may assist in the appointment of presiding officers on detail from other Agencies for all authorities within the Department of Defense.

PART 281—SETTLING PERSONNEL AND GENERAL CLAIMS AND PROCESSING ADVANCE DECISION REQUESTS

Sec.

281.1 Purpose.
281.2 Applicability and scope.
281.3 Definitions.
281.4 Policy.
281.5 Responsibilities.
APPENDIX TO PART 281—CLAIMS DESCRIPTION.

AUTHORITY: 10 U.S.C. 2575, 2771, 4712, 9712; 24 U.S.C. 420; 31 U.S.C. 3529, 3702; 32 U.S.C. 714; 37 U.S.C. 554.

SOURCE: 71 FR 57426, Sept. 29, 2006, unless otherwise noted.

§ 281.1 Purpose.

This part establishes policy and assigns responsibilities for settling personnel and general claims (under 31 U.S.C. 3702; 10 U.S.C. 2575, 2771, 4712, and 9712; 24 U.S.C. 420; 37 U.S.C. 554, and 32 U.S.C. 714) and for processing requests for an advance decision under 31 U.S.C. 3529.

§ 281.2 Applicability and scope.

This part applies to:

(a) The Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as ''the DoD Components'').

(b) The Coast Guard, when it is not operating as a Service in the Navy under agreement with the Department of Homeland Security, and the Commissioned Corps of the Public Health Service (PHS) and the National Oceanic and Atmospheric Administration (NOAA), under agreements with the Departments of Health and Human Services and Commerce (hereafter referred to collectively as ''the non-DoD Components'').

§ 281.3 Definitions.

Armed Forces. The Army, the Navy, the Air Force, the Marine Corps, and the Coast Guard.

Claim. A demand for money or property under 31 U.S.C. 3702; 10 U.S.C. 2575, 2771, 4712, and 9712; 24 U.S.C. 420; 37 U.S.C. 554, and 32 U.S.C. 714.

Secretary concerned. The Secretary of the Army, addressing matters concerning the Army. The Secretary of the Navy, addressing matters concerning the Navy, the Marine Corps, and the Coast Guard when it is operating as a Service in the Navy. The Secretary of the Air Force, addressing matters concerning the Air Force. The Secretary of Homeland Security, addressing matters concerning the Coast Guard when it is not operating as a Service in the Navy. The Secretary of Health and Human Services, addressing matters concerning the PHS. The Secretary of Commerce, addressing matters concerning the NOAA.

Settlement. A claim and the amount due that is administratively determined to be valid.

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

§ 281.4 Policy.

It is DoD policy that:

(a) The claim settlement and advance decision authorities that, by statute or delegation, are vested in the Department of Defense or the Secretary of Defense shall be exercised by the officials designated in this part. The appendix to this part describes the claims included under these functional authorities.

(b) Claims shall be settled and advance decisions shall be rendered in accordance with pertinent statutes and regulations, and after consideration of other relevant authorities.

§ 281.5 Responsibilities.

(a) The *General Counsel of the Department of Defense* shall:

(1) Settle claims that the Secretary of Defense is authorized to settle under 31 U.S.C. 3702; 10 U.S.C. 2575, 2771, 4712, and 9712; 24 U.S.C. 420; 37 U.S.C. 554, and 32 U.S.C. 714.

(2) Consider, and grant or deny, a request under 31 U.S.C. 3702 to waive the time limit for submitting certain claims.

(3) Render advance decisions under 31 U.S.C. 3529 that the Secretary of Defense is authorized to render, and oversee the submission of requests for an advance decision arising from the activity of a DoD Component that are addressed to officials outside the Department of Defense.

(4) Develop overall claim settlement and advance decision policies; and promulgate procedures for settling claims, processing requests for an advance decision (including overseeing the submission of requests for an advance decision arising from the activity of a DoD Component that are addressed to officials outside the Department of Defense), and rendering advance decisions. Procedures for settling claims shall include an initial determination process and a process to appeal an initial determination.

(b) The *Heads of the DoD Components* shall:

(1) Establish procedures within their organization for processing claims and for submitting requests for an advance decision arising from it's activity in

accordance with this part and responsibilities promulgated under paragraph (a)(4) of this section.

(2) Pay claims under 10 U.S.C. 2771 and 32 U.S.C. 714, if applicable.

(3) Ensure compliance with this part and policies and responsibilities promulgated under (a)(4) of this section.

(c) The *Heads of the Non-DoD Components*, concerning claims arising from that Component's activity under 31 U.S.C. 3702, 10 U.S.C. 2575, 10 U.S.C. 2771 or 37 U.S.C. 554, shall:

(1) Establish procedures within their organization for processing claims and for submitting requests for an advance decision in accordance with this part and responsibilities promulgated under paragraph (a)(4) of this section.

(2) Pay claims under 10 U.S.C. 2771, if applicable.

APPENDIX TO PART 281—CLAIMS DESCRIPTION

The Secretary of Defense is authorized to perform the claim settlement and advance decision functions for claims under the following statutes:

(a) 31 U.S.C. 3702, concerning claims in general when there is no other settlement authority specifically provided for by law.[1]

(b) 10 U.S.C. 2575, concerning the disposition of unclaimed personal property on a military installation.

(c) 10 U.S.C. 2771, concerning the final settlement of accounts of deceased members of the armed forces (but not the National Guard).[2]

(d) 24 U.S.C. 420, 10 U.S.C. 4712, and 10 U.S.C. 9712, concerning the disposition of the effects of a deceased person who was subject to military law at a place or command under the jurisdiction of the Army or Air Force or of deceased residents of the Armed Forces Retirement Home.

(e) 37 U.S.C. 554, concerning the sale of personal property of members of the Uniformed Services who are in a missing status.

(f) 32 U.S.C. 714, concerning the final settlement of accounts of deceased members of the National Guard.[2]

[1] This includes claims involving Uniformed Services members' pay, allowances, travel, transportation, payment for unused accrued leave, retired pay, and survivor benefits, and claims for refunds by carriers for amounts collected from them for loss or damage to property they transported at Government expense; also included are other claims arising from the activity of a DoD Component. However, the Director of the Office of Personnel Management performs these functions for claims involving civilian employees' compensation and leave; and the Administrator of General Services performs these functions for claims involving civilian employees' travel, transportation, and relocation expenses.

[2] Claims under this statute are actually settled under the authority in 31 U.S.C. 3702 because there is no specific settlement authority in the statute.

PART 282—PROCEDURES FOR SETTLING PERSONNEL AND GENERAL CLAIMS AND PROCESSING ADVANCE DECISION REQUESTS

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APPENDIX F TO PART 282—REQUESTS FOR AN ADVANCE DECISION

AUTHORITY: 5 U.S.C. 552; 10 U.S.C. 2575; 10 U.S.C. 2771; 10 U.S.C. 4712; 10 U.S.C. 9712; 24 U.S.C. 420; 31 U.S.C. 3529; 31 U.S.C. 3702; 32 U.S.C. 714; and 37 U.S.C. 554.

SOURCE: 69 FR 38843, June 29, 2004, unless otherwise noted.

§ 282.1 Purpose.

This part implements policy under 32 CFR part 281 and prescribes procedures for processing and settling personnel and general claims under 31 U.S.C. 3702, 10 U.S.C. 2575, 10 U.S.C. 2771, 24 U.S.C. 420, 10 U.S.C. 4712, 10 U.S.C. 9712, 37 U.S.C. 554, 32 U.S.C. 714 and for processing requests for an advance decision under 31 U.S.C. 3529.

§ 282.2 Applicability and scope.

This part applies to:

(a) The Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to

collectively as ''the DoD Components'').

(b) The Coast Guard, when it is not operating as a Service in the Navy under agreement with the Department of Homeland Security, and the Commissioned Corps of the Public Health Service (PHS) and the National Oceanic and Atmospheric Administration (NOAA), under agreements with the Departments of Health and Human Services and Commerce (hereafter referred to collectively as ''the non-DoD Components'').

§ 282.3 Definitions.

(a) *Armed Forces.* The Army, the Navy, the Air Force, the Marine Corps, and the Coast Guard.

(b) *Claim.* A demand for money or property under one of the following statutes: 31 U.S.C. 3702, 10 U.S.C. 2575, 10 U.S.C. 2771, 24 U.S.C. 420, 10 U.S.C. 4712, 10 U.S.C. 9712, 37 U.S.C. 554, or 32 U.S.C. 714.

(c) *Committee.* The person or persons invested, by order of a proper court, with the guardianship of a minor or incompetent person and /or the estate of a minor or incompetent person.

(d) *Component Concerned.* The agency/activity (as well as the official designated by the Head of the agency/activity) required to perform the function or take the action indicated or from whose activity a claim arose.

(e) *Final Action.* A finding by the appropriate official under this part concerning a claim from which there is no right to appeal or request reconsideration, or concerning which the time limit prescribed in this part for submitting an appeal or request for reconsideration has expired without such a submission.

(f) *Member.* A member or former member of the Uniformed Services.

(g) *Secretary Concerned.* The Secretary of the Army, addressing matters concerning the Army. The Secretary of the Navy, addressing matters concerning the Navy, the Marine Corps, and the Coast Guard when it is operating as a Service in the Navy. The Secretary of the Air Force, addressing matters concerning the Air Force. The Secretary of Homeland Security, addressing matters concerning the Coast Guard when it is not operating as a Service in the Navy. The Secretary of Health and Human Services, addressing matters concerning the PHS. The Secretary of Commerce, addressing matters concerning the NOAA.

(h) *Settlement.* A claim and the amount due that is administratively determined to be valid.

(i) *Uniformed Services.* The Army, the Navy, the Air Force, the Marine Corps, the Coast Guard, and the Commissioned Corps of the PHS and the NOAA.

§ 282.4 Policy.

It is DoD policy that:

(a) Claims shall be settled and advance decisions rendered in accordance with all pertinent statutes and regulations, and after consideration of other relevant authorities.

(b) This part applies to certain claim settlement and advance decision functions that, by statute or delegation, are vested in the Department of Defense or the Secretary of Defense. Appendix B to this part describes the claims included under these functional authorities.

§ 282.5 Responsibilities.

(a) The *General Counsel of the Department of Defense* (GC, DoD), or designee, shall:

(1) Upon the request of the Director, Defense Office of Hearings and Appeals (DOHA), consult on, or render legal opinions concerning, questions of law that arise in the course of the performance of the Director's responsibilities under paragraph (b) of this section.

(2) Render advance decisions under 31 U.S.C. 3529 and oversee the submission of requests for an advance decision arising from the activity of a DoD Component that are addressed to the Director of the Office of Personnel Management or the Administrator General Services in accordance with this part.

(b) The *Director, Defense Office of Hearings and Appeals* (DOHA), or designee, under the GC, DoD (as the *Director, Defense Legal Services Agency*), shall:

(1) Consider, and grant or deny, a request by the Secretary concerned under 31 U.S.C. 3702(e) to waive the time limit for submitting certain

claims in accordance with 32 CFR part 281 and this part.

(2) Consider appeals from an initial determination, and affirm, modify, reverse, or remand the initial determination in accordance with 32 CFR part 281, this part, and relevant DoD Office of General Counsel opinions.

(c) The *Heads of the DoD Components*, or designees, shall:

(1) Process claims under 31 U.S.C. 3702, 10 U.S.C. 2575, 10 U.S.C. 2771, 24 U.S.C. 420, 10 U.S.C. 4712, 10 U.S.C. 9712, 37 U.S.C. 554, and 32 U.S.C. 714 in accordance with this part.

(2) Ensure that requests for an advance decision that originate in their organizations are prepared and submitted in accordance with this part.

(3) Pay claims as provided in a final action in accordance with this part.

(d) The *Heads of the Non-DoD Components*, or designees, shall:

(1) Process claims under 31 U.S.C. 3702, 10 U.S.C. 2575, 10 U.S.C. 2771, or 37 U.S.C. 554 in accordance with this part.

(2) Ensure that requests for an advance decision that originate in their organizations are prepared and submitted in accordance with this part.

(3) Pay claims as provided in a final action in accordance with this part.

APPENDIX A TO PART 282—GUIDANCE

(a) *Submitting a claim.* The procedures a claimant must follow to submit a claim are at Appendix C to this part.

(b) *Processing a claim.* The procedures a DoD Component must follow in processing a claim are at Appendix D to this part.[1]

(c) *Appeals.* The procedures for appealing initial determinations are at Appendix E to this part.

(d) *Disposition of claims upon settlement in general.* (1) The appropriate official for the Component concerned shall pay a claim in accordance with the final action concerning the claim.

(2) Where state law requires, a committee must be appointed for a minor or incompetent person in accordance with State law before payment may be made.

(e) *Requests for an advance decision.* Procedures for requesting an advance decision under 31 U.S.C. 3529 concerning the propriety of a payment or voucher certification related to claims addressed in this part are at Appendix F to this part.

[1] Contact the appropriate non-DoD Component for the procedures it follows in processing a claim.

(f) *Publication.* In accordance with 5 U.S.C. 552, the Director, DOHA, or designee, shall make redacted copies of responses to requests for reconsideration and advance decisions by the GC, DoD, or designee, available for public inspection and copying at DOHA's public reading room and on the worldwide web.

APPENDIX B TO PART 282—CLAIMS DESCRIPTION

The Secretary of Defense is authorized to perform the claims settlement and advance decision functions for claims under the following statutes:

(a) 31 U.S.C. 3702 concerning claims in general when there is no other settlement authority specifically provided for by law.[1]

(b) 10 U.S.C. 2575 concerning the disposition of unclaimed personal property on a military installation.

(c) 10 U.S.C. 2771 concerning the final settlement of accounts of deceased members of the Armed Forces (but not the National Guard).[2]

(d) 24 U.S.C. 420, 10 U.S.C. 4712, and 10 U.S.C. 9712 concerning the disposition of the effects of a deceased person who was subject to military law at a place or Command under the jurisdiction of the Army or the Air Force or of a deceased resident of the Armed Forces Retirement Home.

(e) 37 U.S.C. 554 concerning the sale of personal property of members of the Uniformed Services who are in a missing status.

(f) 32 U.S.C. 714 concerning the final settlement of accounts of deceased members of the National Guard.[3]

[1] This includes claims involving Uniformed Services members' pay, allowances, travel, transportation, payment for unused accrued leave, retired pay, and survivor benefits, and claims for refund by carriers for amounts collected from them for loss or damage to property they transported at Government expense; also included are other claims arising from the activity of a DoD Component. However, the Director of the Office of Personnel Management performs these functions for claims involving civilian employees' compensation and leave; and the Administrator of General Services performs these functions for claims involving civilian employees' travel, transportation, and relocation expenses.

[2] Claims under this statute are actually settled under the authority in 31 U.S.C. 3702 because there is no specific settlement authority in the statute.

[3] Claims under this statute are actually settled under the authority in 31 U.S.C. 3702 because there is no specific settlement authority in the statute.

APPENDIX C TO PART 282—SUBMITTING A CLAIM

(a) *Who May Submit a Claim.* Any person (''claimant'') may submit a claim who has a demand for money or property against the Government under 31 U.S.C. 3702, 10 U.S.C. 2575, 10 U.S.C. 2771, 24 U.S.C. 420, 10 U.S.C. 4712, 10 U.S.C. 9712, 37 U.S.C. 554, or 32 U.S.C. 714.

(b) *Where to Submit a Claim.* A claimant must submit a claim to the Component concerned in accordance with guidance provided by that Component. A claim that is submitted somewhere other than to the Component concerned does not stop the running of the time limit in paragraph (f) of this Appendix. It is the claimant's responsibility to submit a claim properly.

(c) *Format of a Claim.* A claimant must submit a claim in the format prescribed by the Component concerned. It must be written and be signed by the claimant (in the case of a claim on behalf of a minor or incompetent person, there are additional requirements explained at paragraph (e) of this Appendix) or by the claimant's authorized agent or attorney (there are additional requirements explained at paragraph (d) of this Appendix). In addition, it should:

(1) Provide the claimant's mailing address.

(2) Provide the claimant's telephone number.

(3) State the amount claimed.

(4) State the reasons why the Government owes the claimant that amount.

(5) Have attached copies of documents referred to in the claim.

(6) Include or have attached statements (that are attested to be true and correct to the best of the individual's knowledge and belief) of the claimant or other persons in support of the claim.

(d) *Claim Submitted by Agent or Attorney.* In addition to the requirements in paragraph (c) of this Appendix, a claim submitted by the claimant's agent or attorney must include or have attached a duly executed power of attorney or other documentary evidence of the agent's or attorney's right to act for the claimant.

(e) *Claim Submitted on Behalf of a Minor or Incompetent Person.* In addition to the requirements in paragraph (c) of this Appendix:

(1) If a guardian or committee has not been appointed, a claim submitted on behalf of a minor or incompetent person must:

(i) State the claimant's relationship to the minor or incompetent person.

(ii) Provide the name and address of the person having care and custody of the minor or incompetent person.

(iii) Include an affirmation that any moneys received shall be applied to the use and benefit of the minor or incompetent person, and that the appointment of a guardian or committee is not contemplated.

(2) If a guardian or committee has been appointed, a claim on behalf of a minor or incompetent person must include or have attached a certificate of the court showing the appointment and qualification of the guardian or committee.

(f) *When to Submit a Claim.* A claimant must submit a claim so that it is received by the Component concerned within the time limit allowed by statute.

(1) Claimants must submit claims within these statutory time limits:[1]

(i) Claims on account of Treasury checks under 31 U.S.C. 3702(c) must be received within 1 year after the date of issuance.

(ii) Claims under 31 U.S.C. 3702 (b), 10 U.S.C. 2771 and 32 U.S.C. 714 must be received within 6 years of the date the claim accrued. (A claim accrues on the date when everything necessary to give rise to the claim has occurred.) The time limit for claims of members of the Armed Forces that accrue during war or within 5 years before war begins, is 6 years from the date the claim accrued or 5 years after peace is established, whichever is later.

(iii) Claims under 10 U.S.C. 2575(d)(3) must be received within 5 years after the date of the disposal of the property to which the claim relates.

(iv) Claims under 24 U.S.C. 420(d)(1), 10 U.S.C. 4712, and 10 U.S.C. 9712 must be received within 6 years after the death of the deceased resident.

(v) Claims under 37 U.S.C. 554(h) must be received before the end of the 5-year period from the date the net proceeds from the sale of the missing person's personal property are covered into the Treasury.

(2) The time limits set by statute may not be extended or waived.[2] Although the issue of timeliness normally shall be raised upon initial submission (as explained at Appendix D to this part, paragraph (b)), the issue may be raised at any point during the claim settlement process.

(g) *Claimant Must Prove the Claim.* The claimant must prove, by clear and convincing evidence, on the written record that the United States is liable to the claimant for the amount claimed. All relevant evidence to prove the claim should be presented

[1] Under Section 501 *et seq.* of title 50 Appendix, United States Code, periods of active military service are not included in calculating whether a claim has been received within these statutory time limits.

[2] There is an exception for certain claims described in 31 U.S.C. 3702(e). In those cases, the Secretary of Defense may waive the time limits in paragraph (f)(1)(ii) of this Appendix. Appendix D of this part, paragraph (d), explains which claims qualify and the procedures that apply.

when a claim is first submitted. In the absence of compelling circumstances, evidence that is presented at later stages of the administrative process will not be considered.

APPENDIX D TO PART 282—PROCESSING A CLAIM

(a) *Initial Component Processing.* Upon receipt of a claim, the Component concerned must:

(1) Date stamp the claim on the date received.

(2) Determine whether the claim was received within the required time limit (time limits are summarized at Appendix C to this part, paragraph (f)) and follow the procedures in paragraph (b) of this Appendix if the claim was not timely.

(3) Investigate the claim.

(4) Decide whether the claimant provided clear and convincing evidence that proves all or part of the claim.

(5) Issue an initial determination that grants the claim to the extent proved or denies the claim, as appropriate. The initial determination must state how much of the claim is granted and how much is denied, and must explain the reasons for the determination.

(6) Notify the claimant of the initial determination. The Component must send the claimant a copy of the initial determination and a notice that explains:

(i) The action the Component shall take on the claim, if the initial determination is or becomes a final action (the finality of an initial determination is explained at paragraph (c) of this Appendix); and

(ii) The procedures the claimant must follow to appeal an initial determination that denies all or part of the claim (those appeal procedures are explained at Appendix E to this part), if applicable.

(b) *Untimely Claims.* When the Component concerned determines that a claim was not received within the statutory time limit, the Component must make an initial determination of untimely receipt. (The statutory time limits are explained in Appendix C to this part, paragraph (f).)

(1) The initial determination must cite the applicable statute and explain the reasons for the finding of untimely receipt. The Component must send the initial determination to the claimant with a notice that:

(i) States the claim was not received within the statutory time limit and, therefore, may not be considered, unless that finding is reversed on appeal, and explains how the claimant may appeal the finding (those appeal procedures are explained at Appendix E to this part); and either

(ii) If the claim does not qualify under 31 U.S.C. 3702(e), states that the statutory time limit may not be extended or waived; or

(iii) If the claim does qualify under 31 U.S.C. 3702(e), states that the claim may be further considered only if the time limit is waived, and explains how the claimant may apply for a waiver. (Paragraph (d) of this Appendix explains which claims qualify and the procedures for applying for a waiver).

(2) Except in cases where a claimant has applied under paragraph (d) of this Appendix to request a waiver of the time limit, the Component must return the claim to the claimant when the initial determination becomes a final action with a notice that the finding in the initial determination is final and, therefore, the claim may not be considered. If the claim qualifies under 31 U.S.C. 3702(e), the notice must also state that the claimant may resubmit the claim with an application under paragraph (d) of this Appendix.

(c) *Finality of an Initial Determination.* An initial determination that grants all of a claim is a final action when it is issued. Otherwise, an initial determination (including one of untimely receipt) is a final action if the Component concerned does not receive an appeal within 30 days of the date of the initial determination (plus any extension of up to 30 additional days granted by the Component concerned for good cause shown).

(d) *Waiver of Certain Time Limits.* When the Component concerned determines that a claim was not received within the statutory time limit in 31 U.S.C. 3702(b) or (c), the claimant may request a waiver of the time limit. Waiver is permitted only for those claims that satisfy the requirements of 31 U.S.C. 3702(e).[1] This provision confers no right or entitlement on a claimant. It is solely within the discretion of the Secretary of Defense whether to grant such a waiver in a particular case.

(1) The claim must contain the information and documents that are generally required for claims (those requirements are explained at Appendix C to this part, paragraph (c)).

(2) The Component concerned must investigate the claim and make an initial determination concerning the merits of the claim.

(3) If the initial determination grants all or part of the claim, and if the Secretary concerned agrees with the determination, the Secretary may request or recommend

[1] When this part was issued, 31 U.S.C. 3702(e) allowed time limit waivers only for claims up to $25,000 for Uniformed Service member's pay, allowances, travel, transportation, payments for unused accrued leave, retired pay, and survivors benefits. Since 31 U.S.C. 3702(e) could be amended at any time to modify these restrictions, always consult the current provisions of that Section to determine which claims are included.

that the time limit be waived.[2] Requests and recommendations must be in writing and signed by the Secretary concerned. (This authority may not be delegated below the level of an Assistant Secretary.)

(i) The Secretary concerned shall forward the request or recommendation to the following address: Defense Office of Hearings and Appeals, Claims Division, P.O. Box 3656, Arlington, VA 22203–1995.

(ii) The entire record concerning the claim, including the initial determination, must be attached to the request.

(4) The Director, DOHA, must review the request and the written record and must:

(i) Grant the request and waive the statutory time limit, if the Director finds that all or part of the claim has been proven. The Director may also modify the finding concerning the amount of the claim that has been proven.

(ii) Deny the request, if the Director finds that no part of the claim has been proven.

(iii) Notify the Secretary concerned and the claimant of the decision and the reasons for the findings.

(5) In the event the Director, DOHA, denies the request, or grants the request but modifies the finding concerning the amount of the claim proven, the Secretary concerned or the claimant may request reconsideration (the procedures are explained at Appendix E to this part). The Director's decision is a final action if the Director does not receive a request for reconsideration within 30 days of the date of the Director's decision (plus any extension of up to 30 additional days granted by the Director for good cause shown).

APPENDIX E TO PART 282—APPEALS

(a) *Who May Appeal.* A claimant may appeal if an initial determination denies all or part of a claim or finds that the claim was not received by the Component concerned within the time limit required by statute; however, the decision of the Secretary concerned not to request or recommend waiver of the time limit is not appealable except to the Secretary concerned, if the Secretary as a matter of discretion provides for such appeals.

(b) *When and Where to Submit an Appeal.* A claimant's appeal must be received by the Component concerned within 30 days of the date of the initial determination. The Component may extend this period for up to an additional 30 days for good cause shown. No appeal may be accepted after this time has expired. An appeal sent directly to the DOHA is not properly submitted.

(c) *Content of an Appeal.* No specific format is required; however, the appeal must be written and be signed by the claimant, the claimant's authorized agent, or the claimant's attorney. It also should:

(1) Provide the claimant's mailing address;

(2) Provide the claimant's telephone number;

(3) State the amount claimed on appeal, or that the appeal is from a finding of untimely receipt, whichever applies;

(4) Identify specific:

(i) Errors or omissions of material and relevant fact;

(ii) Legal considerations that were overlooked or misapplied; and

(iii) Conclusions that were arbitrary, capricious, or an abuse of discretion;

(5) Present evidence of the correct or additional facts alleged;

(6) Explain the reasons the findings or conclusions should be reversed or modified;

(7) Have attached copies of documents referred to in the appeal; and

(8) Include or have attached statements (that are attested to be true and correct to the best of the individual's knowledge and belief) by the claimant or other persons in support of the appeal.

(d) *Component's Review.* The Component concerned must review a claimant's appeal, and affirm, modify, or reverse the initial determination.

(1) If the appeal concerns the denial of all or part of the claim and the Component grants the entire claim, or grants the claim to the extent requested in the appeal, the Component must notify the claimant in writing and explain the action the Component shall take on the claim. This is a final action.

(2) If the appeal concerns the untimely receipt of the claim and the Component determines that the claim was received within the time limit required by statute, the Component must notify the claimant in writing and process the claim on the merits.

(3) In all other cases, the Component must forward the appeal to the DOHA in accordance with paragraph (e) of this Appendix. If the appeal concerns an initial determination of untimely receipt, the Component should not investigate, or issue an initial determination concerning, the merits of the claim before forwarding the appeal. The Component must prepare a recommendation and administrative report (as explained in paragraph (f) of this Appendix). The Component must send a copy of the administrative report to the claimant, with a notice that the claimant may submit a rebuttal to the Component (as explained in paragraph (g) of this Appendix).

[2] 31 U.S.C. 3702(e) currently requires a Secretarial request only in the case of a claim by or with respect to a member of the Uniformed Services who is not under the jurisdiction of the Secretary of a Military Department. As a matter of policy, the Department of Defense currently requires a Secretarial recommendation in all other cases.

(e) *Submission of Appeal to DOHA.* No earlier than 31 days after the date of the administrative report, or the day after the claimant's rebuttal period, as extended, expires, the Component must send the entire record along with the recommendation and the administrative report required by paragraph (f) of this Appendix to the following address: Defense Office of Hearings and Appeals, Claims Division, P.O. Box 3656, Arlington, Virginia 22203–1995.

The record sent to the DOHA shall include specific identification of any major policy issue(s) and a statement as to whether the amount in controversy exceeds $100,000 either in the instant claim or in the aggregate for directly related claims. If the amount in controversy exceeds $100,000, a full description of the financial impact shall be provided.

(f) *Recommendation and Administrative Report.* The recommendation and administrative report required by paragraph (d) of this Appendix must include the following:

(1) The name of the claimant;

(2) The Component's file reference number;

(3) The Component's recommendation (and the reasons for it) for the disposition of the claim;

(4) Relevant and material documents (such as correspondence, business records, and witness statements), as attachments; and

(5) Complete copies of regulations, instructions, memorandums of understanding, tariffs and/or tenders, solicitations, contracts, or rules cited by the claimant or the Component, if a copy has not been previously provided, or is not available readily via electronic means.

(g) *Claimant's Rebuttal.* A claimant may submit a written rebuttal, signed by the claimant or the claimant's agent or attorney, in response to the recommendation and administrative report. The rebuttal must be submitted to the Component within 30 days of the date of the recommendation and administrative report. The Component may grant an extension of up to an additional 30 days for good cause shown. The rebuttal should include:

(1) An explanation of the points and reasons for disagreeing with the report;

(2) The Component's file reference number;

(3) Any documents referred to in the rebuttal; and

(4) Statements (that are attested to be true and correct to the best of the individual's knowledge and belief) by the claimant or other persons in support of the rebuttal.

(h) *Action by the Component.* The Component must:

(1) Date stamp the claimant's rebuttal on the date it is received;

(2) Send the entire record to the DOHA, but no earlier than 31 days after the date of the report, or the day after the claimant's rebuttal period, as extended, expires (as explained in paragraph (e) of this Appendix).

(i) *DOHA Appeal Decision.* Except as provided in paragraph (p) of this Appendix, the DOHA must base its decision on the written record, including the recommendation and administrative report and any rebuttal by the claimant. The DOHA shall coordinate its decision in advance with the GC, DoD when the appeal decision affects:

(1) Major policy issues;

(2) Involves a claim that is quasi-contractual in nature and arises from the activity of a DoD Component, but the claim was not settled under usual acquisition procedures; or

(3) When the amounts in controversy exceed $100,000, either for the instant claim or in the aggregate for directly related claims. The written decision must:

(i) Affirm, modify, reverse, or remand the Component's determination (and, if the issue is untimely receipt and there is a finding that the claim was timely received, may either consider and decide the claim on the merits or return the claim to the Component concerned for investigation and initial determination on the merits);

(ii) State the amount of the claim that is granted and the amount that is denied and/or state that the claim was or was not received within the statutory time limit, as appropriate; and

(iii) Explain the reasons for the decision.

(j) *Processing After the Appeal Decision.* After issuing an appeal decision, the DOHA must:

(1) Send the claimant the decision and notify the claimant of:

(i) The appropriate Component action on the claim as a consequence of the decision, if it is or becomes a final action (as explained in paragraph (k) of this Appendix); and

(ii) The procedures under this appendix to request reconsideration (as explained in paragraphs (l) through (n) of this Appendix), if the decision does not grant the claim to the extent requested, or does not contain a finding of timely receipt, as the case may be.

(2) Notify the Component concerned of the decision, and of the appropriate Component action on the claim as a consequence of the decision.

(k) *Finality of a DOHA Appeal Decision.* An appeal decision that finds that the claim was timely received is a final action when issued. Otherwise, an appeal decision is a final action if the DOHA does not receive a request for reconsideration within 30 days of the date of the appeal decision (plus any extension of up to 30 additional days granted by the DOHA for good cause shown). NOTE: In the case of a DOHA appeal decision issued before the effective date of this part that denied all or part of the claim, a request for reconsideration by the GC, DoD may be submitted within 60 days of the effective date of this

part. The GC, DoD shall consider such requests and affirm, modify, reverse, or remand the DOHA appeal decision. Requests for reconsideration by the GC, DoD received more than 60 days after the effective date of this part shall not be accepted. Requests must be submitted to the address in paragraph (e) of this Appendix. The provisions of paragraph (n) of this Appendix apply.

(l) *Who May Request Reconsideration.* A claimant or the Component concerned, or both, may request reconsideration of a DOHA appeal decision.

(m) *When and Where to Submit a Request for Reconsideration.* The DOHA must receive a request for reconsideration within 30 days of the date of the appeal decision.[1] The DOHA may extend this period for up to an additional 30 days for good cause shown. No request for reconsideration may be accepted after this time has expired. A request for reconsideration must be sent to the DOHA at the address in paragraph (e) of this Appendix.

(n) *Content of a Request for Reconsideration.* The requirements of paragraph (c) of this Appendix, concerning the contents of an appeal, apply to requests for reconsideration.

(o) *DOHA's Review of a Request for Reconsideration.* (1) No earlier than 31 days after the date of the appeal decision, or the day after the last period for submitting a request, as extended, expires, the DOHA must:

(i) Consider a request or requests for reconsideration;

(ii) Affirm, modify, reverse, or remand the appeal decision (and, if the issue is untimely receipt and there is a finding that the claim was timely received, may either consider and decide the claim on the merits or return the claim to the Component concerned for investigation and initial determination on the merits);

(iii) Prepare a response that explains the reasons for the finding; and

(iv) Send the response to the claimant and the Component concerned and notify both of the appropriate action on the claim.

(2) The response is a final action. It is precedent in the consideration of all claims covered by this part unless otherwise stated in the document.

(p) *Consideration of Appeals and Requests for Reconsideration.* When considering an appeal or request for reconsideration, the DOHA may:

(1) Take administrative notice of matters that are generally known or are capable of confirmation by resort to sources whose accuracy cannot reasonably be questioned.

(2) Remand a matter to the Component with instructions to provide additional information.

[1] With respect to appeal decisions issued before the effective date of this part, the request for reconsideration by the GC, DoD must be received by the DOHA within 60 days of the effective date of this part as explained in paragraph (k) of this Appendix.

APPENDIX F TO PART 282—REQUESTS FOR AN ADVANCE DECISION

(a) *Who May Request an Advance Decision.* A disbursing or certifying official or the Head of a Component may request an advance decision on a question involving:

(1) A payment the disbursing official or Head of the Component shall make; or

(2) A voucher presented to a certifying official for certification.

(b) *Who May Render an Advance Decision.* The following officials are authorized to render an advance decision concerning the matters indicated:

(1) The Secretary of Defense for requests involving claims under:

(i) 31 U.S.C. 3702 for Uniformed Services members' pay, allowances, travel, transportation, retired pay, and survivor benefits, and by carriers for amounts collected from them for loss or damage to property they transported at Government expense.

(ii) 31 U.S.C. 3702 that are not described in paragraph (b)(1)(i) of this Appendix and that arise from the activity of a DoD Component, when there is no other settlement authority specifically provided by law.

(iii) 10 U.S.C. 2575, 10 U.S.C. 2771, 24 U.S.C. 420, 10 U.S.C. 4712, 10 U.S.C. 9712, 37 U.S.C. 554, and 32 U.S.C. 714. Appendix B to this part describes these claims.

(2) The Director of the Office of Personnel Management for requests involving claims for civilian employees' compensation and leave.

(3) The Administrator of General Services for requests involving claims for civilian employees' travel, transportation, and relocation expenses.

(c) *Where to Submit a Request.* All requests described in paragraph (b)(1) of this Appendix and all other requests arising from the activity of a DoD Component (even if addressed to an official outside the Department of Defense) must be sent through the General Counsel of the Component concerned to the following address: General Counsel, Department of Defense, 1600 Defense Pentagon, Washington, DC 20301–1600.

(d) *Content of a Request.* Requests for an advance decision must:

(1) Specifically request an advance decision pursuant to 31 U.S.C. 3529;

(2) Describe all the relevant facts;

(3) Explain the reasons (both factual and legal) the requester considers the proposed payment to be questionable;

(4) Have attached vouchers, if any, and copies of all other relevant documents relating to the proposed payment;

(5) Have attached a legal memorandum from the General Counsel of the Component

concerned that discusses the legality of the proposed payment under the circumstances presented in the request; and

(6) Comply with any other requirements established by the Director of the Office of Personnel Management or the Administrator of General Services.

(e) *Advance Decisions.* The GC, DoD must take action under paragraphs (e)(1), (e)(2), or (e)(3) of this Appendix, whichever applies.

(1) If the request is described in paragraph (b)(1) of this Appendix, the GC, DoD must review the request and issue an advance decision, unless the GC, DoD elects to proceed under paragraph (e)(3) of this Appendix.

(i) The GC, DoD must send the decision, through the General Counsel of the Component concerned, to the requester, and must send a copy of the decision to the Director, DOHA for publication according to Appendix A to this part, paragraph (f).

(ii) The decision is controlling in the case; the reliance of certifying and disbursing officials on it in their disposition of the case is evidence that those officials have exercised due diligence in the performance of their duties.

(iii) An advance decision is precedent in similar claims under this part unless otherwise stated in the decision.

(2) If the request is not described in paragraph (b)(1) of this Appendix, the GC, DoD must review the request and either:

(i) Forward the request to the appropriate advance decision authority and notify the requester of that action; or

(ii) Return the request, through the General Counsel of the Component concerned, to the requester, with a memorandum explaining that under existing legal authorities a request for an advance decision is not necessary. After considering the memorandum, the requester may resubmit the request, through the General Counsel of the Component concerned, to the GC, DoD. The GC, DoD must forward the request to the appropriate advance decision authority, and notify the requester of that action.

(3) If the request is described in paragraph (b)(1) of this Appendix, and the claim is for not more than $250, the GC, DoD may refer the request to the General Counsel, Defense Finance and Accounting Service (DFAS). The General Counsel, DFAS, shall review the request and issue an advance decision.

(i) The General Counsel, DFAS, must send the decision, through the General Counsel of the Component concerned, to the requester, and must send a copy of the decision to the GC, DoD.

(ii) The decision is controlling in the case; the reliance of certifying and disbursing officials on it in their disposition of the case is evidence that those officials have exercised due diligence in the performance of their duties.

(iii) An advance decision issued by the General Counsel, DFAS, under this paragraph is not precedent in similar claims under this part.

PART 283—WAIVER OF DEBTS RESULTING FROM ERRONEOUS PAYMENTS OF PAY AND ALLOWANCES

Sec.
283.1 Purpose.
283.2 Applicability and scope.
283.3 Definitions.
283.4 Policy.
283.5. Responsibilities.

AUTHORITY: 10 U.S.C. 2575, 2771, 4712, 9712; 24 U.S.C. 420; 31 U.S.C. 3529, 3702; 32 U.S.C. 714; 37 U.S.C. 554.

SOURCE: 71 FR 57427, Sept. 29, 2006, unless otherwise noted.

§ 283.1 Purpose.

This part establishes policy and assigns responsibilities for considering applications for the waiver of debts resulting from erroneous payments of pay and allowances (including travel and transportation allowances) to or on behalf of members of the Uniformed Services and civilian DoD employees under 10 U.S.C. 2774, 32 U.S.C. 716, 5 U.S.C. 5584.

§ 283.2 Applicability and scope.

This part applies to:

(a) The Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as the ''DoD Components'').

(b) The Coast Guard, when it is not operating as a Service in the Navy under the agreement with the Department of Homeland Security, and the Commissioned Corps of the Public Health Service (PHS) and the National Oceanic and Atmospheric Administration (NOAA) under agreements with the Departments of Health and Human Services and Commerce (hereafter referred to collectively as the ''non-DoD Components'').

§ 283.3 Definitions.

Debt. An amount an individual owes the Government as the result of erroneous payments of pay and allowances (including travel and transportation allowances) to or on behalf of members of the Uniformed Services or civilian DoD employees.

Erroneous Payment. A payment that is not in strict conformity with applicable laws or regulations.

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

Waiver Application. A request that the United States relinquishes its claim against an individual for a debt resulting from erroneous payments of pay or allowances (including travel and transportation allowances) under 10 U.S.C. 2774, 32 U.S.C. 716, or 5 U.S.C. 5584.

§ 283.4 Policy.

It is DoD policy that:

(a) The officials designated in this part exercise waiver authority that, by statute or delegation, is vested in the Department of Defense.

(b) Waiver applications shall be processed in accordance with all pertinent statutes and regulations, and after consideration of other relevant authorities.

§ 283.5 Responsibilities.

(a) The *General Counsel of the Department of Defense* shall:

(1) If the aggregate amount of the debt is more than $1,500, deny or grant all or part of a waiver application.

(2) Decide appeals in accordance with procedures promulgated under paragraph (a)(3) of this section.

(3) Develop overall waiver policies and promulgate procedures for considering waiver applications, including an initial determination process and a process to appeal an initial determination.

(b) The *Heads of the DoD Components* shall:

(1) Consistent with responsibilities promulgated under paragraph (a)(3) of this section, establish procedures within the DoD Component for the submission of waiver applications relating to debts resulting from the DoD Component's activity, which shall be referred to the appropriate official for consideration as set forth in paragraphs (a), (d), (e), or (f) of this section.

(3) Ensure compliance with this part and policies and procedures promulgated under paragraph (a)(3) of this section.

(c) The *Heads of the Non-DoD Components* concerning debts resulting from that Component's activity shall:

(1) If the aggregate amount of the debt is $1,500 or less, deny or grant all or part of a waiver application pursuant to 10 U.S.C. 2774.

(2) If the aggregate amount of the debt is more than $1,500:

(i) Deny a waiver application in its entirety; or

(ii) Refer a waiver application for consideration with a recommendation that all or part of the application be granted, in accordance with procedures promulgated under paragraph (a)(3) of this section.

(d) The *Under Secretary of Defense (Comptroller)/Chief Financial Officer* concerning debts (except those described in paragraphs (e) and (f) of this section) resulting from DoD Component activity shall:

(1) If the aggregate amount of the debt is $1,500 or less, deny or grant all or part of a waiver application pursuant to enclosure 2 of DoD Directive 5118.3.[1]

(2) If the aggregate amount of the debt is more than $1,500:

(i) Deny a waiver application in its entirety; or

(ii) Refer a waiver application for consideration with a recommendation that all or part of the application be granted, in accordance with procedures promulgated under paragraph (a)(3) of this section.

(e) The *Director, Department of Defense Education Activity*, under the *Under Secretary of Defense for Personnel and Readiness* concerning debts of civilian employees resulting from that Component's activity shall:

(1) If the aggregate amount of the debt is $1,500 or less, deny or grant all

[1] Available at *http://www.dtic.mil/whs/directives/.*

or part of a waiver application pursuant to enclosure 2 of DoD Directive 1342.6.[2]

(2) If the aggregate amount of the debt is more than $1,500:

(i) Deny a waiver application in its entirety; or

(ii) Refer a waiver application for consideration with a recommendation that all or part of the application be granted, in accordance with procedures promulgated under paragraph (a)(3) of this section.

(f) The *Director, National Security Agency*, under the *Under Secretary of Defense for Intelligence* concerning debts resulting from that Component's activity shall:

(1) If the aggregate amount of the debt is $1,500 or less, deny or grant all or part of a waiver application.

(2) If the aggregate amount of the debt is more than $1,500:

(i) Deny a waiver application in its entirety; or

(ii) Refer a waiver application for consideration with a recommendation that all or part of the application be granted, in accordance with procedures promulgated under paragraph (a)(3) of this section.

PART 284—WAIVER PROCEDURES FOR DEBTS RESULTING FROM ERRONEOUS PAYMENTS OF PAY AND ALLOWANCES

Sec.

284.1 Purpose.
284.2 Applicability and scope.
284.3 Definitions.
284.4 Policy.
284.5 Responsibilities.

APPENDIX A TO PART 284—OVERVIEW OF WAIVER APPLICATION PROCESS.

APPENDIX B TO PART 284—STANDARDS FOR WAIVER DETERMINATIONS.

APPENDIX C TO PART 284—SUBMITTING A WAIVER APPLICATION.

APPENDIX D TO PART 284—PROCESSING A WAIVER APPLICATION WHEN THE DEBT IS $1,500 OR LESS.

APPENDIX E TO PART 284—PROCESSING A WAIVER APPLICATION WHEN THE DEBT IS MORE THAN $1,500.

APPENDIX F TO PART 284—APPEALS.

[2] Available at *http://www.dtic.mil/whs/directives/*.

AUTHORITY: 10 U.S.C. 2575, 2771, 4712, 9712; 24 U.S.C. 420; 31 U.S.C. 3529, 3702; 32 U.S.C. 714; 37 U.S.C. 554.

SOURCE: 71 FR 59375, Oct. 10, 2006, unless otherwise noted.

§ 284.1 Purpose.

This part implements policy under 32 CFR part 283 and prescribes procedures for considering waiver applications under 10 U.S.C. 2774, 32 U.S.C. 716, and 5 U.S.C. 5584.

§ 284.2 Applicability and scope.

This part applies to:

(a) The Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of Inspector General of the Department of Defense, the Defense Agencies, the Department of Defense Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the ''DoD Components'').

(b) The Coast Guard, when it is not operating as a Service in the Navy under agreement with the Department of Homeland Security, the Commissioned Corps of the Public Health Service (PHS) and the National Oceanic and Atmospheric Administration (NOAA) under agreements with the Departments of Health and Human Services and Commerce, respectively (hereafter referred to collectively as the ''non-DoD Components'').

(c) Certain functions for considering waiver applications that, by statute or delegation, are vested in the Department of Defense or the Secretary of Defense.

§ 284.3 Definitions.

Committee. The person or persons invested, by order of a proper court, with the guardianship of a minor or incompetent person and/or the estate of a minor or incompetent person.

Component concerned. The agency/activity (as well as the official designated by the Head of the agency/activity) required to perform the function or take the action indicated or that notifies the individual of the debt that is the subject of a waiver application.

Debt. An amount an individual owes the Government as the result of erroneous payments of pay and allowances (including travel and transportation allowances) to or on behalf of members of the Uniformed Services or civilian DoD employees.

Employee. A person who is or was an officer or employee as defined in 5 U.S.C. 2104 and 2105.

Erroneous payment. A payment that is not in compliance with applicable laws or regulations.

Final action. A finding by the appropriate official under this part concerning a waiver application from which there is no right to appeal or request reconsideration, or for which the time limit prescribed in this part for submitting an appeal or request for reconsideration has expired without such a submission.

Member. A member or former member of the Uniformed Services.

Waiver application. A request that the United States relinquish its claim against an individual for a debt resulting from erroneous payments of pay or allowances (including travel and transportation allowances) under 10 U.S.C. 2774, 32 U.S.C. 716, and 5 U.S.C. 5584.

§ 284.4 Policy.

It is DoD policy under 32 CFR part 283 that waiver applications for debts resulting from erroneous payments of pay and allowances (hereafter referred to as ''waiver applications'') be processed according to all pertinent statutes, regulations, and other relevant authorities.

§ 284.5 Responsibilities.

(a) The *General Counsel of the Department of Defense* (GC, DoD) or designee shall consult on, or render opinions concerning, questions of law or equity that arise in the course of the performance of the Director, Defense Office of Hearings and Appeals' (DOHA) responsibilities under paragraph (b) of this section when requested by the Director.

(b) The *Director, Defense Office of Hearings and Appeals* or designee, under the GC, DoD (as the Director, Defense Legal Services Agency), shall:

(1) Deny or grant all or part of a waiver application, if the aggregate amount of the debt is more than $1,500.

(2) Consider an appeal of an initial determination and affirm, modify, reverse, or remand the initial determination, according to this part and relevant GC, DoD opinions.

(3) Process waiver applications and appeals according to this part.

(c) The Heads of the DoD Components or designee shall process waiver applications according to this part.

(d) The *Heads of the Non-DoD Components* or designee concerning debts of Uniformed Services personnel resulting from the Component's activity; the *Director, Department of Defense Education Activity* (DoDEA) or designee, concerning debts of civilian employees resulting from that Component's activity; the *Director, National Security Agency* (NSA) or designee, concerning debts resulting from that Component's activity; and the *Director, Defense Finance and Accounting Service* (DFAS) or designee, under the Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD(C)/CFO), concerning debts resulting from all other DoD Components' activities shall:

(1) Deny or grant all or part of a waiver application, if the aggregate amount of the debt is $1,500 or less.

(2) If the aggregate amount of the debt is more than $1,500:

(i) Deny a waiver application in its entirety, or

(ii) Refer a waiver application for consideration with a recommendation that part or all of the application be granted, according to this part.

(3) Process waiver applications, when the aggregate amount of the debt is more than $1,500, and appeals according to this part.

(4) Resolve a debt according to the final action that results from the waiver application process provided for in this part.

APPENDIX A TO PART 284—OVERVIEW OF WAIVER APPLICATION PROCESS

A. STANDARDS FOR WAIVER DETERMINATIONS

The standards that must be applied in determining whether all or part of a waiver application should be granted or denied are at Appendix B to this part.

B. SUBMITTING A WAIVER APPLICATION

The DoD Components shall ensure, if applicable, the submission and filing of waiver applications/appeals satisfy the requirements of 5 U.S.C. 552a. The procedures an applicant must follow to submit a waiver application are at Appendix C to this part.

C. PROCESSING A WAIVER APPLICATION WHEN THE DEBT IS $1,500 OR LESS

The procedures a DoD Component must follow in processing a waiver application when the debt is $1,500 or less are at Appendix D to this part.[1]

D. PROCESSING A WAIVER APPLICATION WHEN THE DEBT IS MORE THAN $1,500

The procedures a DoD Component must follow in processing a waiver application when the debt is more than $1,500 are at Appendix E to this part.

E. APPEALS

The DoD Components shall ensure, if applicable, the submission and filing of waiver applications/appeals satisfy the requirements of 5 U.S.C. 552 and 552a. The procedures for appealing initial determinations are at Appendix F to this part.

F. REFUND OF REPAID DEBTS THAT ARE SUBSEQUENTLY WAIVED

When a final action waives all or part of a debt that has been repaid, the waiver application shall be interpreted as an application for a refund and the Component concerned shall, to the extent of the waiver, refund the amount repaid.

G. PUBLICATION

The Director, DOHA or designee shall make redacted copies of responses to requests for reconsideration available for public inspection and copying at the DOHA's public reading room and on the worldwide web according to 5 U.S.C. 552 and 552a.

APPENDIX B TO PART 284—STANDARDS FOR WAIVER DETERMINATIONS

A. STANDARDS

1. Generally, persons who receive a payment erroneously from the Government acquire no right to the money. They are bound in equity and good conscience to make restitution. If a benefit is bestowed by mistake, no matter how careless the act of the Government may have been, the recipient must make restitution. In theory, restitution results in no loss to the recipient because the recipient received something for nothing. However, 10 U.S.C. 2774, 32 U.S.C. 716, and 5 U.S.C. 5584 provide authority to waive, under certain conditions debts individuals owe the Government that are the result of erroneous payments of pay and allowances (including travel and transportation allowances). A waiver is not a matter of right. It is available to provide relief as a matter of equity, if the circumstances warrant.

2. Debts may be waived only when collection would be against equity and good conscience and would not be in the best interests of the United States. There must be no indication the erroneous payment was solely or partially the result of the fraud, misrepresentation, fault, or lack of good faith of the applicant.

3. The fact that an erroneous payment is solely the result of administrative error or mistake on the part of the Government is not sufficient basis in and of itself for granting a waiver.

4. A waiver usually is not appropriate when a recipient knows, or reasonably should know, that a payment is erroneous. The recipient has a duty to notify an appropriate official and to set aside the funds for eventual repayment to the Government, even if the Government fails to act after such notification.

5. A waiver generally is not appropriate when a recipient of a significant unexplained increase in pay or allowances, or of any other unexplained payment of pay or allowances, does not attempt to obtain a reasonable explanation from an appropriate official. The recipient has a duty to ascertain the reason for the payment and to set aside the funds in the event that repayment should be necessary.

6. A waiver may be inappropriate in cases where a recipient questions a payment (which ultimately is determined to be erroneous) and is mistakenly advised by an appropriate official that the payment is proper, if under the circumstances the recipient knew or reasonably should have known that the advice was erroneous.

7. Financial hardship is not a factor for consideration in determining whether a waiver is appropriate.

8. Waiver determinations under these standards depend on the facts in each case.

APPENDIX C TO PART 284—SUBMITTING A WAIVER APPLICATION

A. WHO MAY APPLY FOR WAIVER

Any person (''applicant'') from whom collection is sought for a debt resulting from erroneous payments of pay or allowances (including travel and transportation allowances) may submit a waiver application under 10 U.S.C. 2774, 32 U.S.C. 716, and 5

[1] Contact the appropriate non-DoD Component for the procedures it follows in processing a waiver application.

U.S.C. 5584. Additionally, an authorized official of the Component concerned, or the Director, DOHA or designee may initiate a waiver application during the processing of a claim under 32 CFR part 281.

B. WHERE TO SUBMIT A WAIVER APPLICATION

An applicant must submit a waiver application to the Component concerned according to the guidance provided by that Component. A waiver application submitted somewhere other than to the Component concerned does not stop the calculation of the time limit as discussed in paragraph F to this Appendix. It is the applicant's responsibility to submit the waiver application properly.

C. FORMAT OF A WAIVER APPLICATION

An applicant must submit a waiver application in the format prescribed by the Component concerned. It must be written and signed by the applicant (in the case of an application on behalf of a minor or incompetent person, there are additional requirements explained at paragraph E to this Appendix) or by the applicant's authorized agent or attorney (there are additional requirements explained at paragraph D to this Appendix). In addition, the waiver application should include:

1. The applicant's mailing address.
2. The applicant's telephone number.
3. The applicant's social security number when required by the Component concerned.
4. The amount for which waiver is requested.
5. An explanation why a waiver should be granted under the standards explained at Appendix B to this part.
6. Copies of documents referred to in the application.
7. Statements (that are attested to be true and correct to the best of the individual's knowledge and belief) of the applicant or other persons in support of the application.

D. WAIVER APPLICATION SUBMITTED BY AGENT OR ATTORNEY

In addition to the requirements in paragraph C to this Appendix, a waiver application submitted by the applicant's agent or attorney must include or have attached a duly executed power of attorney or other documentary evidence of the agent's or attorney's right to act for the applicant.

E. WAIVER APPLICATION SUBMITTED ON BEHALF OF A MINOR OR INCOMPETENT PERSON

In addition to the requirements in paragraph C to this Appendix:

1. If a guardian or committee has not been appointed, a waiver application submitted on behalf of a minor or incompetent person must:

i. State the applicant's relationship to the minor or incompetent person.

ii. Provide the name and address of the person having care and custody of the minor or incompetent person.

iii. Include an affirmation that any moneys received shall be applied to the use and benefit of the minor or incompetent person, and that the appointment of a guardian or committee is not contemplated.

2. If a guardian or committee has been appointed, a waiver application on behalf of a minor or incompetent person must include or have attached a certificate of the court showing the appointment and qualification of the guardian or committee.

F. WHEN TO SUBMIT A WAIVER APPLICATION

An applicant must submit a waiver application so that it is received by the Component concerned within three years after the erroneous payment is discovered. The date of discovery is the date it is definitely determined by an appropriate official that an erroneous payment has been made. The time limit is set by 10 U.S.C. 2774, 32 U.S.C. 716, and 5 U.S.C. 5584, whichever applies. It may not be extended or waived. Although the issue of timeliness is usually raised on initial submission (as explained in paragraph B to Appendix D in this part), the issue may be raised at any point during the waiver application consideration process.

APPENDIX D TO PART 284—PROCESSING A WAIVER APPLICATION WHEN THE DEBT IS $1,500 OR LESS

A. INITIAL COMPONENT PROCESSING

Upon receipt of a waiver application, the Component concerned must:

1. Date stamp the application on the date received.
2. Determine whether the application was received within three years after the discovery of the erroneous payment. If the application was not timely, follow the procedures in paragraph B to this Appendix.
3. Investigate the circumstances relating to the erroneous payment.
4. Refer the application to the appropriate determining official (see paragraph C to this Appendix) for consideration and an initial determination.

B. UNTIMELY WAIVER APPLICATIONS

When the Component concerned determines that a waiver application was not received within three years after the erroneous payment was discovered, the Component must send the applicant a notice of untimely receipt.

1. The notice must:

i. Cite the applicable statute and explain the reasons for the finding of untimely receipt.

ii. State that the application was not received within the statutory time limit and may not be considered unless that finding is reversed on appeal.

iii. Explain that the applicant may submit a rebuttal to the finding of untimely receipt (as explained in paragraph B.2.).

iv. State that the statutory time limit may not be extended or waived.

2. An applicant may submit a written rebuttal, signed by the applicant or the applicant's agent or attorney, to a notice of untimely receipt. The Component concerned must receive the rebuttal within 30 days of the date of the notice and may grant an extension of up to an additional 30 days for good cause shown. The rebuttal should:

i. Explain the points of, and reasons for, disagreement with the notice.

ii. Have any documents referred to in the rebuttal attached.

iii. Include or have attached statements (that are attested to be true and correct to the best of the individual's knowledge and belief) by the applicant or other persons in support of the rebuttal.

3. If the applicant does not submit a rebuttal within the time permitted, the notice of untimely receipt is a final action and the Component must return the application to the applicant with a notice that the finding is final and the application may not be considered.

4. If the applicant submits a timely rebuttal, the Component must consider the rebuttal.

i. If the Component finds that the application was received within the required time limit, the Component must reverse its finding of untimely receipt, notify the applicant in writing, and process the application on its merits.

ii. If the Component does not reverse the finding of untimely receipt, the Component must forward the record, including the application, notice of untimely receipt, and rebuttal, to the appropriate determining official (*see* paragraph C.1. to this Appendix) for an initial determination on the issue of untimely receipt. The Component does not need to investigate the merits of the application before forwarding the record.

5. After making an initial determination on the issue of untimely receipt, the determining official must follow the procedures in paragraph D to this Appendix. In addition, if the determining official finds that the application was timely, the official may:

i. Return the application to the Component concerned for processing on its merits according to this part, or

ii. Consider the application and make an initial determination on its merits according to paragraph C.2. to this Appendix.

C. INITIAL DETERMINATIONS

The standards in Appendix B to this part must be applied when considering the merits of a waiver application. After making an initial determination, the determining official must follow the procedures at paragraph D to this Appendix.

1. The officials listed and referred to in this part as determining officials shall consider waiver applications and take the appropriate action described in paragraph C.2. to this Appendix. These officials are identified as follows:

i. The Head of a non-DoD Component or designee for debts of Uniformed Services personnel resulting from that Component's activity.

ii. The Director, DoDEA or designee for debts of civilian employees resulting from that Component's activity.

iii. The Director, NSA or designee for debts resulting from that Component's activity.

iv. The Director, DFAS or designee for debts resulting from the DoD Component activity not included in paragraphs C.1.ii. and C.1.iii. to this Appendix.

2. The officials listed in paragraph C.1. to this Appendix may make an initial determination for the following:

i. Whether or not a waiver application was received within three years after the discovery of the erroneous payment.

ii. Deny a waiver application in its entirety.

iii. Grant all or part of a waiver application.

D. PROCESSING AFTER AN INITIAL DETERMINATION

After making an initial determination, the determining official must:

1. Notify the applicant. The notification must explain:

i. The determination and the reasons for it.

ii. The appropriate Component action to resolve the debt as a consequence of the determination if it is or becomes a final action (the finality of an initial determination is explained at paragraph E to this Appendix).

iii. The appeal process (as explained in Appendix F to this part) if the determination does not grant the entire application or does not contain a finding of timely receipt.

2. Notify the Component concerned if the determining official is not an official of the Component concerned when and if the determination is a final action. The notice must explain:

i. The determination and its reasons.

ii. The appropriate Component action to resolve the debt as a consequence of the determination.

E. WHEN AN INITIAL DETERMINATION IS FINAL

A final action is an initial determination that grants the entire waiver application or

finds that the application was timely received. Also, an initial determination (including one of untimely receipt) is a final action if the determining official does not receive an appeal within 30 days of the date of the initial determination (plus any extension of up to 30 additional days granted by the determining official for good cause shown).

APPENDIX E TO PART 284—PROCESSING A WAIVER APPLICATION WHEN THE DEBT IS MORE THAN $1,500

A. INITIAL COMPONENT PROCESSING

Upon receipt of a waiver application, the Component concerned must:

1. Date stamp the application on the date received.

2. Determine whether the application was received within three years after the discovery of the erroneous payment. If the application was not timely, follow the procedures in paragraph B in this part.

3. Investigate the circumstances relating to the erroneous payment.

4. Refer the waiver application to the appropriate determining official (*see* paragraph C to this Appendix) who after applying the standards in Appendix B in this part may either:

i. Deny the application in its entirety, if appropriate, and follow the procedures in Appendix D to this part, or

ii. Refer the application with a recommendation that part or all of the application be granted to the DOHA for consideration and an initial determination under paragraph C to this Appendix. The determining official must send the entire record and prepare and submit a recommendation and administrative report (as explained in paragraphs D and E to this Appendix) with the application.

B. UNTIMELY WAIVER APPLICATIONS

When the Component concerned determines that a waiver application was not received within three years after the erroneous payment was discovered, the Component must send the applicant a notice of untimely receipt.

1. The notice must:

i. Cite the applicable statute and explain the reasons for the finding of untimely receipt.

ii. State that the application was not received within the statutory time limit and may not be considered unless that finding is reversed on appeal.

iii. Explain that the applicant may submit a rebuttal to the finding of untimely receipt (as explained in paragraph B.2. to this Appendix.).

iv. State that the statutory time limit may not be extended or waived.

2. An applicant may submit a written rebuttal, signed by the applicant or the applicant's agent or attorney, to a notice of untimely receipt. The Component concerned must receive the rebuttal within 30 days of the date of the notice and may grant an extension of up to an additional 30 days for good cause shown. The rebuttal should:

i. Explain the points of, and reasons for, disagreement with the notice.

ii. Have any documents referred to in the rebuttal attached.

iii. Include or have attached statements (that are attested to be true and correct to the best of the individual's knowledge and belief) by the applicant or other persons in support of the rebuttal.

3. If the applicant does not submit a rebuttal within the time permitted, the notice of untimely receipt is a final action and the Component must return the application to the applicant with a notice that the finding is final and the application may not be considered.

4. If the applicant submits a timely rebuttal, the Component must consider the rebuttal:

i. If the Component finds that the application was received within the required time limit, the Component must reverse its finding of untimely receipt, notify the applicant in writing, and process the application on its merits.

ii. If the Component does not reverse the finding of untimely receipt, the Component must forward the record, including the application, notice of untimely receipt, and rebuttal, to the appropriate determining official (*see* paragraph C.1. of Appendix D to this part) for an initial determination on the issue of untimely receipt. The Component does not need to investigate the merits of the application before forwarding the record.

5. After making an initial determination on the issue of untimely receipt, the determining official must follow the procedures in Appendix D to this part. In addition, if the determining official finds that the application was timely, the official may:

i. Return the application to the Component concerned for processing on the merits according to this part, or

ii. Make a recommendation to the DOHA to grant all or part of the application as described in paragraph D to this Appendix.

C. INITIAL DETERMINATIONS

The standards in Appendix B to this part must be applied when considering the merits of a waiver application. After making an initial determination, the DOHA must follow the procedures at paragraph F to this Appendix and may take the following actions regarding waiver applications referred under paragraph A.4.ii. or B.5.ii. to this Appendix:

1. Make an initial determination denying a waiver application in its entirety; or

2. Make an initial determination granting all or part of a waiver application.

D. RECOMMENDATION TO THE DOHA TO GRANT ALL OR PART OF AN APPLICATION

Referrals to the DOHA must include the entire record along with the recommendation and administrative report described in paragraph E to this Appendix. The record and the report must be sent to: Defense Office of Hearings and Appeals, Claims Division, P.O. Box 3656, Arlington, VA 22203–1995.

E. RECOMMENDATION AND ADMINISTRATIVE REPORT

The recommendation and administrative report required by paragraph D to this Appendix must describe the recommended action (and its reasons) and the following:

1. The names and mailing addresses of each employee, member, or other person from whom collection is sought, or a statement that the person cannot reasonably be located.

2. The aggregate amount of the debt, including an itemization showing the elements of the aggregate amount.

3. The date the erroneous payment was discovered.

4. The date the recipient was notified of the error and a statement of the erroneous amounts paid before and after receipt of such notice.

5. A summary of the facts and circumstances describing how the erroneous payment occurred; the recipient's knowledge of the erroneous nature of the payment; the steps taken by the recipient to bring the matter to the attention of the appropriate official; and the Component's response, if any.

6. A finding of whether there is any indication of fraud, misrepresentation, fault, or lack of good faith on the part of the applicant and the reasons for such a finding.

7. Legible copies or the originals of supporting documents, such as leave and earnings statements, notifications of personnel actions, travel authorizations and vouchers, and military orders.

8. Statements (that are attested to be true and correct to the best of the individual's knowledge and belief) of the applicant or other persons in support of the application.

F. PROCESSING AFTER AN INITIAL DETERMINATION

After making an initial determination, the DOHA must:

1. Notify the applicant if all or part of the waiver application is denied. The notification must explain:

i. The determination and the reasons for it.

ii. The appropriate Component action to resolve the debt as a consequence of the determination if it is or becomes a final action (the finality of an initial determination is explained at paragraph G to this Appendix).

iii. The appeal process (as explained in Appendix F to this part) if the determination does not grant the entire application or does not contain a finding of timely receipt.

2. Notify the Component concerned when and if the determination is a final action. The notice must explain:

i. The determination and its the reasons.

ii. The appropriate Component action to resolve the debt as a consequence of the determination.

G. WHEN AN INITIAL DETERMINATION IS FINAL

A final action is an initial determination that grants the entire waiver application or finds that the application was timely received. Also, an initial determination (including one of untimely receipt) is a final action if the determining official does not receive an appeal within 30 days of the date of the initial determination (plus any extension of up to 30 additional days granted by the determining official for good cause shown).

APPENDIX F TO PART 284—APPEALS

A. WHO MAY APPEAL

An applicant may appeal if an initial determination denies all or part of a waiver application or finds that the application was not received by the Component concerned within the time limit required by statute.

B. WHEN AND WHERE TO SUBMIT AN APPEAL

1. When the determining official is not in the DOHA, the determining official must receive an applicant's appeal within 30 days of the date of the initial determination. The determining official may extend this period for up to an additional 30 days for good cause shown. No appeal may be accepted after this time has expired. The appeal shall be processed under the procedures in paragraphs C through K to this Appendix.

2. When the determining official is in the DOHA, the DOHA must receive an applicant's appeal within 30 days of the date of the initial determination. The DOHA may extend this period for up to an additional 30 days for good cause shown. No appeal may be accepted after this time has expired. The appeal shall be considered to be a request for reconsideration and shall be processed under the procedures in paragraphs L through Q of this Appendix.

C. CONTENT OF AN APPEAL

No specific format for an appeal is required however it must be written and signed by the applicant, the applicant's authorized agent, or the applicant's attorney. In addition, it should:

1. Provide the applicant's mailing address.

2. Provide the applicant's telephone number.

3. Provide the applicant's social security number when required by the Component concerned.

4. Identify specific:

i. Errors or omissions of material and relevant facts.

ii. Legal or equitable (under the standards in Appendix B to this part) considerations that were overlooked or misapplied.

iii. Conclusions that were arbitrary, capricious, or an abuse of discretion.

5. Present evidence of the correct or additional facts alleged.

6. Explain the reasons why the findings or conclusions should be reversed or modified.

7. Have attached copies of documents referred to in the appeal.

8. Include or have attached statements (that are attested to be true and correct to the best of the individual's knowledge and belief) by the applicant or other persons in support of the appeal.

D. DETERMINING OFFICIAL'S REVIEW

The determining official must review an applicant's appeal, and affirm, modify, or reverse the initial determination.

1. When the determining official grants the entire waiver appeal or grants the application to the extent requested in the appeal after review of an appeal in a case involving a debt in the aggregate amount of $1,500 or less, the determining official must notify the applicant in writing and the Component concerned if the determining official is not an official of the Component concerned. The notice must explain the appropriate action to resolve the debt. This is a final action.

2. When the determining official finds that the application was received within the time limit required by statute after review of an appeal concerning the untimely receipt of the waiver application, the determining official must notify the applicant in writing and take the appropriate action under paragraph B.5. of Appendix D to this part or paragraph B.5. of Appendix E to this part, as appropriate.

3. In all other cases, the determining official must forward the appeal to the DOHA according to paragraph E. of this Appendix. The determining official must prepare a recommendation and administrative report (as explained in paragraph F to this Appendix) and send a copy of the administrative report to the applicant with a notice that the applicant may submit a rebuttal to the determining official (as explained in paragraph G to this Appendix).

4. The determining official must date stamp the applicant's rebuttal on the date it is received.

E. SUBMISSION OF APPEAL TO THE DOHA

The determining official must send the entire record along with the recommendation and administrative report required by paragraph F to this Appendix no earlier than 31 days after the date of the administrative report or the day after the applicant's rebuttal period, as extended, expires, to the following address: Defense Office of Hearings and Appeals, Claims Division, P.O. Box 3656, Arlington, Virginia 22203–1995.

F. RECOMMENDATION AND ADMINISTRATIVE REPORT

The recommendation and administrative report required by paragraph D.3. to this Appendix must describe the recommended action (and its reasons) and include:

1. The names and mailing addresses of each employee, member, or other person from whom collection is sought, or a statement that the person cannot reasonably be located.

2. The aggregate amount of the debt, including an itemization showing the elements of the aggregate amount.

3. The date the erroneous payment was discovered.

4. The date the recipient was notified of the error and a statement of the erroneous amounts paid before and after receipt of such notice.

5. A summary of the facts and circumstances describing how the erroneous payment occurred; the recipient's knowledge of the erroneous nature of the payment; the steps taken by the recipient to bring the matter to the attention of the appropriate official; and the Component's response;

6. A finding of whether there is any indication of fraud, misrepresentation, fault, or lack of good faith on the part of the applicant and the reasons for such a finding.

7. Legible copies or the originals of supporting documents, such as leave and earnings statements, notifications of personnel actions, travel authorizations and vouchers, and military orders.

8. Statements (that are attested to be true and correct to the best of the individual's knowledge and belief) of the applicant or other persons in support of the application.

G. APPLICANT'S REBUTTAL

An applicant may submit a written rebuttal, signed by the applicant or the applicant's agent or attorney, in response to the recommendation and administrative report. The rebuttal must be received by the determining official within 30 days of the date of the recommendation and administrative report. The determining official may grant an extension of up to an additional 30 days for good cause shown. The rebuttal should include:

1. An explanation of the points and reasons for disagreeing with the report.
2. The file reference number.
3. Any documents referred to in the rebuttal.
4. Statements (that are attested to be true and correct to the best of the individual's knowledge and belief) by the applicant or other persons in support of the rebuttal.

H. DOHA APPEAL DECISION

Except as provided in paragraph P to this Appendix, the DOHA must base its decision on the written record, including the recommendation and administrative report and any rebuttal by the applicant. The written decision must:
1. Affirm, modify, reverse, or remand the initial determination and decide the application on its merits or return the application to the Component concerned for investigation and processing for an initial determination on the merits according to Appendix D to this part.
2. State the amount of the waiver application that is granted and the amount denied and/or that the application was or was not received within the statutory time limit, as appropriate.
3. Explain the reasons for the decision.

I. PROCESSING AFTER THE APPEAL DECISION

After issuing an appeal decision, the DOHA must:
1. Send the applicant the decision and notify the applicant of:
i. The appropriate Component action to resolve the debt as a consequence of the decision if it is or becomes a final action (as explained in paragraph J to this Appendix).
ii. The procedures under this Appendix to request reconsideration (as explained in paragraphs K through M to this Appendix), if the decision does not grant the waiver application to the extent requested, or does not contain a finding of timely receipt, when applicable.
2. Notify the Component concerned of the decision and the appropriate Component action to resolve the debt as a consequence of the decision.

J. FINALITY OF A DOHA APPEAL DECISION

An appeal decision that grants the waiver application to the extent requested on appeal, or that finds that the application was timely received, when applicable, is a final action when issued. An appeal decision is a final action if the DOHA does not receive a request for reconsideration within 30 days of the date of the appeal decision (plus any extension of up to 30 additional days granted by the DOHA for good cause shown). NOTE: In the case of a DOHA appeal decision issued before the effective date of this part that denied all or part of the waiver application, a request for reconsideration by the GC, DoD may be submitted within 60 days of the effective date of this part. The GC DoD shall consider such requests and affirm, modify, reverse, or remand the DOHA appeal decision. Requests for reconsideration by the GC, DoD received more than 60 days after the effective date of this part shall not be accepted. Requests must be submitted to the address in paragraph E.5. to this Appendix. The provisions of paragraph M to this Appendix apply.

K. WHO MAY REQUEST RECONSIDERATION

An applicant may request reconsideration of a DOHA appeal decision.

L. WHEN AND WHERE TO SUBMIT A REQUEST FOR RECONSIDERATION

The DOHA must receive a request for reconsideration within 30 days of the date of the appeal decision.[2] The DOHA may extend this period for up to an additional 30 days for good cause shown. No request for reconsideration may be accepted after this time has expired. A request for reconsideration must be sent to the DOHA at the address in paragraph E to this Appendix.

M. CONTENT OF A REQUEST FOR RECONSIDERATION

The requirements of paragraph C to this Appendix for the content of an appeal apply to a request for reconsideration.

N. DOHA'S REVIEW OF A REQUEST FOR RECONSIDERATION

No earlier than 31 days after the date of the appeal decision or the day after the last period for submitting a request, as extended, expires, the DOHA must:
1. Consider a request for reconsideration.
2. Affirm, modify, or reverse the appeal decision.
3. Prepare a response that explains the reasons for the finding.
4. Send the response to the applicant and the Component concerned and notify them of the appropriate action on the debt.

O. FINALITY OF A DOHA RECONSIDERATION DECISION

The response is a final action. It is precedent in the consideration of all waiver applications covered by this part unless otherwise stated in the document.

[2] Request for reconsideration by the GC, DoD must be received by the DOHA within 60 days of the effective date of this Instruction as explained in paragraph J of this appendix for appeal decisions issued before the effective date of this Instruction.

P. CONSIDERATION OF APPEALS AND REQUESTS FOR RECONSIDERATION

When considering an appeal or request for reconsideration, the DOHA may:

1. Take administrative notice of matters that are generally known or are capable of confirmation by resort to sources whose accuracy cannot reasonably be questioned.

2. Remand a matter to the Component with instructions to provide additional information.

SUBCHAPTER N—FREEDOM OF INFORMATION ACT PROGRAM

PART 285—DOD FREEDOM OF INFORMATION ACT (FOIA) PROGRAM

Sec.
285.1 Purpose.
285.2 Applicability and scope.
285.3 Policy.
285.4 Responsibilities.
285.5 Information requirements.

AUTHORITY: 5 U.S.C. 552.

SOURCE: 70 FR 73379, Dec. 12, 2005, unless otherwise noted.

§ 285.1 Purpose.

This part:

(a) Updates policies and responsibilities for implementing the DoD Freedom of Information Act (FOIA) Program under 5 U.S.C. 552.

(b) Continues to authorize DoD 5400.7–R[1] to implement the FOIA Program.

(c) Continues to delegate authorities and responsibilities for the effective administration of the FOIA program.

§ 285.2 Applicability and scope.

(a) This part applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as the ''DoD Components'').

(b) National Security Agency/Central Security Service records are subject to this part unless the records are exempt under section 6 of the Public Law 86–36 (1959), codified at section 402 note of title 50, United States Code (U.S.C.). The records of the Defense Intelligence Agency, National Reconnaissance Office, and the National Geospatial-Intelligence Agency are also subject to this part unless the records are exempt under 10 U.S.C. 424, 50 U.S.C. 403–5e, 10 U.S.C. 455, or other applicable law.

§ 285.3 Policy.

It is DoD policy to:

(a) Promote public trust by making the maximum amount of information available to the public, in both hard copy and electronic formats, on the operation and activities of the Department of Defense, consistent with DoD responsibility to protect national security and other sensitive DoD information as provided by applicable law.

(b) Allow a requester to obtain Agency records from the Department of Defense that are available through other public information services without invoking the FOIA.

(c) Make available, under the procedures established by DoD 5400.7–R, Agency records requested by a member of the public who explicitly or implicitly cites the FOIA.

(d) Answer promptly all other requests for Agency information and records under established procedures and practices.

(e) Release Agency records to the public unless those records are exempt from disclosure as outlined in 5 U.S.C. 552.

(f) Process requests by individuals for access to records about themselves contained in a Privacy Act system of records under procedures set forth in DoD 5400.11–R[2] and procedures outlined in this part, as amplified by DoD 5400.7–R.

§ 285.4 Responsibilities.

(a) The Director, Administration and Management (DA&M) shall:

(1) Serve as the appellate authority for appeals to decisions of respective Initial Denial Authorities within OSD, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the DoD Field Activities, and select Defense Agencies as listed in DoD 5400.7–R. The DA&M may delegate this responsibility to an appropriate member

[1] Copies may be obtained at *http://www.dtic.mil/whs/directives/.*

[2] See footnote 1 to § 285.1(b).

of the DA&M or Washington Headquarters (WHS) staff.

(2) Prepare and maintain a DoD issuance and other discretionary information to ensure timely and reasonably uniform implementation of the FOIA in the Department of Defense.

(b) The Director, Washington Headquarters Services, under the DA&M, shall:

(1) Direct and administer the DoD FOIA Program to ensure compliance with policies and procedures that govern the administration of the program.

(2) Administer the FOIA Program, inclusive of training, for the OSD, the Chairman of the Joint Chiefs of Staff and, as an exception to DoD Directive 5100.3[3], the Combatant Commands.

(c) The General Counsel of the Department of Defense shall provide uniformity in the legal interpretation of this part; ensure affected legal advisors, public affairs officers, and legislative affairs officers are aware of releases through litigation channels which may be of significant public, media, or Congressional interest, or of interest to senior DoD officials; and establish procedures to centralize processing pursuant to litigation.

(d) The Under Secretary of Defense for Intelligence shall establish uniform procedures regarding the declassification of national security information made pursuant to requests invoking the FOIA.

(e) The Heads of the DoD Components shall:

(1) Internally administer the DoD FOIA Program and publish any instructions necessary for the internal administration of this part within a DoD Component that are not prescribed by this part or by other issuances of the DA&M in the FEDERAL REGISTER.

(2) Ensure respective chains of command, affected legal advisors, public affairs officers and legislative affairs officers are aware of releases through the FOIA, inclusive of releases through litigation channels, which may be of significant public, media, or Congressional interest, or of interest to senior DoD officials.

[3] See footnote 1 to § 285.1(b).

(3) Conduct training on the provisions of this part and 5 U.S.C. 552 and DoD 5400.7–R for officials and employees who implement the FOIA.

(4) Submit the Annual Report prescribed in Chapter 7 of DoD 5400.7–R.

(5) Make the records specified in 5 U.S.C. 552(a)(2) unless such records are published and copies are offered for sale, available for public inspection and copying in an appropriate facility or facilities, according to rules published in the FEDERAL REGISTER.

(6) Maintain and make current indices of all 5 U.S.C. 552(a)(2) records available for public inspection and copying.

§ 285.5 Information requirements.

The reporting requirements in Chapter 7 of DoD 5400.7–R have been assigned Report Control Symbol DD–DA&M(A)1365.

PART 286—DOD FREEDOM OF INFORMATION ACT PROGRAM REGULATION

Subpart A—General Provisions

Sec.

286.1 Purpose and applicability.
286.2 DoD public information.
286.3 Definitions.
286.4 Policy.

Subpart B—FOIA Reading Rooms

286.7 Requirements.
286.8 Indexes.

Subpart C—Exemptions

286.11 General provisions.
286.12 Exemptions.

Subpart D [Reserved]

Subpart E—Release and Processing Procedures

286.22 General provisions.
286.23 Initial determinations.
286.24 Appeals.
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Subpart F—Fee Schedule

286.28 General provisions.
286.29 Collection of fees and fee rates.
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Subpart G—Reports

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APPENDIX A TO PART 286—COMBATANT COMMANDS—PROCESSING PROCEDURES FOR FOIA APPEALS

APPENDIX B TO PART 286—ADDRESSING FOIA REQUESTS

APPENDIX C TO PART 286—DD FORM 2086, ''RECORD OF FREEDOM OF INFORMATION (FOI) PROCESSING COST''

APPENDIX D TO PART 286—DD FORM 2086–1, ''RECORD OF FREEDOM OF INFORMATION (FOI) PROCESSING COST FOR TECHNICAL DATA''

APPENDIX E TO PART 286—DD FORM 2564, ''ANNUAL REPORT FREEDOM OF INFORMATION ACT''

APPENDIX F TO PART 286—DoD FREEDOM OF INFORMATION ACT PROGRAM COMPONENTS

AUTHORITY: 5 U.S.C. 552.

SOURCE: 63 FR 65420, Nov. 25, 1998, unless otherwise noted.

Subpart A—General Provisions

§ 286.1 Purpose and applicability.

(a) *Purpose.* This part provides policies and procedures for the DoD implementation of the Freedom of Information Act, as amended (5 U.S.C. 552), and DoD Directive 5400.7,[1] and promotes uniformity in the DoD Freedom of Information Act (FOIA) Program.

(b) *Applicability.* This part applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Command, the Inspector General of the Department of Defense (IG DoD), the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as ''the DoD components''). This part takes precedence over all DoD Component publications that supplement and implement the DoD FOIA Program. A list of DoD Components is at appendix F.

§ 286.2 DoD public information.

(a) *Public information.* (1) The public has a right to information concerning the activities of its Government. DoD policy is to conduct its activities in an open manner and provide the public with a maximum amount of accurate and timely information concerning its activities, consistent always with the legitimate public and private interests of the American people. A record requested by a member of the public who follows rules established by proper authority in the Department of Defense shall not be withheld in whole or in part unless the record is exempt from mandatory partial or total disclosure under the FOIA. As a matter of policy, DoD Components shall make discretionary disclosures of exempt records or information whenever disclosure would not foreseeably harm an interest protected by a FOIA exemption, but this policy does not create any right enforceable in court. In order that the public may have timely information concerning DoD activities, records requested through public information channels by news media representatives that would not be withheld if requested under the FOIA should be released upon request. Prompt responses to requests for information from news media representatives should be encouraged to eliminate the need for these requesters to invoke the provisions of the FOIA and thereby assist in providing timely information to the public. Similarly, requests from other members of the public for information that would not be withheld under the FOIA should continue to be honored through appropriate means without requiring the requester to involve the FOIA.

(2) Within the OSD, the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence, as Chief Information Officer, in conjunction with the Assistant Secretary of Defense for Public Affairs, is responsible for ensuring preparation of reference material or a guide for requesting records or information from the Department of Defense, subject to the nine exemptions of the FOIA. This publication shall also include an index of all major information systems, and a description of major information and record locator systems, as defined by the Office of the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence. DoD FOIA Components shall coordinate

[1] Copy may be viewed via internet at *http://web7.whs.osd.mil/corres.htm.*

with the appropriate office(s) to insure that this is also accomplished within their department or organization.

(3) DoD Components shall also prepare, in addition to normal FOIA regulations, a handbook for the use of the public in obtaining information from their organization. This handbook should be a short, simple explanation to the public of what the FOIA is designed to do, and how a member of the public can use it to access government records. Each DoD Component should explain the types of records that can be obtained through FOIA requests, why some records cannot, by law, be made available, and how the DoD Component determines whether the record can be released. The handbook should also explain how to make a FOIA request, how long the requester can expect to wait for a reply, and explain the right of appeal. The handbook should supplement other information locator systems, such as the Government Information Locator Service (GILS), and explain how a requester can obtain more information about those systems. The handbook should be available on paper and through electronic means and contain the following additional information, complete with electronic links to the below elements; the location of reading room(s) within the Component and the types and categories of information available, the location of Component's World Wide Web page, a reference to the component's FOIA regulation and how to obtain a copy, a reference to the Component's FOIA annual report and how to obtain a copy and the location of the Component's GILS page. Also, the DoD Components' Freedom of Information Act Annual Reports should refer to the handbook and how to obtain it.

(b) *Control system.* A request for records that invokes the FOIA shall enter a formal control system designed to ensure accountability and compliance with the FOIA. Any request for DoD records that either explicitly or implicitly cites the FOIA shall be processed under the provisions of this part, unless otherwise required by §286.4(m).

§ 286.3 Definitions.

As used in this part, the following terms and meanings shall be applicable:

Administrative appeal. A request by a member of the general public, made under the FOIA, asking the appellate authority of a DOD Component to reverse a decision: to withhold all or part of a requested record; to deny a fee category claim by a requester, to deny a request for waiver or reduction of fees; to deny a request to review an initial fee estimate; to deny a request for expedited processing due to demonstrated compelling need under §286.4(d)(3) of this part; to confirm that no records were located during the initial search. Requesters also may appeal the failure to receive a response determination within the statutory time limits, and any determination that the requester believes is adverse in nature.

Agency record. (1) The products of data compilation, such as all books, papers, maps, and photographs, machine readable materials, inclusive of those in electronic form or format, or other documentary materials, regardless of physical form or characteristics, made or received by an agency of the United States Government under Federal law in connection with the transaction of public business and in Department of Defense possession and control at the time the FOIA request is made. Care should be taken not to exclude records from being considered agency records, unless they fall within one of the categories in paragraph (2) of this definition.

(2) The following age not included within the definition of the word ''record''.

(i) Objects or articles, such as structures, furniture, vehicles and equipment, whatever their historical value, or value as evidence.

(ii) Anything that is not a tangible or documentary record, such as an individual's memory or oral communication.

(iii) Personal records of an individual not subject to agency creation or retention requirements, created and maintained primarily for the convenience of an agency employee, and not distributed to other agency employees for their official use. Personal papers

fall into three categories: those created before entering Government service; private materials brought into, created, or received in the office that were not created or received in the course of transacting Government business; and work-related personal papers that are not used in the transaction of Government business (see ''Personal Papers of Executive Branch Officials: A Management Guide'' [2]).

(3) A record must exist and be in the possession and control of the Department of Defense at the time of the request to be considered subject to this part and the FOIA. There is no obligation to create, compile, or obtain a record to satisfy a FOIA request. See § 286.4(g)(2) on creating a record in the electronic environment.

(4) Hard copy or electronic records, that are subject to FOIA requests under 5 U.S.C. 552(a)(3), and that are available to the public through an established distribution system, or through the FEDERAL REGISTER, the National Technical Information Service, or the Internet, normally need not be processed under the provisions of the FOIA. If a request is received for such information, DoD Components shall provide that requester with guidance inclusive of any written notice to the public, on how to obtain the information. However, if the requester insists that the request be processed under the FOIA, then the request shall be processed under the FOIA. If there is any doubt as to whether the request must be processed, contact the Directorate for Freedom of Information and Security Review.

Appellate authority. The Head of the DoD Component or the Component head's designee having jurisdiction for this purpose over the record, or any of the other adverse determinations outlined in definitions ''Initial denial authority (IDA)'' and ''Administrative appeal''.

DoD Component. An element of the Department of Defense, as defined in § 286.1(b), authorized to receive and act independently on FOIA requests. (See appendix F of this part.) A DoD Component has its own initial denial authority (IDA), appellate authority, and legal counsel.

Electronic record. Records (including e-mail) that are created, stored, and retrievable by electronic means.

Federal agency. As defined by 5 U.S.C. 552(f)(1), a Federal agency is any executive department, military department, Government corporation, Government controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President), or any independent regulatory agency.

FOIA request. A written request for DoD records that reasonably describes the record(s) sought, made by any person, including a member of the public (U.S. or foreign citizen/entity), an organization, or a business, but not including a Federal Agency or a fugitive from the law, that either explicitly or implicitly invokes the FOIA, DoD Directive 5400.7, this part, or DoD Component supplementing regulations or instructions. Requesters should also indicate a willingess to pay fees associated with the processing of their request or, in the alternative, why a waiver of fees may be appropriate. Written requests may be received by postal service or other commercial delivery means, by fascimile, or electronically. Requests received by fascimile or electronically must have a postal mailing address included since it may be practical to provide a substantive response electrically. The request is considered properly received, or perfected, when the above conditions have been met and the request arrives at the FOIA office of the Component in possession of the records.

Initial denial authority (IDA). An official who has been granted authority by the head of DoD component to withhold records requested under the FOIA for one or more of the nine categories of records exempt from mandatory disclosure. IDA's may also deny a fee category claim by a requester; deny a request for expedited processing due to demonstrated compelling need under § 286.4(d)(3) of this part; deny a request for a waiver or reduction of fees; review a fee estimate; and confirm that no records were located in response to a request.

[2] Available from the Records Administration Information Center, Agency Service Division (NIA), Washington, DC 20408.

Public interest. The interest in obtaining official information that sheds light on an agency's performance of its statutory duties because the information falls within the statutory purpose of the FOIA to inform citizens about what their Government is doing. That statutory purpose, however, is not fostered by disclosure of information about private citizens accumulated in various governmental files that reveals nothing about an agency's or officials own conduct.

§ 286.4 Policy.

(a) *Compliance with the FOIA.* DoD personnel are expected to comply with the FOIA, this part, and DoD FOIA policy in both better and spirit. This strict adherence is necessary to provide uniformity in the implementation of the DoD FOIA Program and to create conditions that will promote public trust.

(b) *Openiness with the public.* The Department of Defense shall conduct its activities in an open manner consistent with the need for security and aherence to other requirements of law and regulation. Records not exempt from disclosure under the Act shall, upon request, be made readily accessible to the public in accordance with rules promulgated by competent authority, whether or not the Act is invoked.

(c) *Avoidance of procedural obstacles.* DoD Components shall ensure that procedural matters do not unnecessarily impede a requester from obtaining DoD records promptly. Components shall provide assistance to requesters to help them understand and comply with procedures established by this part and any supplemental regulations published by the DoD Components.

(d) *Prompt action on requests.* (1) Generally, when a member of the public complies with the procedures established in this part and DoD Component regulations or instructions for obtaining DoD records, and after the request is received by the official designated to respond, DoD Components shall endeavor to provide a final response determination within the statutory 20 working days. If a significant number of requests, or the complexity of the requests prevent a final response determination within the statutory time period, DoD Components shall advise the requester of this fact, and explain how the request will be responded to within its multitrack processing system (see §286.4(d)(2)). A final response determination is notification to the requester that the records are released, or will be released on a certain date, or the records are denied under the appropriate FOIA exemption, or the records cannot be provided for one or more of the other reasons in §286.23(b). Interim responses acknowledging receipt of the request, negotiations with the requester concerning the scope of the request, the response timeframe, and fee agreements are encouraged; however, such actions do not constitute a final response determination pursuant to the FOIA. If a request fails to meet minimum requirements as set forth in §286.3, definition ''FOIA request'', Components shall inform the requester how to perfect or correct the request. The statutory 20 working day time limit applies upon receipt of a perfected or correct FOIA request which complies with the requirements outlined in §286.3, definition ''FOIA request''.

(2) *Multitrack processing.* When a Component has a significant number of pending requests that prevents a response determination being made within 20 working days, the requests shall be processed in a multitrack processing system, based on the date of receipt, the amount of work and time involved in processing the requests, and whether the request qualifies for expedited processing as described in paragraph (d)(3) of this section. DoD Components may establish as many processing queues as they wish; however, as a minimum, three processing tracks shall be established, all based on a first-in, first-out concept, and rank ordered by the date of receipt of the request. One track shall be a processing queue for simple requests, one track for complex requests, and one track shall be a processing queue for expedited processing as described in paragraph (d)(3) of this section. Determinations as to whether a request is simple or complex shall be made by each DoD Component. DoD Components shall provide a requester whose request does

not qualify for the fastest queue (except for expedited processing as described in paragraph (d)(3) of this section), an opportunity to limit in writing hard copy, facsimile, or electronically, the scope of the request in order to qualify for the fastest queue. This multitrack processing system does not obviate components' responsibility to exercise due diligence in processing requests in the most expeditious manner possible.

(3) *Expedited processing.* A separate queue shall be established for requests meeting the test for expedited processing. Expedited processing shall be granted to a requester after the requester requests such and demonstrates a compelling need for the information. Notice of the determination as to whether to grant expedited processing in response to a requester's compelling need shall be provided to the requester within 10 calendar days after receipt of the request in the DoD Component's office that will determine whether to grant expedited processing. Once the DoD Component has determined to grant expedited processing, the request shall be processed as soon as practicable. Actions by DoD Components to initially deny or affirm the initial denial on appeal of a request for expedited processing, and failure to respond in a timely manner shall be subject to judicial review.

(i) Compelling need means that the failure to obtain the records on an expedited basis could reasonably be expected to pose an imminent threat to the life or physical safety of an individual.

(ii) Compelling need also means that the information is urgently needed by an individual primarily engaged in disseminating information in order to inform the public concerning actual or alleged Federal Government activity. An individual primarily engaged in disseminating information means a person whose primary activity involves publishing or otherwise disseminating information to the public. Representatives of the news media (see § 286.28(e)) would normally qualify as individuals primarily engaged in disseminating information. Other persons must demonstrate that their primary activity involves publishing or otherwise disseminating information to the public.

(A) Urgently needed means that the information has a particular value that will be lost if not disseminated quickly. Ordinarily this means a breaking news story of general public interest. However, information of historical interest only, or information sought for litigation or commercial activities would not qualify, nor would a news media publication or broadcast deadline unrelated to the news breaking nature of the information.

(B) [Reserved]

(iii) A demonstration of compelling need by a requester shall be made by a statement certified by the requester to be true and correct to the best of their knowledge. This statement must accompany the request in order to be considered and responded to within the 10 calendar days required for decisions on expedited access.

(iv) *Other reasons for expedited processing.* Other reasons that merit expedited processing by DoD Components are an imminent loss of substantial due process rights and humanitarian need. A demonstration of imminent loss of substantial due process rights shall be made by a statement certified by the requester to be true and correct to the best of his or her knowledge. Humanitarian need means that disclosing the information will promote the welfare and interest of mankind. A demonstration of humanitarian need shall be also made by a statement certified by the requester to be true and correct to the best of his or her knowledge. Both statements mentioned above must accompany the request in order to be considered and responded to within the 10 calendar days required for decisions on expedited access. Once the decision has been made to expedite the request for either of these reasons, the request may be processed in the expedited processing queue behind those requests qualifying for compelling need.

(v) These same procedures also apply to requests for expedited processing of administrative appeals.

(e) *Use of exemptions.* It is DoD policy to make records publicly available, unless the record qualifies for exemption

under one or more of the nine exemptions. It is DoD policy that DoD Components shall make discretionary releases whenever possible; however, a discretionary release is normally not appropriate for records clearly exempt under exemptions 1, 3, 4, 6, 7(C) and 7(F) (see subpart C of this part). Exemptions 2, 5, and 7(A)(B)(D) and (E) (see subpart C of this part) are discretionary in nature, and DoD Components are encouraged to exercise discretionary releases whenever possible. Exemptions 4, 6 and 7(C) cannot be claimed when the requester is the submitter of the information.

(f) *Public domain.* Nonexempt records released under the authority of this part are considered to be in the public domain. Such records may also be made available in Components' reading rooms in paper form, as well as electronically, to facilitate public access. Discretionary releases to FOIA requesters constitute a waiver of the FOIA exemption that may otherwise apply. Disclosure to a properly constituted advisory committee, to Congress, or to other Federal Agencies does not waive the exemption. (See § 286.22(d).) Exempt records disclosed without authorization by the appropriate DoD official do not lose their exempt status. Also, while authority may exist to disclose records to individuals in their official capacity, the provisions of this Part apply if the same individual seeks the records in a private or personal capacity.

(g) *Creating a record.* (1) A record must exist and be in the possession and control of the Department of Defense at the time of the search to be considered subject to this part and the FOIA. There is no obligation to create, compile, or obtain a record to satisfy a FOIA request. A DoD Component, however, may compile a new record when so doing would result in a more useful response to the requester, or be less burdensome to the agency than providing existing records, and the requester does not object. Cost of creating or compiling such a record may not be charged to the requester unless the fee for creating the record is equal to or less than the fee which would be charged for providing the existing record. Fee assessments shall be in accordance with subpart F of this part.

(2) About electronic data, the issue of whether records are actually created or merely extracted from an existing database is not always readily apparent. Consequently, when responding to FOIA requests for electronic data where creation of a record, programming, or particular format are questionable, Components should apply a standard of reasonableness. In other words, if the capability exists to respond to the request, and the effort would be a business as usual approach, then the request should be processed. However, the request need not be processed where the capability to respond does not exist without a significant expenditure of resources, thus not being a normal business as usual approach. As used in this sense, a significant expenditure of resources in both time and manpower, that would cause a significant interference with the operation of the Component's automated information system would not be a business as usual approach.

(h) *Description of requested record.* (1) Identification of the record desired is the responsibility of the requester. The requester must provide a description of the desired record, that enables the Government to locate the record with a reasonable amount of effort. In order to assist DoD Components in conducting more timely searches, requesters should endeavor to provide as much identifying information as possible. When a DoD Component receives a request that does not reasonably describe the requested record, it shall notify the requester of the defect in writing. The requester should be asked to provide the type of information outlined in paragraph (h)(2) of this section. DoD Components are not obligated to act on the request until the requester responds to the specificity letter. When practicable, DoD Components shall offer assistance to the requester in identifying the records sought and in reformulating the request to reduce the burden on the agency in complying with the Act.

(2) The following guidelines are provided to deal with generalized requests and are based on the principle of reasonable effort (Descriptive information

about a record may be divided into two broad categories.):

(i) Category I is file-related and includes information such as type of record (for example, memorandum), title, index citation, subject area, date the record was created, and originator.

(ii) Category II is event-related and includes the circumstances that resulted in the record being created or the date and circumstances surrounding the event the record covers.

(3) Generally, a record is not reasonably described unless the description contains sufficient Category I information to permit the conduct of an organized, non-random search based on the DoD Component's filing arrangements and existing retrieval systems, or unless the record contains sufficient Category II information to permit inference of the Category I elements needed to conduct such a search.

(4) The following guidelines deal with requests for personal records: Ordinarily, when personal identifiers are provided only in connection with a request for records concerning the requester, only records in a Privacy Act System of records that can be retrieved by personal identifiers need be searched. However, if a DoD Component has reason to believe that records on the requester may exist in a record system other than a Privacy Act system, the DoD Component shall search that system under the provisions of the FOIA. In either case, DoD Components may request a reasonable description of the records desired before searching for such records under the provisions of the FOIA and the Privacy Act. If the record is required to be released under the FOIA, the Privacy Act does not bar its disclosure. See paragraph (m) of this section for the relationship between the FOIA and the Privacy Act.

(5) The previous guidelines notwithstanding, the decision of the DoD Component concerning reasonableness of description must be based on knowledge of its files. If the description enables DoD Component personnel to locate the record with reasonable effort, the description is adequate. The fact that a FOIA request is broad or burdensome in its magnitude does not, in and of itself, entitle a DoD Component to deny the request on the ground that it does not reasonably describe the records sought. The key factor is the ability of the DoD Component's staff to reasonably ascertain and locate which records are being requested.

(i) *Referrals.* (1) The DoD FOIA referral policy is based upon the concept of the originator of a record making a release determination on its information. If a DoD Component receives a request for records originated by another DoD Component, it should contact the DoD Component to determine if it also received the request, and if not, obtain concurrence from the other DoD Component to refer the request. In either situation, the requester shall be advised of the action taken, unless exempt information would be revealed. While referrals to originators of information result in obtaining the best possible decision on release of the information, the policy does not relieve DoD Components from the responsibility of making a release decision on a record should the requester object to referral of the request and the record. Should this situation occur, DoD Components should coordinate with the originator of the information prior to making a release determination. A request received by a DoD Component having no records responsive to a request shall be referred routinely to another DoD Component, if the other DoD Component has reason to believe it has the requested record. Prior to notifying a requester of a referral to another DoD Component, the DoD Component receiving the initial request shall consult with the other DoD Component to determine if that DoD Component's association with the material is exempt. If the association is exempt, the DoD Component receiving the initial request will protect the association and any exempt information without revealing the identity of the protected DoD Component. The protected DoD Component shall be responsible for submitting the justifications required in any litigation. Any DoD Component receiving a request that has been misaddressed shall refer the request to the proper address and advise the requester. DoD Components making referrals of requests or records shall include with the referral, a point

of contact by name, a telephone number, and an e-mail address.

(2) A DoD Component shall refer for response directly to the requester, a FOIA request for a record that it holds to another DoD Component or agency outside the DoD, if the record originated in the other DoD Component or outside agency. Whenever a record or a portion of a record is referred to another DoD Component or to a Government Agency outside of the DoD for a release determination and direct response, the requester shall be informed of the referral, unless it has been determined that notification would reveal exempt information. Referred records shall only be identified to the extent consistent with security requirements.

(3) A DoD Component may refer a request for a record that it originated to another DoD Component or agency when the other DoD Component or agency has a valid interest in the record, or the record was created for the use of the other DoD Component or agency. In such situations, provide the record and a release recommendation on the record with the referral action. Ensure you include a point of contact with the telephone number. An example of such a situation is a request for audit reports prepared by the Defense Contract Audit Agency. These advisory reports are prepared for the use of contracting officers and their release to the audited contractor shall be at the discretion of the contracting officer. A FOIA request shall be referred to the appropriate DoD Component and the requester shall be notified of the referral, unless exempt information would be revealed. Another example is a record originated by a DoD Component or agency that involves foreign relations, and could affect a DoD Component or organization in a host foreign country. Such a request and any responsive records may be referred to the affected DoD Component or organization for consultation prior to a final release determination within the Department of Defense. See also §286.22(e) of this part.

(4) Within the Department of Defense, a DoD Component shall ordinarily refer a FOIA request and a copy of the records it holds, but that was originated by other DoD Component or that contains substantial information obtained from another DoD Component, to that Component for direct response, after direct coordination and obtaining concurrence from the Component. The requester then shall be notified by such referral. DoD Components shall not, in any case, release or deny such records without prior consultation with the other DoD Component, except as provided in §286.22(e) of this part.

(5) DoD Components that receive referred requests shall answer them in accordance with the time limits established by the FOIA, this part, and their multitrack processing queues, based upon the date of initial receipt of the request at the referring component or agency.

(6) Agencies outside the Department of Defense that are subject to the FOIA.

(i) A DoD Component may refer a FOIA request for any record that originated in an agency outside the Department of Defense or that is based on information obtained from an outside agency to the agency for direct response to the requester after coordination with the outside agency, if that agency is subject to FOIA. Otherwise, the DoD Component must respond to the request.

(ii) A DoD Component shall refer to the agency that provided the record any FOIA request for investigative, intelligence, or any other type of records that are on loan to the Department of Defense for a specific purpose, if the records are restricted from further release and so marked, However, if for investigative or intelligence purposes, the outside agency desires anonymity, a DoD Component may only respond directly to the requester after coordination with the outside agency.

(7) DoD Components that receive requests for records of the National Security Council (NSC), the White House, or the White House Military Office (WHMO) shall process the requests. DoD records in which the NSC or White House has a concurrent reviewing interest, and NSC, White House, or WHMO records discovered in DoD Components' files shall be forwarded to the Directorate for Freedom of Information and Security Review (DFOISR).

The DFOISR shall coordinate with the NSC, White House, or WHMO and return the records to the originating agency after coordination.

(8) To the extent referrals are consistent with the policies expressed by this section, referrals between offices of the same DoD Component are authorized.

(9) On occasion, the Department of Defense receives FOIA requests for General Accounting Office (GAO) records containing DoD information. Even though the GAO is outside the executive Branch, and not subject to the FOIA, all FOIA requests for GAO documents containing DoD information received either from the public, or on referral from the GAO, shall be processed under the provisions of the FOIA.

(j) *Authentication.* Records provided under this part shall be authenticated with an appropriate seal, whenever necessary, to fulfill an official government or other legal function. This service, however, is in addition to that required under the FOIA and is not included in the FOIA fee schedule. DoD Components may charge for the service at a rate of $5.20 for each authentication.

(k) *Combatant Commands.* (1) The Combatant Commands are placed under the jurisdiction of the OSD, instead of the administering Military Department or the Chairman of the Joint Chiefs of Staff, only for the purpose of administering the DoD FOIA Program. This policy represents an exception to the policies directed in DoD Directive 5100.3;[3] it authorizes and requires the Combatant Commands to process FOIA requests in accordance with DoD Directive 5400.7 and this part. The Combatant Commands shall forward directly to the Director, Freedom of Information and Security Review all correspondence associated with the appeal of an initial denial for records under the provisions of the FOIA. Procedures to effect this administrative requirement are outlined in appendix A of this part.

(2) Combatant Commands shall maintain an electronic reading room for FOIA-processed 5 U.S.C. 552(a)(2)(D) records in accordance with subpart B of this part. Records qualifying for this means of public access also shall be maintained in hard copy for public access at Combatant Commands' respective locations.

(l) *Records management.* FOIA records shall be maintained and disposed of in accordance with the National Archives and Records Administration General Records Schedule, and DoD Component records schedules.

(m) *Relationship between the FOIA and the Privacy Act (PA).* Not all requesters are knowledgeable of the appropriate statutory authority to cite when requesting records, nor are all of them aware of appeal procedures. In some instances, they may cite neither Act, but will imply one or both Acts. For these reasons, the following guidelines are provided to ensure that requesters receive the greatest amount of access rights under both Acts. See also § 286.24 regarding appeal rights.

(1) If the record is required to be released under the FOIA, the Privacy Act does not bar its disclosure. Unlike the FOIA, the Privacy Act applies only to U.S. citizens and aliens admitted for permanent residence.

(2) Requesters who seek records about themselves contained in a Privacy Act system of records and who cite or imply only the Privacy Act, will have their requests processed under the provisions of both the Privacy Act and the FOIA. If the Privacy Act system of records is exempt from the provisions of 5 U.S.C. 552a(d)(1) and if the records, or any portion thereof, are exempt under the FOIA, the requester shall be so advised with the appropriate Privacy Act and FOIA exemption. Appeals shall be processed under both Acts.

(3) Requesters who seek records about themselves that are not contained in a Privacy Act system of records and who cite or imply the Privacy Act will have their requests processed under the provisions of the FOIA, since the Privacy Act does not apply to these records. Appeals shall be processed under the FOIA.

(4) Requesters who seek records about themselves that are contained in a Privacy Act system of records and who cite or imply the FOIA or both Acts will have their requests processed

[3] See footnote 1 to § 286.1(a).

under the provisions of both the Privacy Act and the FOIA. If the Privacy Act system of records is exempt from the provisions of 5 U.S.C. 552a(d)(1) and if the records or any portion thereof, are exempt under the FOIA, the requester shall be so advised with the appropriate Privacy Act and FOIA exemption. Appeals shall be processed under both Acts.

(5) Requesters who seek access to agency records that are not part of a Privacy Act system of records, and who cite or imply the Privacy Act and FOIA, will have their requests processed under the FOIA since the Privacy Act does not apply to these records. Appeals shall be processed under the FOIA.

(6) Requesters who seek access to agency records and who cite or imply the FOIA will have their requests an appeals processed under the FOIA.

(7) Requesters shall be advised in the final response letter which Act(s) was (were) used, inclusive of appeal rights as outlined in paragraphs (m)(1) through (m)(6) of this section.

(n) *Non-responsive information in responsive records.* DoD Components shall interpret FOIA requests liberally when determining which records are responsive to the requests, and may release non-responsive information. However, should DoD Components desire to withhold non-responsive information, the following steps shall be accomplished:

(1) Consult with the requester, and ask if the requester views the information as responsive, and if not, seek the requester's concurrence to deletion of non-responsive information without a FOIA exemption. Reflect this concurrence in the response letter.

(2) If the responsive record is unclassified, and the requester does not agree to deletion of non-responsive information without a FOIA exemption, release all non-responsive and responsive information which is not exempt. For non-responsive information that is exempt, notify the requester that even if the information were determined responsive, it would likely be exempt under (state appropriate exemption(s)). Advise the requester of the right to request this information under a separate FOIA request. The separate request shall be placed in the same location within the processing queue as the original request.

(3) If the responsive record is classified, and the requester does not agree to deletion of non-responsive information without a FOIA exemption, release all unclassified responsive and non-responsive information which is not exempt. If the non-responsive information is exempt, follow the procedures in paragraph (n)(2) of this section. The classified, non-responsive information need not be reviewed for declassification at this point. Advise the requester that even if the classified information were determined responsive, it would likely be exempt under 5 U.S.C. 552(b)(1), and other exemptions if appropriate. Advise the requester of the right to request this information under a separate FOIA request. The separate request shall be placed in the same location within the processing queue as the original request.

(o) *Honoring form or format requests.* DoD Components shall provide the record in any form or format requested by the requester if the record is readily reproducible in that form or format. DoD Components shall make reasonable efforts to maintain their records in forms or formats that are reproducible. In responding to requests for records, DoD Components shall make reasonable efforts to search for records in electronic form or format, except when such efforts would significantly interfere with the operation of the DoD Components' automated information system. Such determinations shall be made on a case by case basis. See also paragraph (g)(2) of this section.

[63 FR 65420, Nov. 25, 1998; 63 FR 67724, Dec. 8, 1998]

Subpart B—FOIA Reading Rooms

§ 286.7 Requirements.

(a) *Reading room.* Each DoD Component shall provide an appropriate facility or facilities where the public may inspect and copy or have copied the records described in paragraph (b) of this section and § 286.8(a). In addition to the records described in paragraph (b) of this section and § 286.8(a), DoD Components may elect to place other records in their reading room, and also make them electronically available to

the public. DoD Components may share reading room facilities if the public is not unduly inconvenienced, and also may establish decentralized reading rooms. When appropriate, the cost of copying may be imposed on the person requesting the material in accordance with the provisions of subpart F of this part.

(b) *Record availability*. The FOIA requires that records described in 5 U.S.C. 552(a)(2) (A), (B), (C), and (D) created on or after November 1, 1996, shall be made available electronically by November 1, 1997, as well as in hard copy in the FOIA reading room for inspection and copying, unless such records are published and copies are offered for sale. Personal privacy information, that if disclosed to a third party requester, would result in an invasion of the first party's personal privacy, and contractor submitted information, that if disclosed to a competing contractor, would result in competitive harm to the submitting contractor shall be deleted from all 5 U.S.C. 552(A)(2) records made available to the general public. In every case, justification for the deletion must be fully explained in writing, and the extent of such deletion shall be indicated on the record which is made publicly available, unless such indication would harm an interest protected by an exemption under which the deletion was made. If technically feasible, the extent of the deletion in electronic records or any other form of record shall be indicated at the place in the record where the deletion was made. However, a DoD Component may publish in the FEDERAL REGISTER a description of the basis upon which it will delete identifying details of particular types of records to avoid clearly unwarranted invasions of privacy, or competitive harm to business submitters. In appropriate cases, the DoD Component may refer to this description rather than write a separate justification for each deletion. 5 U.S.C. 552(a)(2) (A), (B), (C) and (D) records are:

(1) *(a)(2)(A) records*. Final opinions, including concurring and dissenting opinions, and orders made in the adjudication of cases, as defined in 5 U.S.C. 551, that may be cited, used, or relied upon as precedents in future adjudications.

(2) *(a)(2)(B) records*. Statements of policy and interpretations that have been adopted by the agency and are not published in the FEDERAL REGISTER.

(3) *(a)(2)(C) records*. Administrative staff manuals and instructions, or portions therefo, that establish DoD policy or interpretations of policy that affect a member of the public. This provision does not apply to instructions for employees on tactics and techniques to be used in performing their duties, or to instructions relating only to the internal management of the DoD Component. Examples of manuals and instructions not normally made available are:

(i) Those issued for audit, investigation, and inspection purposes, or those that prescribe operational tactics, standards of performance, or criterial for defense, prosecution, or settlement of cases.

(ii) Operations and maintenance manuals and technical information concerning munitions, equipment, systems, and intelligence activities.

(4) *(a)(2)(D) records*. Those 5 U.S.C. 552(a)(3) records, which because of the nature of the subject matter, have become or are likely to become the subject of subsequent requests for substantially the same records. These records are referred to as FOIA-processed (a)(2) records.

(i) DoD Components shall decide on a case by case basis whether records fall into this category, based on the following factors:

(A) Previous experience of the DoD Component with simular records.

(B) Particular circumstances of the records involved, including their nature and the type of information contained in them.

(C) The identify and number of requesters and whether there is widespread press, historic, or commercial interest in the records.

(ii) This provision is intended for situations where public access in a timely manner is important, and it is not intended to apply where there may be a limited number of requests over a short period of time from a few requesters. DoD Components may remove the records from this access medium when

the appropriate officials determine that access is no longer necessary.

(iii) Should a requester submit a FOIA request for FOIA-processed (a)(2) records, and insist that the request be processed, DoD Components shall process the FOIA request. However, DoD Components have no obligation to process a FOIA request for 5 U.S.C. 552(a)(2) (A), (B), and (C) records because these records are required to be made public and not FOIA-processed under paragraph (a)(3) of the FOIA.

§ 286.8 Indexes.

(a) *''(a)(2)'' materials.* (1) Each DoD Component shall maintain in each facility prescribed in § 286.7(a), an index of materials described in § 286.7(b) that are issued, adopted, or promulgated, after July 4, 1967. No ''(a) (2)'' materials issued, promulgated, or adopted after July 4, 1967, that are not indexed and either made available or published may be relied upon, used or cited as precedent against any individual unless such individual has actual and-timely notice of the contents of such materials. Such materials issued, promulgated, or adopted before July 4, 1967, need not be indexed, but must be made available upon request if not exempted under this part.

(2) Each DoD Component shall promptly publish quarterly or more frequently, and distribute, by sale or otherwise, copies of each index of ''(a)(2)'' materials or supplements thereto unless it publishes in the FEDERAL REGISTER an order containing a determination that publication is unnecessary and impracticable. A copy of each index or supplement not published shall be provided to a requester at a cost not to exceed the direct cost of duplication as set forth in subpart F of this part.

(3) Each index of ''(a)(2)'' materials or supplement thereto shall be arranged topical or by descriptive words rather than by case name or numbering system so that members of the public can readily locate material. Case name and numbering arrangements, however, may also be included for DoD Component convenience.

(4) A general index of FOIA-processed (a)(2) records referred to in § 286.7(b)(4), shall be made available to the public, both in hard copy and electronically by December 31, 1999.

(b) *Other materials.* (1) Any available index of DoD Component material published in the Federal Register, such as material required to be published by Section 552(a)(1) of the FOIA, shall be made available in DoD Component FOIA reading rooms, and electronically to the public.

(2) Although not required to be made available in response to FOIA requests or made available in FOIA Reading Rooms, ''(a)(1)'' materials shall, when feasible, be made available to the public in FOIA reading rooms for inspection and copying, and by electronic means. Examples of ''(a)(1)'' materials are: descriptions of any agency's central and field organization, and to the extent they affect the public, rules of procedures, descriptions of forms available, instruction as to the scope and contents of papers, reports, or examinations, and any amendment, revision, or report of the aforementioned.

Subpart C—Exemptions

§ 286.11 General provisions.

Records that meet the exemption criteria of the FOIA may be withheld from public disclosure and need not be published in the FEDERAL REGISTER, made available in a library reading room, or provided in response to a FOIA request.

§ 286.12 Exemptions.

The following types of records may be withheld in whole or in part from public disclosure under the FOIA, unless otherwise prescribed by law: A discretionary release of a record (see also § 286.4(e)) to one requester shall prevent the withholding of the same record under a FOIA exemption if the record is subsequently requested by someone else. However, a FOIA exemption may be invoked to withhold information that is similar or related that has been the subject of a discretionary release. In applying exemptions, the identity of the requester and the purpose for which the record is sought are irrelevant with the exception that an exemption may not be invoked where the particular interest to be protected is the requester's interest. However, if the

subject of the record is the requester for the record and the record is contained in a Privacy Act system of records, it may only be denied to the requester if withholding is both authorized by DoD 5400.11–R[4] and by a FOIA exemption.

(a) *Number 1 (5 U.S.C. 552(b)(1))*. Those properly and currently classified in the interest of national defense or foreign policy, as specifically authorized under the criteria established by Executive Order and implemented by regulations, such as DoD 5200.1–R.[5] Although material is not classified at the time of the FOIA request, a classification review may be undertaken to determine whether the information should be classified. The procedures in DoD 5200.1–R apply. If the information qualifies as exemption 1 information, there is no discretion regarding its release. In addition, this exemption shall be invoked when the following situations are apparent:

(1) The fact of the existence or nonexistence of a record would itself reveal classified information. In this situation, Components shall neither confirm nor deny the existence or nonexistence of the record being requested. A ''refusal to confirm or deny'' response must be used consistently, not only when a record exists, but also when a record does not exist. Otherwise, the pattern of using a ''no record'' response when a record does not exist, and a ''refusal to confirm or deny'' when a record does exist will itself disclose national security information.

(2) Compilations of items of information that are individually unclassified may be classified if the compiled information reveals additional association or relationship that meets the standard for classification under an existing executive order for classification and DoD 5200.R–1, and is not otherwise revealed in the individual items of information.

(b) *Number 2 (5 U.S.C. 552(b)(2))*. Those related solely to the internal personnel rules and practices of the Department of Defense or any of its Components. This exemption is entirely discretionary. This exemption has two profiles, high (b)(2) and low (b)(2). Paragraph (b)(2) of this section contains a brief discussion on the low (b)(2) profile; however, that discussion is for information purposes only. When only a minimum Government interest would be affected (administrative burden), there is a great potential for discretionary disclosure of the information. Consequently, DoD Components shall not invoke the low (b)(2) profile.

(1) Records qualifying under high (b)(2) are those containing or constituting statues, rules, regulations, orders, manuals, directives, instructions, and security classification guides, the release of which would allow circumvention of these records thereby substantially hindering the effective performance of a significant function of the Department of Defense. Examples include:

(i) Those operating rules, guidelines, and manuals for DoD investigators, inspectors, auditors, and examiners that must remain privileged in order for the DoD Component to fulfill a legal requirement.

(ii) Personnel and other administrative matters, such as examination questions and answers used in training courses or in the determination of the qualifications of candidates for employment, entrance on duty, advancement, or promotion.

(iii) Computer software, the release of which would allow circumvention of a statute or DoD rules, regulations, orders, manuals, directives, or instructions. In this situation, the use of the software must be closely examined to ensure a circumvention possibility exists.

(2) Records qualifying under the low (b)(2) profile are those that are trivial and housekeeping in nature for which there is no legitimate public interest or benefit to be gained by release, and it would constitute an administrative burden to process the request in order to disclose the records. Examples include rules of personnel's use of parking facilities or regulation of lunch hours, statements of policy as to sick leave, and administrative data such as file numbers, mail routing stamps, initials, data processing notations, brief

[4] See footnote 1 to § 286.1(a).

[5] See footnote 1 to § 286.1(a).

references to previous communications, and other like administrative markings. DoD Components shall not invoke the low (b)(2) profile.

(c) *Number 3 (5 U.S.C. 552(b)(3))*. Those concerning matters that a statute specifically exempts from disclosure by terms that permit no discretion on the issue, or in accordance with criteria established by that statute for withholding or referring to particular types of matters to be withheld. The Directorate for Freedom of Information and Security Review maintains a list of (b)(3) statutes used within the Department of Defense, and provides updated lists of these statutes to DoD Components on a periodic basis. A few examples of such statutes are:

(1) *Patent Secrecy, 35 U.S.C. 181–188*. Any records containing information relating to inventions that are the subject of patent applications on which Patent Secrecy Orders have been issued.

(2) Restricted Data and Formerly Restricted Data, 42 U.S.C. 2162.

(3) Communication Intelligence, 18 U.S.C. 798.

(4) Authority to Withhold From Public Disclosure Certain Technical Data, 10 U.S.C. 130 and DoD Directive 5230.25.[6]

(5) Confidentiality of Medical Quality Assurance Records: Qualified Immunity for Participants, 10 U.S.C. 1102f.

(6) Physical Protection of Special Nuclear Material: Limitation on Dissemination of Unclassified Information, 10 U.S.C. 128.

(7) Protection of Intelligence Sources and Methods, 50 U.S.C. 403–3(c)(6).

(8) Protection of Contractor Submitted Proposals, 10 U.S.C. 2305(g).

(9) Procurement Integrity, 41 U.S.C. 423.

(d) *Number 4 (5 U.S.C. 552(b)(4))*. Those containing trade secrets or commercial or financial information that a DoD Component receives from a person or organization outside the Government with the understanding that the information or record will be retained on a privileged or confidential basis in accordance with the customary handling of such records. Records within the exemption must contain trade secrets, or commercial or financial records, the disclosure of which is likely to cause substantial harm to the competitive position of the source providing the information; impair the Government's ability to obtain necessary information in the future; or impair some other legitimate Government interest. Commercial or financial information submitted on a voluntary basis, absent any exercised authority prescribing criteria for submission is protected without any requirement to show competitive harm (see paragraph (d)(8) of this section). If the information qualifies as exemption 4 information, there is no discretion in its release. Examples include:

(1) Commercial or financial information received in confidence in connection with loans, bids, contracts, or proposals set forth in or incorporated by reference in a contract entered into between the DoD Component and the offeror that submitted the proposal, as well as other information received in confidence or privileged, such as trade secrets, inventions, discoveries, or other proprietary data. See also §286.23(h)(2) of this part. Additionally, when the provisions of 10 U.S.C. 2305(g), and 41 U.S.C. 423 are met, certain proprietary and source selection information may be withheld under exemption 3.

(2) Statistical data and commercial or financial information concerning contract performance, income, profits, losses, and expenditures, if offered and received in confidence from a contractor or potential contractor.

(3) Personal statements given in the course of inspections, investigations, or audits, when such statements are received in confidence from the individual and retained in confidence because they reveal trade secrets or commercial or financial information normally considered confidential or privileged.

(4) Financial data provided in confidence by private employers in connection with locality wage surveys that are used to fix and adjust pay schedules applicable to the prevailing wage rate of employees within the Department of Defense.

(5) Scientific and manufacturing processes or developments concerning

[6] See footnote 1 to §286.1(a).

technical or scientific data or other information submitted with an application for a research grant, or with a report while research is in progress.

(6) Technical or scientific data developed by a contractor or subcontractor exclusively at private expense, and technical or scientific data developed in part with Federal funds and in part at private expense, wherein the contractor or subcontractor has retained legitimate proprietary interests in such data in accordance with 10 U.S.C. 2320–2321 and DoD Federal Acquisition Regulation Supplement (DFARS), Chapter 2 of 48 CFR, Subpart 227.71–227.72. Technical data developed exclusively with Federal funds may be withheld under Exemption Number 3 if it meets the criteria of 10 U.S.C. 130 and DoD Directive 5230.25 (see paragraph (c)(4) of this section).

(7) Computer software which is copyrighted under the Copyright Act of 1976 (17 U.S.C. 106), the disclosure of which would have an adverse impact on the potential market value of a copyrighted work.

(8) Proprietary information submitted strictly on a voluntary basis, absent any exercised authority prescribing criteria for submission. Examples of exercised authorities prescribing criteria for submission are statutes, Executive Orders, regulations, invitations for bids, requests for proposals, and contracts. Submission of information under these authorities is not voluntary. (See also § 286.23(h)(3).)

(e) *Number 5 (5 U.S.C. 552(b)(5))*. Those containing information considered privileged in litigation, primarily under the deliberative process privilege. Except as provided in paragraphs (e)(2) through (e)(5) of this section, internal advice, recommendations, and subjective evaluations, as contrasted with factual matters, that are reflected in deliberative records pertaining to the decision-making process of an agency, whether within or among agencies (as defined in 5 U.S.C. 552(e)), or within or among DoD Components. In order to meet the test of this exemption, the record must be both deliberative in nature, as well as part of a decision-making process. Merely being an internal record is insufficient basis for withholding under this exemption. Also potentially exempted are records pertaining to the attorney-client privilege and the attorney work-product privilege. This exemption is entirely discretionary.

(1) Examples of the deliberative process include:

(i) The non factual portions of staff papers, to include after-action reports, lessons learned, and situation reports containing staff evaluations, advice, opinions, or suggestions.

(ii) Advice, suggestions, or evaluations prepared on behalf of the Department of Defense by individual consultants or by boards, committees, councils, groups, panels, conferences, commissions, task forces, or other similar groups that are formed for the purpose of obtaining advice and recommendations.

(iii) Those non factual portions of evaluations by DoD Component personnel of contractors and their products.

(iv) Information of a speculative, tentative, or evaluative nature or such matters as proposed plans to procure, lease or otherwise acquire and dispose of materials, real estate, facilities or functions, when such information would provide undue or unfair competitive advantage to private personal interests or would impede legitimate government functions.

(v) Trade secret or other confidential research development, or commercial information owned by the Government, where premature release is likely to affect the Government's negotiating position or other commercial interest.

(vi) Those portions of official reports of inspection, reports of the Inspector General, audits, investigations, or surveys pertaining to safety, security, or the internal management, administration, or operation of one or more DoD Components, when these records have traditionally been treated by the courts as privileged against disclosure in litigation.

(vii) Planning, programming, and budgetary information that is involved in the defense planning and resource allocation process.

(2) If any such intra- or inter-agency record or reasonably segregable portion of such record hypothetically would be made available routinely through the

discovery process in the course of litigation with the Agency, then it should not be withheld under the FOIA. If, however, the information hypothetically would not be released at all, or would only be released in a particular case during civil discovery where a party's particularized showing of need might override a privilege, then the record may be withheld. Discovery is the formal process by which litigants obtain information from each other for use in the litigation. Consult with legal counsel to determine whether exemption 5 material would be routinely made available through the discovery process.

(3) Intra- or inter-agency memoranda or letters that are factual, or those reasonably segregable portions that are factual, are routinely made available through discovery, and shall be made available to a requester, unless the factual material is otherwise exempt from release, inextricably intertwined with the exempt information, so fragmented as to be uninformative, or so redundant of information already available to the requester as to provide no new substantive information.

(4) A direction or order from a superior to a subordinate, though contained in an internal communication, generally cannot be withheld from a requester if it constitutes policy guidance or a decision, as distinguished from a discussion of preliminary matters or a request for information or advice that would compromise the decision-making process.

(5) An internal communication concerning a decision that subsequently has been made a matter of public record must be made available to a requester when the rationale for the decision is expressly adopted or incorporately by reference in the record containing the decision.

(f) *Number 6 (5 U.S.C. 552(b)(6))*. Information in personnel and medical files, as well as similar personal information in other files, that, if disclosed to a requester, other than the person about whom the information is about, would result in a clearly unwarranted invasion of personal privacy. Release of information about an individual contained in a Privacy Act System of records that would constitute a clearly unwarranted invasion of privacy is prohibited, and could subject the releaser to civil and criminal penalties. If the information qualifies as exemption 6 information, there is no discretion in its release.

(1) Examples of other files containing personal information similar to that contained in personnel and medical files include:

(i) Those compiled to evaluate or adjudicate the suitability of candidates for civilian employment or membership in the Armed Forces, and the eligibility of individuals (civilian, military, or contractor employees) for security clearances, or for access to particularly sensitive classified information.

(ii) Files containing reports, records, and other material pertaining to personnel matters in which administrative action, including disciplinary action, may be taken.

(2) Home addresses, including private e-mail addresses, are normally not releasable without the consent of the individuals concerned. This includes lists of home addresses and military quarters' addresses without the occupant's name. Additionally, the names and duty addresses (postal and/or e-mail) of DoD military and civilian personnel who are assigned to units that are sensitive, routinely deployable, or stationed in foreign territories can constitute a clearly unwarranted invasion of personal privacy.

(i) *Privacy interest.* A privacy interest may exist in personal information even though the information has been disclosed at some place and time. If personal information is not freely available from sources other than the Federal Government, a privacy interest exists in its nondisclosure. The fact that the Federal Government expended funds to prepare, index and maintain records on personal information, and the fact that a requester invokes FOIA to obtain these records indicates the information is not freely available.

(ii) Names and duty addresses (postal and/or e-mail) published in telephone

directories, organizational charts, rosters and similar materials for personnel assigned to units that are sensitive, routinely deployable, or stationed in foreign territories are withholdable under this exemption.

(3) This exemption shall not be used in an attempt to protect the privacy of a deceased person, but it may be used to protect the privacy of the deceased person's family if disclosure would rekindle grief, anguish, pain, embarrassment, or even disruption of peace of mind of surviving family members. In such situations, balance the surviving family members' privacy against the public's right to know to determine if disclosure is in the public interest. Additionally, the deceased's social security number should be withheld since it is used by the next of kin to receive benefits. Disclosures may be made to the immediate next of kin as defined in DoD Directive 5154.24.[7]

(4) A clearly unwarranted invasion of the privacy of third parties identified in a personnel, medical or similar record constitutes a basis for deleting those reasonably segregable portions of that record. When withholding third party personal information from the subject of the record and the record is contained in a Privacy Act system of records, consult with legal counsel.

(5) This exemption also applies when the fact of the existence or nonexistence of a responsive record would itself reveal personally private information, and the public interest in disclosure is not sufficient to outweigh the privacy interest. In this situation, DoD Components shall neither confirm nor deny the existence or nonexistence of the record being requested. This is a Glomar response, and exemption 6 must be cited in the response. Additionally, in order to insure personal privacy is not violated during referrals, DoD Components shall coordinate with other DoD Components or Federal Agencies before referring a record that is exempt under the Glomar concept.

(i) A ''refusal to confirm or deny'' response must be used consistently, not only when a record exists, but also when a record does not exist. Otherwise, the pattern of using a ''no records'' response when a record does not exist and a ''refusal to confirm or deny'' when a record does exist will itself disclose personally private information.

(ii) Refusal to confirm or deny should not be used when:

(A) The person whose personal privacy is in jeopardy has provided the requester a waiver of his or her privacy rights.

(B) The person initiated or directly participated in an investigation that lead to the creation of any agency record seeks access to that record.

(C) The person whose personal privacy is in jeopardy is deceased, the Agency is aware of that fact, and disclosure would not invade the privacy of the deceased's family. See paragraph (f)(3) of this section.

(g) *Number 7 (5 U.S.C. 552(b)(7)).* Records or information complied for law enforcement purposes; i.e., civil, criminal, or military law, including the implementation of Executive orders or regulations issued pursuant to law. This exemption may be invoked to prevent disclosure of documents not originally created for, but later gathered for law enforcement purposes. With the exception of parts (C) and (F) (see paragraph (g)(1)(iii) of this section) of this exemption, this exemption is discretionary. If information qualifies as exemption (7)(C) or (7)(F) (see paragraph (g)(1)(iii) of this section) information, there is no discretion in its release.

(1) This exemption applies, however, only to the extent that production of such law enforcement records or information could result in the following:

(i) Could reasonably be expected to interfere with enforcement proceedings (5 U.S.C. 552(b)(7)(A)).

(ii) Would deprive a person of the right to a fair trial or to an impartial adjudication (5 U.S.C. 552(b)(7)(B)).

(iii) Could reasonably be expected to constitute an unwarranted invasion of personal privacy of a living person, including surviving family members of an individual identified in such a record (5 U.S.C. 552(b)(7)(C)).

(A) this exemption also applies when the fact of the existence or nonexistence of a responsive record would itself reveal personally private information,

[7] See footnote 1 to § 286.1(a).

and the public interest in disclosure is not sufficient to outweigh the privacy interest. In this situation, Components shall neither confirm nor deny the existence or nonexistence of the record being requested. This a Glomar response, and exemption (7)(C) must be cited in the response. Additionally, in order to insure personal privacy is not violated during referrals, DoD Components shall coordinate with other DoD Components or Federal Agencies before referring a record that is exempt under the Glomar concept.

(B) A ''refusal to confirm or deny'' response must be used consistently, not only when a record exists, but also when a record does not exist. Otherwise, the pattern of using a ''no records'' response when a record does not exist and a ''refusal to confirm or deny'' when a record does exist will itself disclose personally private information.

(C) Refusal to confirm or deny should not be used when:

(*1*) The person whose personal privacy is in jeopardy has provided the requester with a waiver of his or her privacy rights.

(*2*) The person whose personal privacy is in jeopardy is deceased, and the Agency is aware of that fact.

(D) Could reasonably be expected to disclose the identity of a confidential source, including a source within the Department of Defense; a State, local, or foreign agency or authority; or any private institution that furnishes the information on a confidential basis; and could disclose information furnished from a confidential source and obtained by a criminal law enforcement authority in a criminal investigation or by an agency conducting a lawful national security intelligence investigation (5 U.S.C. 552(b)(7)(D)).

(E) Would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law (5 U.S.C. 552(b)(7)(E)).

(F) Could reasonably be expected to endanger the life or physical safety of any individual (5 U.S.C. 552(b)(7)(F)).

(2) Some examples of exemption 7 are:

(i) Statements of witnesses and other material developed during the course of the investigation and all materials prepared in connection with related Government litigation or adjudicative proceedings.

(ii) The identify of firms or individuals being investigated for alleged irregularities involving contracting with the Department of Defense when no indictment has been obtained nor any civil action filed against them by the United States.

(iii) Information obtained in confidence, expressed or implied, in the course of a criminal investigation by a criminal law enforcement agency or office within a DoD Component, or a lawful national security intelligence investigation conducted by an authorized agency or office with a DoD Component. National security intelligence investigations include background security investigations and those investigations conducted for the purpose of obtaining affirmative or counterintelligence information.

(3) The right of individual litigants to investigative records currently available by law (such as, the Jencks Act, 18 U.S.C. 3500)) is not diminished.

(4) *Exclusions.* Excluded from exemption 7 are the following two situations applicable to the Department of Defense. (Components considering invoking an exclusion should first consult with the Department of Justice, Office of Information and Privacy.):

(i) Whenever a request is made that involves access to records or information compiled for law enforcement purposes, and the investigation or proceeding involves a possible violation of criminal law where there is reason to believe that the subject of the investigation or proceeding is unaware of its pendency, and the disclosure of the existence of the records could reasonably be expected to interfere with enforcement proceedings, Components may, during only such times as that circumstances continues, treat the records of information as not subject to the FOIA. In such situation, the response to the requester will state that no records were found.

(ii) Whenever informant records maintained by a criminal law enforcement organization within a DoD Component under the informant's name or personal identifier are requested by a third party using the informant's name or personal identifier, the Component may treat the records as not subject to the FOIA, unless the informant's status as an informant has been officially confirmed. If it is determined that the records are not subject to 5 U.S.C. 552(b)(7), the response to the request will state that no records were found.

(h) *Number 8 (U.S.C. 552 (b)(8))*. Those contained in or related to examination, operation or condition reports prepared by, on behalf of, or for the use of any agency responsible for the regulation or supervision of financial institutions.

(i) *Number 9 (5 U.S.C. 552(b)(9))*. Those containing geological and geophysical information and data (including maps) concerning wells.

Subpart D [Reserved]

Subpart E—Release and Processing Procedures

§ 286.22 General provisions.

(a) *Public information*. (1) Since the policy of the Department of Defense is to make the maximum amount of information available to the public consistent with its other responsibilities, written requests for a DoD record made under the provisions of 5 U.S.C. 552(a)(3) of the FOIA may be denied only when:

(i) Disclosure would result in a foreseeable harm to an interest protected by a FOIA exemption, and the record is subject to one or more of the exemptions of FOIA.

(ii) The record has not been described well enough to enable the DoD Component to locate it with a reasonable amount of effort by an employee familiar with the files.

(iii) The requester has failed to comply with the procedural requirements, including the written agreement to pay or payment of any required fee imposed by the instructions of the DoD Component concerned. When personally identifiable information in a record is requested by the subject of the record or the subject's attorney, notarization of the request, or a statement certifying under the penalty of perjury that their identity is true and correct may be required. Additionally, written consent of the subject of the record is required for disclosure from a Privacy Act System of records, even to the subject's attorney.

(2) Individuals seeking DoD information should address their FOIA requests to one of the addresses listed in appendix B of this part.

(b) *Requests from private parties*. The provisions of the FOIA are reserved for persons with private interest as opposed to U.S. Federal Agencies seeking official information. Requests from private persons will be made in writing, and should clearly show all other addressees within the Federal Government to which the request was also sent. This procedure will reduce processing time requirements, and ensure better inter- and intra-agency coordination. However, if the requester does not show all other addressees to which the request was also sent, DoD Components shall still process the request. DoD Components should encourage requesters to send requests by mail, facsimile, or by electronic means. Disclosure of records to individuals under the FOIA is considered public release of information, except as provided for in § 286.4(f) and § 286.12.

(c) *Requests from government officials*. Requests from officials of State or local Governments for DoD Component records shall be considered the same as any other requester. Requests from members of Congress not seeking records on behalf of a Congressional Committee, Subcommittee, either House sitting as a whole, or made on behalf of their constituents shall be considered the same as any other requester (see also § 286.4(f) and paragraph (d) of this section). Requests from officials of foreign governments shall be considered the same as any other requester. Requests from officials of foreign governments that do not invoke the FOIA shall be referred to appropriate foreign disclosure channels and the requester so notified.

(d) *Privileged release outside of the FOIA to U.S. Government officials*. (1) Records exempt from release to the

public under the FOIA may be disclosed in accordance with DoD Component regulations to agencies of the Federal Government, whether legislative, executive, or administrative, as follows:

(i) In response to a request of a Committee or Subcommittee of Congress, or to either House sitting as a whole in accordance with DoD Directive 5400.4.

(ii) To other Federal Agencies, both executive and administrative, as determined by the head of a DoD Component or designee.

(iii) In response to an order of a Federal court, DoD Components shall release information along with a description of the restrictions on its release to the public.

(2) DoD Components shall inform officials receiving records under the provisions of this paragraph that those records are exempt from public release under the FOIA. DoD Components also shall advise officials of any special handling instructions. Classified information is subject to the provisions of DoD 5200.1–R, and information contained in Privacy Act systems of records is subject to DoD 5400.11–R.

(e) *Consultation with affected DoD component.* (1) When a DoD Component receives a FOIA request for a record in which an affected DoD organization (including a Combatant Command) has a clear and substantial interest in the subject matter, consultation with that affected DoD organization is required. As an example, where a DoD Component receives a request for records related to DoD operations in a foreign country, the cognizant Combatant Command for the area involved in the request shall be consulted before a release is made. Consultations may be telephonic, electronic, or in hard copy.

(2) The affected DoD Component shall review the circumstances of the request for host-nation relations, and provide, where appropriate, FOIA processing assistance to the responding DoD Component regarding release of information. Responding DoD Components shall provide copies of responsive records to the affected DoD Component when requested by the affected DoD Component. The affected DoD Component shall receive a courtesy copy of all releases in such circumstances.

(3) Nothing in paragraphs (e)(1) and (e)(2) of this section shall impede the processing of the FOIA request initially received by a DoD Component.

§ 286.23 Initial determinations.

(a) *Initial denial authority.* (1) Components shall limit the number of IDAs appointed. In designating its IDAs, a DoD Component shall balance the goals of centralization of authority to promote uniform decisions and decentralization to facilitate responding the each request within the time limitations of the FOIA.

(2) The initial determination whether to make a record available upon request may be made by any suitable official designated by the DoD Component in published regulations. The presence of the marking ''For Official Use Only'' does not relieve the designated official of the responsibility to review the requested record for the purpose of determining whether an exemption under the FOIA is applicable.

(3) The officials designated by DoD Components to make initial determinations should consult with public affairs officers (PAOs) to become familiar with subject matter that is considered to be newsworthy, and advise PAOs of all requests from news media representatives. In addition, the officials should inform PAOs in advance when they intend to withhold or partially withhold a record, if it appears that the withholding action may be challenged in the media.

(b) *Reasons for not releasing a record.* The following are reasons for not complying with a request for a record under 5 U.S.C. 552(a)(3):

(1) *No records.* A reasonable search of files failed to identify responsive records.

(2) *Referrals.* The request is transferred to another DoD Component, or to another Federal Agency.

(3) *Request withdrawn.* The request is withdrawn by the requester.

(4) *Fee-related reason.* The requester is unwilling to pay fees associated with a request; the requester is past due in the payment of fees from a previous FOIA request; or the requester disagrees with the fee estimate.

(5) *Records not reasonably described.* A record has not been described with sufficient particularity to enable the DoD Component to locate it by conducting a reasonable search.

(6) *Not a proper FOIA request for some other reason.* The requester has failed unreasonably to comply with procedural requirements, other than fee-related, imposed by this part or DoD Component supplementing regulations.

(7) *Not an agency record.* The information requested is not a record within the meaning of the FOIA and this part.

(8) *Duplicate request.* The request is a duplicate request (e.g., a requester asks for the same information more than once). This includes identical requests received via different means (e.g., electronic mail, facsimile, mail, courier) at the same or different times.

(9) *Other (specify).* Any other reason a requester does not comply with published rules other than those outlined paragraphs (b)(1) through (b)(8) of this section.

(10) *Partial or total denial.* The record is denied in whole or in part in accordance with procedures set forth in the FOIA.

(c) *Denial tests.* To deny a requested record that is in the possession and control of a DoD Component, it must be determined that disclosure of the record would result in a foreseeable harm to an interest protected by a FOIA exemption, and the record is exempt under one or more of the exemptions of the FOIA. An outline of the FOIA's exemptions is contained in subpart C of this part.

(d) *Reasonably segregable portions.* Although portions of some records may be denied, the remaining reasonably segregable portions must be released to the requester when it reasonably can be assumed that a skillful and knowledgeable person could not reconstruct the excised information. Unless indicating the extent of the deletion would harm an interest protected by an exemption, the amount of deleted information shall be indicated on the released portion of paper records by use of brackets or darkened areas indicating removal of information. In no case shall the deleted areas be left ''white'' without the use of brackets to show the bounds of deleted information. In the case of electronic deletion, or deletion in audiovisual or microfiche records, if technically feasible, the amount of redacted information shall be indicated at the place in the record such deletion was made, unless including the indication would harm an interest protected by the exemption under which the deletion is made. This may be done by use of brackets, shaded areas, or some other identifiable technique that will clearly show the limits of the deleted information. When a record is denied in whole, the responsive advising the requester of that determination will specifically state that it is not reasonable to segregate portions of the record for release.

(e) *Response to requester.* (1) Whenever possible, initial determinations to release or deny a record normally shall be made and the decision reported to the requester within 20 working days after receipt of the request by the official designated to respond. When a DoD Component has a significant number of pending requests which prevent a response determination within the 20 working day period, the requester shall be so notified in an interim response, and advised whether their request qualifies for the fast track or slow track within the DoD Components' multitrack processing system. Requesters who do not meet the criteria for fast track processing shall be given the opportunity to limit the scope of their request in order to qualify for fast track processing. See also § 286.4(d)(2), for greater detail on multitrack processing and compelling need meriting expedited processing.

(2) When a decision is made to release a record, a copy should be made available promptly to the requester once he has complied with preliminary procedural requirements.

(3) When a request for a record is denied in whole or in part, the official designated to respond shall inform the requester in writing of the name and title or position of the official who made the determination, and shall explain to the requester the basis for the determination in sufficient detail to permit the requester to make a decision concerning appeal. The requester specifically shall be informed of the exemptions on which the denial is based,

inclusive of a brief statement describing what the exemption(s) cover. When the initial denial is based in whole or in part on a security classification, the explanation should include a summary of the applicable Executive Order criteria for classification, as well as an explanation, to the extent reasonably feasible, of how those criteria apply to the particular record in question. The requester shall also be advised of the opportunity and procedures for appealing an unfavorable determination to a higher final authority within the DoD Component.

(4) The final response to the requester should contain information concerning the fee status of the request, consistent with the provisions of subpart F of this part. When a requester is assessed fees for processing a request, the requester's fee category shall be specified in the response letter. Components also shall provide the requester with a complete cost breakdown (e.g., 15 pages of office reproduction at $0.15 per page; 5 minutes of computer search time at $43.50 per minute, 2 hours of professional level search at $25 per hour, etc.) in the response letter.

(5) The explanation of the substantive basis for a denial shall include specific citation of the statutory exemption applied under provisions of this part; e.g., 5 U.S.C. 552(b)(1). Merely referring to a classification; to a ''For Official Use Only'' marking on the requested record; or to this part or a DoD Component's regulation does not constitute a proper citation or explanation of the basis for invoking an exemption.

(6) When the time for response becomes an issue, the official responsible for replying shall acknowledge to the requester the date of the receipt of the request.

(7) When denying a request for records, in whole or in a part, a DoD Component shall make a reasonable effort to estimate the volume of the records denied and provide this estimate to the requester, unless providing such an estimate would harm an interest protected by an exemption of the FOIA. This estimate should be in number of pages or in some other reasonable form of estimation, unless the volume is otherwise indicated through deletions on records disclosed in part.

(8) When denying a request for records in accordance with a statute qualifying as a FOIA exemption 3 statute, DoD Components shall, in addition to sitting the particular statute relied upon to deny the information, also state whether a court has upheld the decision to withhold the information under the particular statute, and a concise description of the scope of the information being withheld.

(f) *Extension of time.* (1) In unusual circumstances, when additional time is needed to respond to the initial request, the DoD Component shall acknowledge the request in writing the 20 day period, describe the circumstances requiring the delay, and indicate the anticipated date for a substantive response that may not exceed 10 additional working days, except as follows:

(2) With respect to a request for which a written notice has extended the time limits by 10 additional working days, and the Component determines that it cannot make a response determination within that additional 10 working day period, the requester shall be notified and provided an opportunity to limit the scope of the request so that it may be processed within the extended time limit, or an opportunity to arrange an alternative time frame for processing the request or a modified request. Refusal by the requester to reasonably modify the request or arrange for an alternative time frame shall be considered a factor in determining whether exceptional circumstances exist with respect to DoD Components' request backlogs. Exceptional circumstances do not include a delay that results from predictable component backlogs, unless the DoD Component demonstrates reasonable progress in reducing its backlog.

(3) Unusual circumstances that may justify delay are:

(i) The need to search for and collect the requested records from other facilities that are separate from the office determined responsible for a release or denial decision on the requested information.

(ii) The need to search for, collect, and appropriately examine a voluminous amount of separate and distinct

records which are requested in a single request.

(iii) The need for consultation, which shall be conducted with all practicable speed, with other agencies having a substantial interest in the determination of the request, or among two or more DoD Components having a substantial subject-matter interest in the request.

(4) DoD Components may aggregate certain requests by the same requester, or by a group of requesters acting in concert, if the DoD Component reasonably believes that such requests actually constitute a single request, which would otherwise satisfy the unusual circumstances set forth in paragraph (f)(3) of this section, and the requests involve clearly related matters. Multiple requests involving unrelated matters shall not be aggregated. If the requests are aggregated under these conditions, the requester or requesters shall be so notified.

(5) In cases where the statutory time limits cannot be met and no informal extension of time has been agreed to, the inability to process any part of the request within the specified time should be explained to the requester with a request that he agree to await a substantive response by an anticipated date. If should be made clear that any such agreement does not prejudice the right of the requester to appeal the initial decision after it is made. DoD Components are reminded that the requester still retains the right to treat this delay as a de facto denial with full administrative remedies.

(6) As an alternative to the taking of formal extensions of time as described in §286.23(f), the negotiation by the cognizant FOIA coordinating office of informal extensions in time with requesters is encouraged where appropriate.

(g) *Misdirected requests.* Misdirected requests shall be forwarded promptly to the DoD Component or other Federal Agency with the responsibility for the records requested. The period allowed for responding to the request misdirected by the requester shall not begin until the request is received by the DoD Component that manages the records requested.

(h) *Records of non-U.S. government source.* (1) When a request is received for a record that falls under exemption 4 (see §286.12(d)), that was obtained from a non-U.S. Government source, or for a record containing information clearly identified as having been provided by a non-U.S. Government source, the source of the record or information (also known as ''the submitter'' for matters pertaining to proprietary data under 5 U.S.C. 552, Exemption (b)(4)) (§286.12(d), this part and E.O. 12600 (3 CFR, 1987 Comp., p. 235)) shall be notified promptly of that request and afforded reasonable time (e.g., 30 calendar days) to present any objections concerning the release, unless it is clear that there can be no valid basis for objection. This practice is required for those FOIA requests for data not deemed clearly exempt from disclosure under exemption (b)(4) of 5 U.S.C. 552. If, for example, the record or information was provided with actual or presumptive knowledge of the non-U.S. Government source and established that it would be made available to the public upon request, there is no obligation to notify the source. Any objections shall be evaluated. The final decision to disclose information claimed to be exempt under exemption (b)(4) shall be made by an official equivalent in rank to the official who would make the decision to withhold that information under the FOIA. When a substantial issue has been raised, the DoD Component may seek additional information from the source of the information and afford the source and requester reasonable opportunities to present their arguments on the legal and substantive issues involved prior to making an agency determination. When the source advises it will seek a restraining order or take court action to prevent release of the record or information, the requester shall be notified, and action on the request normally shall not be taken until after the outcome of that court action is known. When the requester brings court action to compel disclosure, the submitter shall be promptly notified of this action.

(2) If the submitted information is a proposal in response to a solicitation

for a competitive proposal, and the proposal is in the possession and control of DoD, and meets the requirements of 10 U.S.C. 2305(g), the proposal shall not be disclosed, and no submitter notification and subsequent analysis is required. The proposal shall be withheld from public disclosure pursuant to 10 U.S.C. 2305(g) and exemption (b)(3) of 5 U.S.C. 552. This statute does not apply to bids, unsolicited proposals, or any proposal that is set forth or incorporated by reference in a contract between a DoD Component and the offeror that submitted the proposal. In such situations, normal submitter notice shall be conducted in accordance with paragraph (h)(1) of this section, except for sealed bids that are opened and read to the public. The term proposal means information contained in or originating from any proposal, including a technical, management, or cost proposal submitted by an offeror in response to solicitation for a competitive proposal, but does not include an offeror's name or total price or unit prices when set forth in a record other than the proposal itself. Submitter notice, and analysis as appropriate, are required for exemption (b)(4) matters that are not specifically incorporated in 10 U.S.C. 2305(g).

(3) If the record or information was submitted on a strictly voluntary basis, absent any exercised authority that prescribes criteria for submission, and after consultation with the submitter, it is absolutely clear that the record or information would customarily not be released to the public, the submitter need not be notified. Examples of exercised authorities prescribing criteria for submission are statutes, Executive Orders, regulations, invitations for bids, requests for proposals, and contracts. Records or information submitted under these authorities are not voluntary in nature. When it is not clear whether the information was submitted on a voluntary basis, absent any exercised authority, and whether it would customarily be released to the public by the submitter, notify the submitter and ask that it describe its treatment of the information, and render an objective evaluation. If the decision is made to release the information over the objection of the submitter, notify the submitter and afford the necessary time to allow the submitter to seek a restraining order, or take court action to prevent release of the record or information.

(4) The coordination provisions of this paragraph also apply to any non-U.S. Government record in the possession and control of the DoD from multi-national organizations, such as the North Atlantic Treaty Organization (NATO), United Nations Commands, the North American Aerospace Defense Command (NORAD), the Inter-American Defense Board, or foreign governments. Coordination with foreign governments under the provisions of this paragraph may be made through Department of State, or the specific foreign embassy.

(i) *File of initial denials.* Copies of all initial denials shall be maintained by each DoD Component in a form suitable for rapid retrieval, periodic statistical compilation, and management evaluation. Records denied for any of the reasons contained in paragraph (b) of this section shall be maintained for a period of six years to meet the statute of limitations requirement.

(j) *Special mail services.* Components are authorized to use registered mail, certified mail, certificates of mailing and return receipts. However, their use should be limited to instances where it appears advisable to establish proof of dispatch or receipt of FOIA correspondence. The requester shall be notified that they are responsible for the full costs of special services.

(k) *Receipt accounts.* The Treasurer of the United States has established two accounts for FOIA receipts, and all money orders or checks remitting FOIA fees should be made payable to the U.S. Treasurer. These accounts, which are described in paragraphs (k)(1) and (k)(2) of this section shall be used for depositing all FOIA receipts, except receipts for Working Capital and non appropriated funded activities. Components are reminded that the below account numbers must be preceded by the appropriate disbursing office two digit prefix. Working Capital and non appropriated funded activity FOIA receipts shall be deposited to the applicable fund.

(1) *Receipt account 3210 sale of publications and reproductions, Freedom of Information Act*. This account shall be used when depositing funds received from providing existing publications and forms that meet the Receipt Account Series description found in Federal Account Symbols and Titles.

(2) *Receipt account 3210 fees and other charges for services, Freedom of Information Act*. This account is used to deposit search fees, fees for duplicating and reviewing (in the case of commercial requesters) records to satisfy requests that could not be filled with existing publications or forms.

§ 286.24 Appeals.

(a) *General*. If the official designated DoD Component to make initial determinations on requests for records declines to provide a record because the official considers it exempt under one or more of the exemptions of the FOIA, that decision may be appealed by the requester, in writing, to a designated appellate authority. The appeal should be accompanied by a copy of the letter denying the initial request. Such appeals should contain the basis for disagreement with the initial refusal. Appeal procedures also apply to the disapproval of a fee category claim by a requester, disapproval of a request for waiver or reduction of fees, disputes regarding fee estimates, review on an expedited basis a determination not to grant expedited access to agency records, for no record determinations when the requester considers such responses adverse in nature, not providing a response determination to a FOIA request within the statutory time limits, or *any* determination found to be adverse in nature by the requester. When denials have been made under the provisions of the Privacy Act and the FOIA, and the denied information is contained in a Privacy Act system of records, appeals shall be processed under both the Privacy Act and the FOIA. If the denied information is not maintained in a Privacy Act system of records, the appeal shall be processed under the FOIA. Appeals of Office of the Secretary of Defense and Chairman of the Joint Chiefs of Staff determinations may be sent to the address in appendix B of this part. If a request is merely misaddressed, and the receiving DoD Component simply advises the requester of such and refers the request to the appropriate DoD Component, this shall not be considered a no record determination.

(b) *Time of receipt*. A FOIA appeal has been received by a DoD Component when it reaches the office of an appellate authority having jurisdiction. Misdirected appeals should be referred expeditiously to the proper appellate authority.

(c) *Time limits*. (1) The requester shall be advised to file an appeal so that it is postmarked no later than 60 calendar days after the date of the initial denial letter. If no appeal is received, or if the appeal is postmarked after the conclusion of this 60-day period, the appeal may be considered closed. However, exceptions to the above may be considered on a case by case basis. In cases where the requester is provided several incremental determinations for a single request, the time for the appeal shall not begin until the date of the final response. Records that are denied shall be retained for a period of six years to meet the statute of limitations requirement.

(2) Final determinations on appeals normally shall be made within 20 working days after receipt. When a DoD Component has a significant number of appeals preventing a response determination within 20 working days, the appeals shall be processed in a multitrack processing system, based at a minimum, on the three processing tracks established for initial requests. See § 286.4(d) of this part. All of the provisions of § 286.4(d) apply also to appeals of initial determinations, to include establishing additional processing queues as needed.

(d) *Delay in responding to an appeal*. (1) If additional time is needed due to the unusual circumstances described in § 286.23(f), the final decision may be delayed for the number of working days (not to exceed 10), that were not used as additional time for responding to the initial request.

(2) If a determination cannot be made and the requester notified within 20 working days, the appellate authority shall acknowledge to the requester, in

writing, the date of receipt of the appeal, the circumstances surrounding the delay, and the anticipated date for substantive response. Requesters shall be advised that, if the delay exceeds the statutory extension provision or is for reasons other than the unusual circumstances identified in § 286.23(f), they may consider their administrative remedies exhausted. They may, however, without prejudicing their right of judicial remedy, await a substantiative response. The DoD component shall continue to process the case expeditiously.

(e) *Response to the requester.* (1) When an appellate authority makes a final determination to release all or a portion of records withheld by an IDA, a written response and a copy of the records so released should be forwarded promptly to the requester after compliance with any preliminary procedural requirements, such as payment of fees.

(2) Final refusal of an appeal must be made in writing by the appellate authority or by a designated representative. The response, at a minimum, shall include the following:

(i) The basis for the refusal shall be explained to the requester in writing, both with regard to the applicable statutory exemption or exemptions invoked under provisions of the FOIA, and with respect to other appeal matters as set forth in paragraph (a) of this section.

(ii) When the final refusal is based in whole or in part on a security classification, the explanation shall include a determination that the record meets the cited criteria and rationale of the governing Executive Order, and that this determination is based on a declassification review, with the explanation of how that review confirmed the continuing validity of the security classification.

(iii) The final denial shall include the name and title or position of the official responsible for the denial.

(iv) In the case of appeals for total denial of records, the response shall advise the requester that the information being denied does not contain meaningful portions that are reasonably segregable.

(v) When the denial is based upon an exemption 3 statute (subpart C of this part), the response, in addition to citing the statute relied upon to deny the information, shall state whether a court has upheld the decision to withhold the information under the statute, and shall contain a concise description of the scope of the information withheld.

(vi) The response shall advise the requester of the right to judicial review.

(f) *Consultation.* (1) Final refusal involving issues not previously resolved or that the DoD Component knows to be inconsistent with rulings of other DoD Components ordinarily should not be made before consultation with the DoD Office of the General Counsel.

(2) Tentative decisions to deny records that raise new or significant legal issues of potential significance to other Agencies of the Government shall be provided to the DoD Office of the General Counsel.

[63 FR 65420, Nov. 25, 1998; 63 FR 67724, Dec. 8, 1998]

§ 286.25 Judicial actions.

(a) *General.* (1) This section states current legal and procedural rules for the convenience of the reader. The statemetns of rules do not create rights or remedies not otherwise available, nor do they bind the Department of Defense to particular judicial interpretations or procedures.

(2) A requester may seek an order from a U.S. District Court to compel release of a record after administrative remedies have been exhausted; i.e., when refused a record by the head of a Component or an appellate designee or when the DoD Component has failed to respond with the time limits prescribed by the FOIA and in this part.

(b) *Jurisdiction.* The requester may bring suit in the U.S. District Court in the district in which the requester resides or is the requesters place of business, in the district in which the record is located, or in the District of Columbia.

(c) *Burden of proof.* The burden of proof is on the DoD Component to justify its refusal to provide a record. The court shall evaluate the case de novo (anew) and may elect to examine any requester record in camera (in private) to determine whether the denial was justified.

(d) *Actions by the court.* (1) When a DoD Component has failed to make a determination within the statutory time limits but can demonstrate due diligence in exceptional circumstances, to include negotiating with the requester to modify the scope of their request, the court may retain jurisdiction and allow the Component additional time to complete its review of the records.

(2) If the court determines that the requester's complaint is substantially correct, it may require the United States to pay reasonable attorney fees and other litigation costs.

(3) When the court orders the release of denied records, it may also issue a written finding that the circumstances surrounding the witholding raise questions whether DoD Component personnel acted arbitrarily and capriciously. In these cases, the special counsel of the Merit System Protection Board shall conduct an investigation to determine whether or not disciplinary action is warranted. The DoD Component is obligated to take the action recommended by the special counsel.

(4) The court may punish the responsible official for contempt when a DoD Component fails to comply with the court order to produce records that it determines have been withheld improperly.

(e) *Non-United States government source information.* A requester may bring suit in a U.S. District Court to compel the release of records obtained from a non-government source or records based on information obtained from a non-government source. Such source shall be notified promptly of the court action. When the source advises that it is seeking court action to prevent release, the DoD Component shall defer answering or otherwise pleading to the complainant as long as permitted by the Court or until a decision is rendered in the court action of the source, whichever is sooner.

(f) *FOIA litigation.* Personnel responsible for processing FOIA requests at the DoD Component level shall be aware of litigation under the FOIA. Such information will provide management insights into the use of the nine exemptions by Component personnel. Whenever a complaint under the FOIA is filed in a U.S. District Court, the DoD Component named in the complaint shall forward a copy of the complaint by any means to the Director, Freedom of Information and Security Review with an information copy to the DoD Office of the General counsel, ATTN: Office of Legal Counsel.

Subpart F—Fee Schedule

§ 286.28 General provisions.

(a) *Authorities.* The Freedom of Information Act, as amended; the Paperwork Reduction Act (44 U.S.C. Chapter 35), as amended; the Privacy Act of 1974, as amended; the Budget and Accounting Act of 1921 and the Budget and Accounting Procedures Act, as amended (see 31 U.S.C.); and 10 U.S.C. 2328.

(b) *Application.* (1) The fees described in this subpart apply to FOIA requests, and conform to the Office of Management and Budget Uniform Freedom of Information Act Fee Schedule and Guidelines. They reflect direct costs for search, review (in the case of commercial requesters); and duplication of documents, collection of which is permitted by the FOIA. They are neither intended to imply that fees must be charged in connection with providing information to the public in the routine course of business, nor are they meant as a substitute for any other schedule of fees, such as DoD 7000.14–R,[11] which does not supersede the collection of fees under the FOIA. Nothing in this subpart shall supersede fees chargeable under a statute specifically providing for setting the level of fees for particular types of records. A ''statute specifically providing for setting the level of fees for particular types of records'' (5 U.S.C. 552(a)(4)(a)(vi)) means any statute that enables a Government Agency such as the Government Printing Office (GPO) or the National Technical Information Service (NTIS), to set and collect fees. Components should ensure that when documents that would be responsive to a request are maintained for distribution by agencies operating statutory-based fee schedule programs such as

[11] See footnote 1 to § 286.1(a).

the GPO or NTIS, they inform requesters of the steps necessary to obtain records from those sources.

(2) The term ''direct costs'' means those expenditures a Component actually makes in searching for, reviewing (in the case of commercial requesters), and duplicating documents to respond to a FOIA request. Direct costs include, for example, the salary of the employee performing the work (the basic rate of pay for the employee plus 16 percent of that rate to cover benefits), and the costs of operating duplicating machinery. These factors have been included in the fee rates prescribed at §286.29 of this subpart. Not included in direct costs are overhead expenses such as costs of space, heating or lighting the facility in which the records are stored.

(3) The term ''search'' includes all time spent looking, both manually and electronically, for material that is responsive to a request. Search also includes a page-by-page or line-by-line identification (if necessary) of material in the record to determine if it, or portions thereof are responsive to the request. Components should ensure that searches are done in the most efficient and least expensive manner so as to minimize costs for both the Component and the requester. For example, Components should not engage in line-by-line searches when duplicating an entire document known to contain responsive information would prove to be the less expensive and quicker method of complying with the request. Time spent reviewing documents in order to determine whether to apply one or more of the statutory exemptions is not search time, but review time. See paragraph (b)(5) of this section, for the definition of review, and paragraph (c)(5) of this section and §286.29(b)(2), for information pertaining to computer searches.

(4) The term ''duplication'' refers to the process of making a copy of a document in response to a FOIA request. Such copies can take the form of paper copy, microfiche, audiovisual, or machine readable documentation (e.g., magnetic tape or disc), among others. Every effort will be made to ensure that the copy provided is in a form that is reasonably usable, the requester shall be notified that the copy provided is the best available and that the Agency's master copy shall be made available for review upon appointment. For duplication of computer tapes and audiovisual, the actual cost, including the operator's time, shall be charged. In practice, if a Component estimates that assessable duplication charges are likely to exceed $25.00, it shall notify the requester of the estimate, unless the requester has indicated in advance his or her willingness to pay fees as high as those anticipated. Such a notice shall offer a requester the opportunity to confer with Component personnel with the object of reformulating the request to meet his or her needs at a lower cost.

(5) The term ''review'' refers to the process of examining documents located in response to a FOIA request to determine whether one or more of the statutory exemptions permit withholding. It also includes processing the documents for disclosure, such as excising them for release. Review does not include the time spent resolving general legal or policy issues regarding the application of exemptions. It should be noted that charges for commercial requesters may be assessed only for the initial review. Components may not charge for reviews required at the administrative appeal level of an exemption already applied. However, records or portions of records withheld in full under an exemption that is subsequently determined not to apply may be reviewed again to determine the applicability of other exemptions not previously considered. The costs for such a subsequent review would be properly assessable.

(c) *Fee restrictions.* (1) No fees may be charged by any DoD Component if the costs of routine collection and processing of the fee are likely to equal or exceed the amount of the fee. With the exception of requesters seeking documents for a commercial use, Components shall provide the first two hours of search time, and the first one hundred pages of duplication without charge. For example, for a request (other than one from a commercial requester) that involved two hours and ten minutes of search time, and resulted in one hundred and five pages of

documents, a Component would determine the cost of only ten minutes of search time, and only five pages of reproduction. If this processing cost was equal to, or less than, the cost to the Component for billing the requester and processing the fee collected, no charges would result.

(2) Requesters receiving the first two hours of search and the first one hundred pages of duplication without charge are entitled to such only once per request. Consequently, if a Component, after completing its portion of a request, finds it necessary to refer the request to a subordinate office, another DoD Component, or another Federal Agency to action their portion of the request, the referring Component shall inform the recipient of the referral of the expended amount of search time and duplication cost to date.

(3) The elements to be considered in determining the ''cost of collecting a fee'' are the administrative costs to the Component of receiving and recording a remittance, and processing the fee for deposit in the Department of Treasury's special account. The cost to the Department of Treasury to handle such remittance is negligible and shall not be considered in Components' determinations.

(4) For the purposes of these restrictions, the word ''pages'' refers to paper copies of a standard size, which will normally be 8½″×11″ or 11″×14″. Thus, requesters would not be entitled to 100 microfiche or 100 computer disks, for example. A microfiche containing the equivalent of 100 pages or 100 pages of computer printout however, might meet the terms of the restriction.

(5) In the case of computer searches, the first two free hours will be determined against the salary scale of the individual operating the computer for the purposes of the search. As an example, when the direct costs of the computer central processing unit, input-output devices, and memory capacity equal $24.00 (two hours of equivalent search at the clerical level), amounts of computer costs in excess of that amount are chargeable as computer search time. In the event the direct operating cost of the hardware configuration cannot be determined, computer search shall be based on the salary scale of the operator executing the computer search. See § 286.29, this subpart, for further details regarding fees for computer searches.

(d) *Fee waivers.* (1) Documents shall be furnished without charge, or at a charge reduced below fees assessed to the categories of requesters in paragraph (e) of this section when the Component determines that waiver or reduction of the fees is in the public interest because furnishing the information is likely to contribute significantly to public understanding of the operations or activities of the Department of Defense and is not primarily in the commercial interest of the requester.

(2) When assessable costs for a FOIA request total $15.00 or less, fees shall be waived automatically for all requesters, regardless of category.

(3) Decisions to waive or reduce fees that exceed the automatic waiver threshold shall be made on a case-by-case basis, consistent with the following factors:

(i) Disclosure of the information ''is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of the Government.''

(A) *The subject of the request.* Components should analyze whether the subject matter of the request involves issues that will significantly contribute to the public understanding of the operations or activities of the Department of Defense. Requests for records in the possession of the Department of Defense which were originated by non-government organizations and are sought for their intrinsic content, rather than informative value, will likely not contribute to public understanding of the operations or activities of the Department of Defense. An example of such records might be press clippings, magazine articles, or records forwarding a particular opinion or concern from a member of the public regarding a DoD activity. Similarly, disclosures of records of considerable age may or may not bear directly on the current activities of the Department of Defense; however, the age of a particular record shall not be the sole criteria for denying relative significance

under this factor. It is possible to envisage an informative issue concerning the current activities of the Department of Defense, based upon historical documentation. Requests of this nature must be closely reviewed consistent with the requester's stated purpose for desiring the records and the potential for public understanding of the operations and activities of the Department of Defense.

(B) *The informative value of the information to be disclosed*. This factor requires a close analysis of the substantive contents of a record, or portion of the record, to determinate whether disclosure is meaningful, and shall inform the public on the operations or activities of the Department of Defense. While the subject of a request may contain information that concerns operations or activities of the Department of Defense, it may not always hold great potential for contributing to a meaningful understanding of these operations or activities. An example of such would be a previously released record that has been heavily redacted, the balance of which may contain only random words, fragmented sentences, or paragraph headings. A determination as to whether a record in this situation will contribute to the public understanding of the operations or activities of the Department of Defense must be approached with caution, and carefully weighed against the arguments offered by the requester. Another example is information already known to be in the public domain. Disclosure of duplicative, or nearly identical information already existing in the public domain may add no meaningful new information concerning the operations and activities of the Department of Defense.

(C) *The contribution to an understanding of the subject by the general public likely to result from disclosure*. The key element in determining the applicability of this factor is whether disclosure will inform, or have the potential to inform the public, rather than simply the individual requester or small segment of interested persons. The identity of the requester is essential in this situation in order to determine whether such requester has the capability and intention to disseminate the information to the public. Mere assertions of plans to author a book, researching a particular subject, doing doctoral dissertation work, or indigence are insufficient without demonstrating the capacity to further disclose the information in a manner that will be informative to the general public. Requesters should be asked to describe their qualifications, the nature of their research, the purpose of the requested information, and their intended means of dissemination to the public.

(D) *The significance of the contribution to public understanding*. In applying this factor, Components must differentiate the relative significance or impact of the disclosure against the current level of public knowledge, or understanding which exists before the disclosure. In other words, will disclosure on a current subject of wide public interest be unique in contributing unknown facts, thereby enhancing public knowledge, or will it basically duplicate what is already known by the general public? A decision regarding significance requires objective judgment, rather than subjective determination, and must be applied carefully to determine whether disclosure will likely lead to a significant understanding of the issue. Components shall not make value judgments as to whether the information is important enough to be made public.

(ii) Disclosure of the information ''is not primarily in the commercial interest of the requester.''

(A) *The existence and magnitude of a commercial interest*. If the request is determined to be of a commercial interest, Components should address the magnitude of that interest to determine if the requester's commercial interest is primary, as opposed to any secondary personal or non-commercial interest. In addition to profitmaking organizations, individual persons or other organizations may have a commercial interest in obtaining certain records. Where it is difficult to determine whether the requester is of a commercial nature, Components may draw inference from the requester's identity and circumstances of the request. In such situations, the provisions of paragraph (e) of this section apply. Components are reminded that

in order to apply the commercial standards of the FOIA, the requester's commercial benefit must clearly override any personal or non-profit interest.

(B) *The primary interest in disclosure.* Once a requester's commercial interest has been determined, Components should then determine if the disclosure would be primarily in that interest. This requires a balancing test between the commercial interest of the request against any public benefit to be derived as a result of that disclosure. Where the public interest is served above and beyond that of the requester's commercial interest, a waiver or reduction of fees would be appropriate. Conversely, even if a significant public interest exists, and the relative commercial interest of the requester is determined to be greater than the public interest, then a waiver or reduction of fees would be inappropriate. As examples, news media organizations have a commercial interest as business organizations; however, their inherent role of disseminating news to the general public can ordinarily be presumed to be of a primary interest. Therefore, any commercial interest becomes secondary to the primary interest in serving the public. Similarly, scholars writing books or engaged in other forms of academic research, may recognize a commercial benefit, either directly, or indirectly (through the institution they represent); however, normally such pursuits are primarily undertaken for educational purposes, and the application of a fee charge would be inappropriate. Conversely, data brokers or others who merely compile government information for marketing can normally be presumed to have an interest primarily of a commercial nature.

(4) Components are reminded that the factors and examples used in this subsection are not all inclusive. Each fee decision must be considered on a case-by-case basis and upon the merits of the information provided in each request. When the element of doubt as to whether to charge or waive the fee cannot be clearly resolved, Components should rule in favor of the requester.

(5) In addition, the following circumstances describe situations where waiver or reduction of fees are most likely to be warranted:

(i) A record is voluntarily created to prevent an otherwise burdensome effort to provide voluminous amounts of available records, including additional information not requested.

(ii) A previous denial of records is reversed in total, or in part, and the assessable costs are not substantial (e.g. $15.00–$30.00).

(e) *Fee assessment.* (1) Fees may not be used to discourage requesters, and to this end, FOIA fees are limited to standard charges for direct document search, review (in the case of commercial requesters) and duplication.

(2) In order to be as responsive as possible to FOIA requests while minimizing unwarranted costs to the taxpayer, Components shall adhere to the following procedures:

(i) Analyze each request to determine the category of the requester. If the Component determination regarding the category of the requester is different than that claimed by the requester, the Component shall:

(A) Notify the requester to provide additional justification to warrant the category claimed, and that a search for responsive records will not be initiated until agreement has been attained relative to the category of the requester. Absent further category justification from the requester, and within a reasonable period of time (i.e., 30 calendar days), the Component shall render a final category determination, and notify the requester of such determination, to include normal administrative appeal rights of the determination.

(B) Advise the requester that, notwithstanding any appeal, a search for responsive records will not be initiated until the requester indicates a willingness to pay assessable costs appropriate for the category determined by the Component.

(ii) Requesters should submit a fee declaration appropriate for the following categories.

(A) *Commercial.* Requesters should indicate a willingness to pay all search, review and duplication costs.

(B) *Educational or noncommercial scientific institution or news media.* Requesters should indicate a willingness to pay duplication charges in excess of

100 pages if more than 100 pages of records are desired.

(C) *All others.* Requesters should indicate a willingness to pay assessable search and duplication costs if more than two hours of search effort or 100 pages of records are desired.

(iii) If the above conditions are not met, then the request need not be processed and the requester shall be so informed.

(iv) In the situations described by paragraphs (e)(2)(i) and (e)(2)(ii) of this section, Components must be prepared to provide an estimate of assessable fees if desired by the requester. While it is recognized that search situations will vary among Components, and that an estimate is often difficult to obtain prior to an actual search, requesters who desire estimates are entitled to such before committing to a willingness to pay. Should Components' actual costs exceed the amount of the estimate or the amount agreed to by the requester, the amount in excess of the estimate or the requester's agreed amount shall not be charged without the requester's agreement.

(v) No DoD Component may require advance payment of any fee; i.e., payment before work is commenced or continued on a request, unless the requester has previously failed to pay fees in a timely fashion, or the agency has determined that the fee will exceed $250.00. As used in this sense, a timely fashion is 30 calendar days from the date of billing (the fees have been assessed in writing) by the Component.

(vi) Where a Component estimates or determines that allowable charges that a requester may be required to pay are likely to exceed $250.00, the Component shall notify the requester of the likely cost and obtain satisfactory assurance of full payment where the requester has a history of prompt payments, or require an advance payment of an amount up to the full estimated charges in the case of requesters with no history of payment.

(vii) Where a requester has previously failed to pay a fee charged in a timely fashion (i.e., within 30 calendar days from the date of the billing), the Component may require the requester to pay the full amount owed, plus any applicable interest, or demonstrate that he or she has paid the fee, and to make an advance payment of the full amount of the estimated fee before the Component begins to process a new or pending request from the requester. Interest will be at the rate prescribed in 31 U.S.C. 3717, and confirmed with respective Finance and Accounting Offices.

(viii) After all work is completed on a request, and the documents are ready for release, Components may request payment before forwarding the documents, particularly for those requesters who have no payment history, or for those requesters who have failed previously to pay a fee in a timely fashion (i.e., within 30 calendar days from the date of the billing). In the case of the latter, the previsions of paragraph (e)(2)(vii) of this section, apply.

(ix) When Components act under paragraphs (e)(2)(i) through (e)(2)(vii) of this section, the administrative time limits of the FOIA will begin only after the Component has received a willingness to pay fees and satisfaction as to category determination, or fee payments (if appropriate).

(x) Components may charge for time spent searching for records, even if that search fails to locate records responsive to the request. Components may also charge search and review (in the case of commercial requesters) time in records located are determined to be exempt from disclosure. In practice, if the Components estimates that search charges are likely to exceed $25.00, it shall notify the requester of the estimated amount of fees, unless the requester has indicated in advance his or her willingness to pay fees as high as those anticipated. Such a notice shall offer the requester the opportunity to confer with Component personnel with the object or reformulating the request to meet his or her needs at a lower cost.

(3) *Commercial requesters.* Fees shall be limited to reasonable standard charges for document search, review and duplication when records are requested for commerical use. Requesters must reasonably describe the records sought. (See § 286.4(h)).

(i) The term ''commercial use'' request refers to a request from, or on behalf of one who seeks information for a use or purpose that furthers the commercial, trade, or profit interest of the requester or the person on whose behalf the request is made. In determining whether a requester properly belongs in this category. Components must determine the use to which a requester will put the documents requested. Moreover, where a Component has reasonable cause to doubt the use to which a requester will put the records sought, or where that use is not clear from the request itself, Components should seek additional clarification before assigning the request to a specific category.

(ii) When Components receive a request for documents for commercial use, they should assess charges which recover the full direct costs of searching for, reviewing for release, and duplicating the records sought. Commerical requesters (unlike other requesters) are not entitled to two hours of free search time, nor 100 free pages of reproduction of documents. Moreover, commerical requesters are not normally entitled to a waiver or reduction of fees based upon an assertion that disclosure would be in the public interest. However, because use is the exclusive determining criteria, it is possible to envision a commerical enterprise making a request that is not for commercial use. It is also possible that a non-profit organization could make a request that is for commerical use. Such situations must be addressed on a case-by-case basis.

(4) *Educational institution requesters.* Fees shall be limited to only reasonable standard charges for document duplication (excluding charges for the first 100 pages) when the request is made by an educational institution whose purpose is scholarly research. Requesters must reasonably describe the records sought (see § 286.4(h).). The term ''educational institution'' refers to a pre-school, a public or private elementary or secondary school, an institution of graduate high education, an institution of undergraduate higher education, an institution of professional education, and an institution of vocational education, which operates a program or programs of scholarly research. Fees shall be waived or reduced in the public interest if the criteria of paragraph (d) of this section, have been met.

(5) *Non-commercial scientific institution requesters.* Fees shall be limited to only reasonable standard charges for document duplication (excluding charges for the first 100 pages) when the request is made by a non-commerical scientific institution whose purpose is scientific research. Requesters must reasonbly describe the records sought (see § 286.4(h)). The term ''non-commercial scientific institution'' refers to an institution that is not operated on a ''commercial'' basis as defined in paragraph (e)(3) of this section, and that is operated solely for the purpose of conducting scientific research, the results of which are not intended to promote any particular product or industry. Fees shall be waived or reduced in the public interest if the criteria of paragraph (d) of this section, have beem met.

(6) Components shall provide documents to requesters in paragraphs (e)(4) and (e)(5) of this section for the cost of duplication alone, excluding charges for the first 100 pages. To be eligible for inclusion in these categories, requesters must show that the request is being made under the auspices of a qualifying institution and that the records are not sought for commercial use, but in furtherance of scholarly (from an educational institution) or scientific (from a non-commercial scientific institution) research.

(7) *Representatives of the news media.* Fees shall be limited to only reasonable standard charges for document duplication (excluding charges for the first 100 pages) when the request is made by a representative of the news media. Requesters must reasonably describe the records sought (see § 286.4(h)). Fees shall be waived or reduced if the criteria of paragraph (d) of this section, have been met.

(i) The term ''representative of the news media'' refers to any person actively gathering news for an entity that is organized and operated to publish or broadcast news to the public. The term ''news'' means information that is about current events or that

would be of current interest to the public. Examples of news media entities include television or radio stations broadcasting to the public at large, and publishers of periodicals (but only in those instances when they can qualify as disseminators of ''news'') who make their products available for purchase or subscription by the general public. These examples are not meant to be all-inclusive. Moreover, as traditional methods of news delivery evolve (e.g., electronic dissemination of newspapers through telecommunications services), such alternative media would be included in this category. In the case of ''freelance'' journalists they may be regarded as working for a news organization if they can demonstrate a solid basis for expecting publication through that organization, even though not actually employed by it. A publication contract would be the clearest proof, but Components may also look to the past publication record of a requester in making this determination.

(ii) To be eligible for inclusion in this category, a requester must meet the criteria in paragraph (e)(7)(i) of this section, and his or her request must not be made for commercial use. A request for records supporting the news dissemination function of the requester shall not be considered to be a request that is for a commercial use. For example, a document request by a newspaper for records relating to the investigation of a defendant in a current criminal trial of public interest could be presumed to be a request from an entity eligible for inclusion in this category, and entitled to records at the cost of reproduction alone (excluding charges for the first 100 pages).

(iii) ''Representative of the news media'' does not include private libraries, private repositories of Government records, information vendors, data brokers or similar marketers of information whether to industries and businesses, or other entities.

(8) *All other requesters.* Components shall charge requesters who do not fit into any of the categories described in paragraphs (e)(3), (e)(4), (e)(5), or (e)(7) of this section, fees which recover the full direct cost of searching for and duplicating records, except that the first two hours of search time and the first 100 pages of duplication shall be furnished without charge. Requesters must reasonably describe the records sought (see §286.4(h)). Requests from subjects about themselves will continue to be treated under the fee provisions of the Privacy Act of 1974, which permit fees only for duplication. Components are reminded that this category of requester may also be eligible for a waiver or reduction of fees if disclosure of the information is in the public interest as defined under paragraph (d)(1) of this section. (See also paragraph (e)(3)(ii) of this section.)

(f) *Aggregating requests.* Except for requests that are for a commercial use, a Component may not charge for the first two hours of search time or for the first 100 pages of reproduction. However, a requester may not file multiple requests at the same time, each seeking portions of a document of documents, solely in order to avoid payment of fees. When a Component reasonably believes that a requester or, on rare occasions, a group of requesters acting on concert, is attempting to break a request down into a series of requests for the purpose of avoiding the assessment of fees, the Agency may aggregate any such requests and charge accordingly. One element to be considered in determining whether a belief would be reasonable is the time period in which the requests have occurred. For example, it would be reasonable to presume that multiple requests of this type made within a 30 day period had been made to avoid fees. For requests made over a longer period however, such a presumption becomes harder to sustain and Components should have a solid basis for determining that aggregation is warranted in such cases. Components are cautioned that before aggregating requests from more than one requester, they must have a concrete basis on which to conclude that the requesters are acting in concert and are acting specifically to avoid payment of fees. In no case may Components aggregate multiple requests on unrelated subjects from one requester.

(g) *Effect of the Debt Collection Act of 1982 (5 U.S.C. 5515 note).* The Debt Collection Act of 1982 (5 U.S.C. 5515 note) provides for a minimum annual rate of interest to be charged on overdue debts

owed the Federal Government. Components may levy this interest penalty for any fees that remain outstanding 30 calendar days from the date of billing (the first demand notice) to the requester of the amount owed. The interest rate shall be as prescribed in 31 U.S.C. 3717. Components should verify the current interest rate with respective Finance and Accounting Offices. After one demand letter has been sent, and 30 calendar days have lapsed with no payment, Components may submit the debt to respective Finance and Accounting Offices for collection pursuant to 5 U.S.C. 5515 note.

(h) *Computation of fees.* The fee schedule in this subpart shall be used to compute the search, review (in the case of commercial requesters) and duplication costs associated with processing a given FOIA request. Costs shall be computed on time actually spent. Neither time-based nor dollar-based minimum charges for search, review and duplication are authorized. The appropriate fee category of the requester shall be applied before computing fees.

(i) *Refunds.* In the event that a Component discovers that it has overcharged a requester or a requester has overpaid, the Component shall promptly refund the charge to the requester by reimbursement methods that are agreeable to the requester and the Component.

§ 286.29 Collection of fees and fee rates.

(a) *Collection of fees.* Collection of fees will be made at the time of providing the documents to the requester or recipient when the requester specifically states that the costs involved shall be acceptable or acceptable up to a specified limit that covers the anticipated costs. Collection of fees may not be made in advance unless the requester has failed to pay previously assessed fees within 30 calendar days from the date of the billing by the DoD Component, or the Component has determined that the fee will be in excess of $250 (see § 286.28(e)).

(b) *Search time*—(1) *Manual search.*

Type	Grade	Hourly Rate
Clerical	E1–E9/GS1–GS8	$20.00
Professional	O1–O6/GS9–GS15	44.00
Executive	ES1–ES6/O7–O10	75.00
Contractor		44.00

(2) *Computer search.* Fee assessments for computer search consists of two parts; individual time (hereafter referred to as human time), and machine time.

(i) *Human time.* Human time is all the time spent by humans performing the necessary tasks to prepare the job for a machine to execute the run command. If execution of a run requires monitoring by a human, that human time may be also assessed as computer search. The terms ''programmer/operator'' shall not be limited to the traditional programmers or operators. Rather, the terms shall be interpreted in their broadest sense to incorporate any human involved in performing the computer job (e.g. technician, administrative support, operator, programmer, database administrator, or action officer).

(ii) *Machine time.* Machine time involves only direct costs of the Central Processing Unit (CPU), input/output devices, and memory capacity used in the actual computer configuration. Only this CPU rate shall be charged. No other machine related costs shall be charged. In situations where the capability does not exist to calculate CPU time, no machine costs can be passed on to the requester. When CPU calculations are not available, only human time costs shall be assessed to requesters. Should DoD Components lease computers, the services charged by the lessor shall not be passed to the requester under the FOIA.

(c) *Duplication.*

Type	Cost per Page (cents)
Pre-Printed material	02
Office copy	15
Microfiche	25
Computer copies (tapes, discs or printouts).	Actual cost of duplicating the tape, disc or printout (includes operator's time and cost of the medium)

(d) *Review time (in the case of commercial requesters).*

Type	Grade	Hourly Rate
Clerical	E1–E9/GS1–GS8	$20.00
Professional	O1–O6/GS9–GS15	44.00

Type	Grade	Hourly Rate
Executive	ES1–ES6/O7–O10	75.00
Contractor		44.00

(e) *Audiovisual documentary materials.* Search costs are computed as for any other record. Duplication cost is the actual direct cost of reproducing the material, including the wage of the person doing the work. Audiovisual materials provided to a requester need not be in reproducible format or quality.

(f) *Other records.* Direct search and duplication cost for any record not described in this section shall be computed in the manner described for audiovisual documentary material.

(g) *Costs for special services.* Complying with requests for special services is at the discretion of the Components. Neither the FOIA, nor its fee structure cover these kinds of services. Therefore, Components may recover the costs of special services requested by the requester after agreement has been obtained in writing from the requester to pay for one or more of the following services:

(1) Certifying that records are true copies.

(2) Sending records by special methods such as express mail, etc.

[63 FR 65420, Nov. 25, 1998, as amended at 67 FR 31128, May 9, 2002]

§ 286.30 Collection of fees and fee rates for technical data.

(a) *Fees for technical data.* Technical data, other than technical data that discloses critical technology with military or space application, if required to be released under the FOIA, shall be released after the person requesting such technical data pays all reasonable costs attributed to search, duplication and review of the records to be released. Technical data, as used in this section, means recorded information, regardless of the form or method of the recording of a scientific or technical nature (including computer software documentation). This term does not include computer software, or data incidental to contract administration, such as financial and/or management information. DoD Components shall retain the amounts received by such a release, and it shall be merged with and available for the same purpose and the same time period as the appropriation from which the costs were incurred in complying with request. All reasonable costs as used in this sense are the full costs to the Federal Government of rendering the service, or fair market value of the service, whichever is higher. Fair market value shall be determined in accordance with commercial rates in the local geographical area. In the absence of a known market value, charges shall be based on recovery of full costs to the Federal Government. The full costs shall include all direct and indirect costs to conduct the search and to duplicate the records responsive to the request. This cost is to be differentiated from the direct costs allowable under § 286.29 of this subpart for other types of information released under the FOIA.

(b) *Waiver.* Components shall waive the payment of costs required in paragraph (a) of this section, which are greater than the costs that would be required for release of this same information under § 286.29 of this subpart if:

(1) The request is made by a citizen of the United States or a United States corporation, and such citizen or corporation certifies that the technical data requested is required to enable it to submit an offer, or determine whether it is capable of submitting an offer to provide the product to which the technical data relates to the United States or a contractor with the United States. However, Components may require the citizen or corporation to pay a deposit in an amount equal to not more than the cost of complying with the request, which will be refunded upon submission of an offer by the citizen or corporation;

(2) The release of technical data is requested in order to comply with the terms of an international agreement; or

(3) The Component determines in accordance with § 286.28(d)(1), that such a waiver is in the interest of the United States.

(c) *Fee rates*—(1) *Search time*—(i) *Manual search: clerical.*

Type	Grade	Hourly rate
Clerical	E9/GS8 and below	$13.25
(Minimum Charge).		8.30

(ii) *Manual search: professional and executive* (To be established at actual hourly rate prior to search. A minimum charge will be established at ½ hourly rates).

(2) Computer search is based on the total cost of the central processing unit, input-output devices, and memory capacity of the actual computer configuration. The wage (based upon the scale in paragraph (c)(1)(i) of this section) for the computer operator and/or programmer determining how to conduct, and subsequently executing the search will be recorded as part of the computer search. See §286.29(b)(2) for further details regarding computer search.

(3) *Duplication.*

Type	Cost
Aerial photograph, maps, specifications, permits, charts, blueprints, and other technical engineering documents	$2.50
Engineering data (microfilm):	
(i) Aperture cards.	
(A) Silver duplicate negative, per card	.75
When key punched and verified, per card	.85
(B) Diazo duplicate negative, per card	.65
When key punched and verified, per card	.75
(ii) 35mm roll film, per frame	.50
(iii) 16mm roll film, per frame	.45
(iv) Paper prints (engineering drawings), each	1.50
(v) Paper reprints of microfilm indices, each	.10

(4) *Review time*—(i) *Clerical.*

Type	Grade	Hourly rate ($)
Clerical	E9/GS8 and below	13.25
(Minimum Charge).		8.30

(ii) *Professional and executive* (To be established at actual hourly rate prior to review. A minimum charge will be established at ½ hourly rates).

(d) *Other technical data records.* Charges for any additional services not specifically provided in paragraph (c) of this section, consistent with Volume 11A of DoD 7000.14–R, shall be made by Components at the following rates:

(1) Minimum charge for office copy (up to six images)	$3.50
(2) Each additional image	.10
(3) Each typewritten page	3.50
(4) Certification and validation with seal, each	5.20
(5) Hand-drawn plots and sketches, each hour or fraction thereof	12.00

Subpart G—Reports

§ 286.33 Reports control.

(a) *General.* (1) The Annual Freedom of Information Act Report is mandated by the statute and reported on a fiscal year basis. Due to the magnitude of the requested statistics and the need to ensure accuracy of reporting, DoD Components shall track this data as requests are processed. This will also facilitate a quick and accurate compilation of statistics. DoD Components shall forward their report to the Directorate for Freedom of Information and Security Review no later than November 30 following the fiscal year's close. It may be submitted electronically and via hard copy accompanied by a computer diskette. In turn, DoD will produce a consolidated report for submission to the Attorney General, and ensure that a copy of the DoD consolidated report is placed on the Internet for public access.

(2) Existing DoD standards and registered data elements are to be utilized to the greatest extent possible in accordance with the provisions of DoD Manual 8320.1–M,[12] ''Data Administration Procedures.''

(3) The reporting requirement outlined in this subpart is assigned Report Control Symbol DD-DA&M(A)1365, Freedom of Information Act Report to Congress.

(b) *Annual Report.* The current edition of DD Form 2564 shall be used to submit component input. DD Form 2564 is available on the Internet at *http://www.defenselink.mil/pubs/* under Regulations and Forms. Instructions for completion follow:

(1) *Item 1: Initial request determinations.* Please note that initial Privacy Act requests which are also processed as initial FOIA requests are reported here. They will also be reported as ''Privacy Act requests'' on the Annual Privacy Act Report. See §286.4(m), Relationship between the FOIA and the Privacy Act (PA).

[12] See footnote 1 to §286.1(a).

(i) *Total requests processed.* Enter the total number of initial FOIA requests responded to (completed) during the fiscal year. Since more than one action frequently is taken on a completed case, total actions (see (b)(1)(vi) of this section) the sum of Items (b)(1)(ii) through (b)(1)(v) of this section, may exceed total requests processed (See appendix E of this part for form layout.)

(ii) *Granted in full.* Enter the total number of initial FOIA requests responded to that were granted in full during the fiscal year. (This may include requests granted by your office, yet still requiring action by another office.)

(iii) *Denied in part.* Enter the total number of initial FOIA requests responded to and denied in part based on one or more of the FOIA exemptions. (Do not report ''other reason responses'' as a partial denial here, unless a FOIA exemption is used also.)

(iv) *Denied in full.* Enter the total number of initial FOIA requests responded to and denied in full based on one or more of the FOIA exemptions. (Do not report ''other reason responses'' as denials here, unless a FOIA exemption is used also.)

(v) *''Other reason'' responses.* Enter the total number of initial FOIA requests in which you were unable to provide all or part of the requested information based on an ''other reason'' response. Paragraph (b)(2)(ii) of this section explains the nine possible ''other reasons.''

(vi) *Total actions.* Enter the total number of FOIA actions taken during the fiscal year. This number will be the sum of (b)(1)(ii) through (b)(1)(v) of this section. Total actions must be equal to or greater than the number of total requests processed (paragraph (b)(1)(i) of this section).

(2) *Item 2: Initial request exemptions and other reasons*—(i) *Exemptions invoked on initial request determinations.* Enter the number of times an exemption was claimed for each request that was denied in full or in part. Since more than one exemption may be claimed when responding to a single request, this number will be equal to or greater than the sum of (b)(1)(iii) and (b)(1)(iv) of this section. The (b)(7) exemption is reported by subcategories identified in paragraphs (b)(2)(i)(A) through (b)(2)(i)(F) of this section:

(A) Interfere with enforcement;

(B) Fair trial right;

(C) Invasion of privacy;

(D) Protect confidential source;

(E) Disclose techniques; and

(F) Endanger life or safety.

(ii) *''Other reasons'' cited on initial determinations.* Identify the ''other reason'' response cited when responding to a FOIA request and enter the number of times each was claimed.

(A) *No records.* Enter the number of times a reasonable search of files failed to identify records responsive to subject request.

(B) *Referrals.* Enter the number of times a request was referred to another DoD Component or Federal Agency for action.

(C) *Request withdrawn.* Enter the number of times a request and/or appeal was withdrawn by a requester. (For appeals, report number in Item 4b on the report form. (See appendix E of this part.))

(D) *Fee-related reason.* Requester is unwilling to pay the fees associated with a request; the requester is past due in the payment of fees from a previous FOIA request; or the requester disagrees with a fee estimate.

(E) *Records not reasonably described.* Enter the number of times a FOIA request could not be acted upon since the record had not been described with sufficient particularity to enable the DoD Component to locate it by conducting a reasonable search.

(F) *Not a proper FOIA request for some other reason.* Enter the number of times the requester has failed unreasonably to comply with procedural requirements, other than fee-related (described in paragraph (b)(2)(ii)(D) of this section), imposed by this part or a DoD Component's supplementing regulation.

(G) *Not an agency record.* Enter the number of times a requester was provided a response indicating the requested information was not a record within the meaning of the FOIA and this part.

(H) *Duplicate request.* Record number of duplicate requests closed for that

reason (e.g., request for the same information by the same requester). This includes identical requests received via different means (e.g., electronic mail, facsimile, mail, courier) at the same or different times.

(I) *Other (specify).* Any other reason a requester does not comply with published rules, other than those reasons outlined in paragraphs (b)(2)(ii)(A) through (b)(2)(ii)(H) of this section.

(J) *Total.* Enter the sum of paragraphs (b)(2)(ii)(A) through (b)(2)(ii)(I) of this section in the block provided on the form. This number will be equal to or greater than the number in paragraph (b)(1)(v) of this section since more than one reason may be claimed for each ''other reason'' response.

(iii) *(b)(3) statutes invoked on initial determinations.* Identify the number of times you have used a specific statute to support each (b)(3) exemption. List the statutes used to support each (b)(3) exemption; the number of instances in which the statute was cited; note whether or not the statute has been upheld in a court hearing; and provide a concise description of the material withheld in each individual case by the statute's use. Ensure you cite the specific sections of the acts invoked. The total number of instances reported will be equal to or greater than the total number of (b)(3) exemptions listed in Item 2a on the report form.

(3) *Item 3: Appeal determinations.* Please note that Privacy Act appeals which are also processed as FOIA appeals are reported here. They will also be reported as ''Privacy Act appeals'' on the Annual Privacy Act Report. See §286.4(m), Relationship Between the FOIA and the Privacy Act (PA).

(i) *Total appeal responses.* Enter the total number of FOIA appeals responded to (completed) during the fiscal year.

(ii) *Granted in full.* Enter the total number of FOIA appeals responded to and granted in full during the year.

(iii) *Denied in part.* Enter the total number of FOIA appeals responded to and denied in part based on one or more of the FOIA exemptions. (Do not report ''other reason responses'' as a partial denial here, unless a FOIA exemption is used also.)

(iv) *Denied in Full.* Enter the total number of FOIA appeals responded to and denied in full based on one or more of the FOIA exemptions. (Do not report ''other reason responses'' as denials here, unless a FOIA exemption is used also.)

(v) *''Other reason'' responses.* Enter the total number of FOIA appeals in which you were unable to provide the requested information based on an ''other reason'' response (as outlined in ''other reasons'' in paragraph (b)(2)(ii) of this section).

(vi) *Total actions.* Enter the total number of FOIA appeal actions taken during the fiscal year. This number will be the sum of paragraphs (b)(3)(ii) through (b)(3)(v) of this section, and should be equal to or greater than the number of total appeal responses, paragraph (b)(3)(i) of this section.

(4) *Item 4: Appeal exemptions and other reasons*—(i) *Exemptions invoked on appeal determinations.* Enter the number of times an exemption was claimed for each appeal that was denied in full or in part. Since more than one exemption may be claimed when responding to a single request, this number will be equal to or greater than the sum of paragraphs (b)(3)(iii) and (b)(3)(iv) of this section. Note that the (b)(7) exemption is reported by subcategories identified in paragraphs (b)(4)(i)(A) through (b)(4)(i)(F) of this section:

(A) Interfere with enforcement;

(B) Fair trial right;

(C) Invasion of privacy;

(D) Protect confidential source;

(E) Disclose techniques; and

(F) Endanger life or safety.

(ii) *''Other reasons'' cited on appeal determinations.* Identify the ''other reason'' response cited when responding to a FOIA appeal and enter the number of times each was claimed. See paragraph (b)(2)(ii) of this section for description of ''other reasons.'' This number may be equal to or possibly greater than the number in paragraph (b)(3)(v) of this section since more than one reason may be claimed for each ''other reason'' response.

(iii) *(b)(3) statutes invoked on appeal determinations.* Identify the number of times a specific statute has been used

to support each (b)(3) exemption identified in item 4a on the report form (Appendix E of this part). List the statutes used to support each (b)(3) exemption; the number of instances in which the statute was cited; note whether or not the statute has been upheld in a court hearing; and provide a concise description of the material withheld in each individual case by the statute's use. Ensure citation to the specific sections of the statute invoked. The total number of instances reported will be equal to or greater than the total number of (b)(3) exemptions listed in Item 4a on the report form.

(5) *Item 5: Number and median age of initial cases pending:* (i) Total initial cases pending:

(ii) *Beginning and ending report period:* Midnight, 2400 hours, September 30 of the Preceding Year—OR—0001 hours, October 1 is the beginning of the report period. Midnight, 2400 hours, is the close of the reporting period.

(iii) *Median age of initial requests pending:* Report the median age in days (including holidays and weekends) of initial requests pending.

(iv) *Examples of median calculation.* (A) If given five cases aged 10, 25, 35, 65, and 100 days from date of receipt as of the previous September 30th, the total requests pending is five (5). The median age (days) of open requests is the middle, not average value, in this set of numbers (10, 25, 35, 65, and 100), 35 (the middle value in the set).

(B) If given six pending cases, aged 10, 20, 30, 50, 120, and 200 days from date of receipt, as of the previous September 30th, the total requests pending is six (6). The median age (days) of open requests 40 days (the mean [average] of the two middle numbers in the set, in this case the average of middle values 30 and 50).

(v) *Accuracy of calculations.* Components must ensure the accuracy of calculations. As backup, the raw data used to perform calculations should be recorded and preserved. This will enable recalculation of median (and mean values) as necessary. Components may require subordinate elements to forward raw data, as deemed necessary and appropriate.

(vi) *Average.* If a Component believes that ''average'' (mean) processing time is a better measure of performance, then report ''averages'' (means) as well as median values (e.g., with data reflected and plainly labeled on plain bond as an attachment to the report). However, ''average'' (mean) values will not be included in the consolidated DoD report unless all Components report it.

(6) *Item 6: Number of initial requests received during the fiscal year.* Enter the total number of initial FOIA requests received during the reporting period (fiscal year being reported).

(7) *Item 7: Types of requests processed and median age.* Information is reported for three types of initial requests completed during the reporting period: Simple; Complex; and Expedited Processing. The following items of information are reported for these requests:

(i) *Total number of initial requests.* Enter the total number of initial requests processed [completed] during the reporting period (fiscal year) by type (Simple, Complex and Expedited Processing) in the appropriate row on the form.

(ii) *Median age (days).* Enter the median number of days [calendar days including holidays and weekends] required to process each type of case (Simple, Complex and Expedited Processing) during the period in the appropriate row on the form.

(iii) *Example.* Given seven initial requests, multitrack—simple completed during the fiscal year, aged 10, 25, 35, 65, 79, 90 and 400 days when completed. The total number of requests completed was seven (7). The median age (days) of completed requests is 65, the middle value in the set.

(8) *Item 8: Fees collected from the public.* Enter the total amount of fees collected from the public during the fiscal year. This includes search, review and reproduction costs only.

(9) *Item 9: FOIA program costs*—(i) *Number of full time staff.* Enter the number of personnel your agency had dedicated to working FOIA full time during the fiscal year. This will be expressed in work-years (manyears). For example: ''5.1, 3.2, 1.0, 6.5, et al.'' A sample calculation follows:

Employee	Number (months worked)	Work-years	Note
SMITH, Jane	6	0.5	Hired full time at middle of fiscal year.
PUBLIC, John Q	4	.34	Dedicated to full time FOIA processing last quarter of fiscal year.
BROWN, Tom	12	1.0	Worked FOIA full time all fiscal year.
Total	22	1.84	

(ii) *Number of part time staff:* Enter the number of personnel your agency had dedicated to working FOIA part time during the fiscal year. This will be expressed in work-years (manyears). For example: ''5.1, 3.2, 1.0, 6.5, et al.'' A sample calculation follows:

Employee	Number (hours worked)	Work-years	Note
PUBLIC, John Q	200	.1	Amount of time devoted to part time FOIA processing before becoming full time FOIA processor in previous example.
WHITE, Sally	400	.2	Processed FOIA's part time while working as paralegal in General Counsel's Office.
PETERS, Ron	1,000	.5	Part time employee dedicated to FOIA processing.
Total: [1] 1,600/2,000			

[1] Hours (hours worked in a year) equals 0.8 work-years.

(iii) *Estimated litigation cost:* Report your best estimate of litigation costs for the FY. Include all direct and indirect expenses associated with FOIA litigation in U.S. District Courts, U.S. Circuit Courts of Appeals, and the U.S. Supreme Court.

(iv) *Total program cost:* Report the total cost of FOIA program operation within your agency. Include your litigation costs in this total. While you do not have to report detailed cost information as in the past, you should be able to explain the technique by which you derived your agency's total cost figures if the need arises.

(A) Before the close of each fiscal year, the Directorate for Freedom of Information and Security Review (DFOISR) will dispatch the latest OSD Composite Rate Chart for military personnel to DoD Components. This information may be used in computing military personnel costs.

(B) DoD Components should compute their civilian personnel costs using rates from local Office of Personnel Management (OPM) Salary Tables and shall add 16% for benefits.

(C) Data captured on DD Form 2086, Record of Freedom of Information (FOI) Processing Cost and DD Form 2086–1, Record of Freedom of Information (FOI) Processing Cost for Technical Data, shall be summarized and used in computing total costs.

(D) An overhead rate of 25% shall be added to all calculated costs for supervision, space, and administrative support.

(10) *Item 10: Authentication.* The official that approves the agency's report submission to DoD will sign and date; enter typed name and duty title; and provide both the agency's name and phone number for questions about the report.

(c) *Electronic publication.* The consolidated DoD Annual FOIA Program Report will be made available to the public in either paper or electronic format.

Subpart H—Education and Training

§ 286.36 Responsibility and purpose.

(a) *Responsibility*. The Head of each DoD Component is responsible for the establishment of educational and training programs on the provisions and requirements of this part. The educational programs should be targeted toward all members of the DoD Component, developing a general understanding and appreciation of the DoD FOIA Program; whereas, the training programs should be focused toward those personnel who are involved in the day-to-day processing of FOIA requests, and should provide a thorough understanding of the procedures outlined in this part.

(b) *Purpose*. The purpose of the educational and training programs is to promote a positive attitude among DoD personnel and raise the level of understanding and appreciation of the DoD FOIA Program, thereby improving the interaction with members of the public and improving the public trust in the DoD.

(c) *Scope and principles*. Each Component shall design its FOIA educational and training programs to fit the particular requirements of personnel dependent upon their degree of involvement in the implementation of this part. The program should be designed to accomplish the following objectives:

(1) Familiarize personnel with the requirements of the FOIA and its implementation by this part.

(2) Instruct personnel, who act in FOIA matters, concerning the provisions of this part, advising them of the legal hazards involved and the strict prohibition against arbitrary and capricious withholding of information.

(3) Provide for the procedural and legal guidance and instruction, as may be required, in the discharge of the responsibilities of initial denial and appellate authorities.

(4) Advise personnel of the penalties for noncompliance with the FOIA.

(d) *Implementation*. To ensure uniformity of interpretation, all major educational and training programs concerning the implementation of this part should be coordinated with the Director, Freedom of Information and Security Review.

(e) *Uniformity of legal interpretation*. In accordance with DoD Directive 5400.7, the DoD Office of the General Counsel shall ensure uniformity in the legal position and interpretation of the DoD FOIA Program.

Appendix A to Part 286—Combatant Commands—Processing Procedures for FOIA Appeals

AP1.1. *General*

AP1.1.1. In accordance with DoD Directive 5400.7[1] and this part, the Combatant Commands are placed under the jurisdiction of the Office of the Secretary of Defense, instead of the administering Military Department, only for the purpose of administering the Freedom of Information Act (FOIA) Program. This policy represents an exception to the policies in DoD Directive 5100.3.[2]

AP1.1.2. The policy change in AP1.1.1. of this appendix authorizes and requires the Combatant Commands to process FOIA requests in accordance with DoD Directive 5400.7 and DoD Instruction 5400.10[3] and to forward directly to the Director, Freedom of Information and Security Review, all correspondence associated with the appeal of an initial denial for information under the provisions of the FOIA.

AP1.2. *Responsibilities of Commands*

Combatant Commanders in Chief shall:

AP1.2.1. Designate the officials authorized to deny initial FOIA requests for records.

AP1.2.2. Designate an office as the point-of-contact for FOIA matters.

AP1.2.3. Refer FOIA cases to the Director, Freedom of Information and Security Review, for review and evaluation when the issues raised are of unusual significance, precedent setting, or otherwise require special attention or guidance.

AP1.2.4. Consult with other OSD and DoD Components that may have a significant interest in the requested record prior to a final determination. Coordination with Agencies outside of the Department of Defense, if required, is authorized.

AP1.2.5. Coordinate proposed denials of records with the appropriate Combatant Command's Office of the Staff Judge Advocate.

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[1] Copy may be viewed via internet at *http://web7.whs.osd.mil/corres.htm*.

[2] See footnote 1 to paragraph AP1.1.1. of this appendix.

[3] See footnote 1 to paragraph AP1.1.1. of this appendix.

AP1.2.6. Answer any request for a record within 20 working days of receipt. The requesters shall be notified that his request has been granted or denied. In unusual circumstances, such notification may state that additional time, not to exceed 10 working days, is required to make a determination.

AP1.2.7. Provide to the Director, Freedom of Information and Security Review when the request for a record is denied in whole or in part, a copy of the response to the requester or the requester's representative, and any internal memoranda that provide background information or rationale for the denial.

AP1.2.8. State in the response that the decision to deny the release of the requested information, in whole or in part, may be appealed to the Director, Administration and Management and Washington Headquarters Services, Directorate for Freedom of Information and Security Review, Room 2C757, 1155 Defense Pentagon, Washington, DC 20301–1155.

AP1.2.9. Upon request, submit to Director, Administration and Management and Washington Headquarters Services a copy of the records that were denied. The Director, Administration and Management and Washington Headquarters Services shall make such requests when adjudicating appeals.

AP1.3. *Fees for FOIA Requests*

The fees charged for requested records shall be in accordance with subpart F of this part.

AP1.4. *Communications*

Excellent communication capabilities currently exist between the Director, Freedom of Information and Security Review and the Freedom of Information Act Offices of the Combatant Commands. This communication capability shall be used for FOIA cases that are time sensitive.

AP1.5. *Information Requirements*

AP1.5.1. The Combatant Commands shall submit to the Director, Freedom of Information and Security Review, an annual report. The instructions for the report are outlined in subpart G of this part.

AP1.5.2. The annual reporting requirement contained in this part shall be submitted in duplicate to the Director, Freedom of Information and Security Review not later than each November 30. This reporting requirement has been assigned Report Control Symbol DD-DA&M(A) 1365 in accordance with DoD 8910.1–M.[4]

[4]See footnote 1 to paragraph AP1.1.1. of this appendix.

APPENDIX B TO PART 286—ADDRESSING FOIA REQUESTS

AP2.1. *General*

AP2.1.1. The Department of Defense includes the Office of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Military Departments, the Combatant Commands, the Inspector General, the Defense Agencies, and the DoD Field Activities.

AP2.1.2. The Department of Defense does not have a central repository for DoD records. FOIA requests, therefore, should be addressed to the DoD Component that has custody of the record desired. In answering inquiries regarding FOIA requests, DoD personnel shall assist requesters in determining the correct DoD Component to address their requests. If there is uncertainty as to the ownership of the record desired, the requester shall be referred to the DoD Component that is most likely to have the record.

AP2.2. *Listing of DoD Component Addresses for FOIA Requests*

AP2.2.1. *Office of the Secretary of Defense and the Chairman of the Joint Chiefs of Staff.* Send all requests for records from the below listed offices to: Directorate for Freedom of Information and Security Review, Room 2C757, 1155 Defense Pentagon, Washington, DC 20301–1155.

Executive Secretariat
Under Secretary of Defense (Policy)
Assistant Secretary of Defense (International Security Affairs)
Assistant Secretary of Defense (Special Operations & Low Intensity Conflict)
Assistant Secretary of Defense (Strategy & Threat Reduction)
Deputy to the Under Secretary of Defense (Policy Support)
Director of Net Assessment
Defense Security Assistance Agency
Defense Technology Security Administration
Under Secretary of Defense (Acquisition & Technology)
Deputy Under Secretary of Defense (Logistics)
Deputy Under Secretary of Defense (Advanced Technology)
Deputy Under Secretary of Defense (Acquisition Reform)
Deputy Under Secretary of Defense (Environmental Security)
Deputy Under Secretary of Defense (International & Commercial Programs)
Deputy Under Secretary of Defense (Industrial Affairs & Installations)
Assistant to the Secretary of Defense (Nuclear, Chemical & Biological Defense Programs)
Director, Defense Research & Engineering
Director, Small & Disadvantaged Business Utilization

Director, Defense Procurement
Director, Test Systems Engineering & Evaluation
Director, Strategic & Tactical Systems
DoD Radiation Experiments Command Center
On-Site Inspection Agency
Under Secretary of Defense (Comptroller)
Director, Program Analysis and Evaluation
Under Secretary of Defense (Personnel & Readiness)
Assistant Secretary of Defense (Health Affairs)
Assistant Secretary of Defense (Legislative Affairs)
Assistant Secretary of Defense (Public Affairs)
Assistant Secretary of Defense (Command, Control, Communications & Intelligence)
Assistant Secretary of Defense (Reserve Affairs)
General Counsel, Department of Defense
Director, Operational Test and Evaluation
Assistant to the Secretary of Defense (Intelligence Oversight)
Director, Administration and Management
Special Assistant for Gulf War Illness
Defense Advanced Research Projects Agency
Ballistic Missile Defense Organization
Defense Systems Management College
National Defense University
Armed Forces Staff College
Department of Defense Dependents Schools
Uniformed Services University of the Health Sciences
Armed Forces Radiology Research Institute
Washington Headquarters Services

AP2.2.2. *Department of the Army*. Army records may be requested from those Army officials who are listed in 32 CFR 518. Send requests to the Department of the Army, Freedom of Information and Privacy Acts Office, TAPC-PDR-PF, 7798 Cissna Road, Suite 205, Springfield, VA 22150–3166, for records of the Headquarters, U.S. Army, or if there is uncertainty as to which Army activity may have the records.

AP2.2.3. *Department of the Navy*. Navy and Marine Corps records may be requested from any Navy or Marine Corps activity by addressing a letter to the Commanding Officer and clearly indicating that it is a FOIA request. Send requests to Chief of Naval Operations, N09B30, 2000 Navy Pentagon, Washington, DC 20350–2000, for records of the Headquarters, Department of the Navy, and to Commandant of the Marine Corps, (ARAD), Headquarters U.S. Marine Corps, 2 Navy Annex, Washington, DC 20380–1775 for records of the U.S. Marine Corps, or it there is uncertainty as to which Navy or Marine activities may have the records.

AP2.2.4. *Department of the Air Force*. Air Force records may be requested from the commander of any Air Force installation, major command, or field operating agency (ATTN: FOIA Office). For Air Force records of Headquarters, United States Air Force, or it there is uncertainty as to which Air Force activity may have the records, send requests to Department of the Air Force, 11CS/SCSR(FOIA), 1000 Air Force Pentagon, Washington, DC 20330–1000.

AP2.2.5. *Defense Contract Audit Agency (DCAA)*. DCAA records may be requested from any of its regional offices or from its Headquarters. Requesters should send FOIA requests to the Defense Contract Audit Agency, ATTN: CMR, 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060–6219, for records of its headquarters or if there is uncertainty as to which DCAA region may have the records sought.

AP2.2.6. *Defense Information Systems Agency (DISA)*. DISA records may be requested from any DISA field activity or from its Headquarters. Requesters should send FOIA requests to Defense Information Systems Agency, Regulatory/General Counsel, 701 South Courthouse Road, Arlington, VA 22204–2199.

AP2.2.7. *Defense Intelligence Agency (DIA)*. FOIA requests for DIA records may be addressed to Defense Intelligence Agency, ATTN: SVI–1, Washington, DC 20340–5100.

AP2.2.8. *Defense Security Service (DSS)*. All FOIA requests for DSS records should be sent to the Defense Security Service, Office of FOIA and Privacy V0020, 1340 Braddock Place, Alexandria, VA 22314–1651.

AP2.2.9. *Defense Logistics Agency (DLA)*. DLA records may be requested from its headquarters or from any of its field activities. Requesters should send FOIA requests to Defense Logistics Agency, ATTN: CAAR, 8725 John J. Kingman Road, Suite 2533, Ft. Belvoir, VA 22060–6221.

AP2.2.10. *National Imagery and Mapping Agency (NIMA)*. FOIA requests for NIMA records may be sent to the National Imagery and Mapping Agency, General Counsels Office, GCM, mail Stop D–10, 4600 Sangamore Road, Bethesda, MD 20816–5003.

AP2.2.11. *Defense Special Weapons Agency (DSWA)*. FOIA requests for DSWA records may be sent to the Defense Special Weapons Agency, Public Affairs Office, Room 113, 6801 Telegraph Road, Alexandria, VA 22310–3398.

AP2.2.12. *National Security Agency (NSA)*. FOIA requests for NSA records may be sent to the National Security Agency/Central Security Service, FOIA/PA Services, N5P5, 9800 Savage Road, Suite 6248, Fort George G. Meade, MD 20755–6248.

AP2.2.13. *Inspector General of the Department of Defense (IG, DoD)*. FOIA requests for IG, DoD records may be sent to the Inspector General of the Department of Defense, Chief FOIA/PA Office, 400 Army Navy Drive, Room 405, Arlington, VA 22202–2884.

AP2.2.14. *Defense Finance and Accounting Service (DFAS)*. DFAS records may be requested from any of its regional offices or from its Headquarters. Requesters should

send FOIA requests to Defense Finance and Accounting Service, Directorate for External Services, Crystal Mall 3, Room 416, Arlington, VA 22240–5291, for records of its Headquarters, or if there is uncertainty as to which DFAS region may have the records sought.

AP2.2.15. *National Reconnaissance Office (NRO)*. FOIA requests for NRO records may be sent to the National Reconnaissance Office, Information Access and Release Center, Attn: FOIA Officer, 14675 Lee Road, Chantilly, VA 20151–1715.

AP2.3. *Other Addresses*. Although the below organizations are OSD and Chairman of the Joint Chiefs of Staff Components for the purposes of the FOIA, requests may be sent directly to the addresses indicated.

AP2.3.1. *DoD TRICARE Management Activity*. Director, TRICARE Management Activity, 16401 East Centretech Parkway, Aurora, CO 80011–9043.

AP2.3.2. *Chairman, Armed Services Board of Contract Appeals (ASBCA)*. Chairman, Armed Services Board of Contract Appeals, Skyline Six Rm 703, 5109 Leesburg Pike, Falls Church, VA 22041–3208.

AP2.3.3. *U.S. Central Command*. Commander-in-Chief, U.S. Central Command, CCJ1 AGR, MacDill Air Force Base, FL 33608–7001.

AP2.3.4. *U.S. European Command*. Commander-in-Chief, Headquarters, U.S. European Command/ECJ1–AA(FOIA) Unit 30400 Box 1000, APO AE 09128–4209.

AP2.3.5. *U.S. Southern Command*. Commander-in-Chief, U.S. Southern Command, SCJ1–A, 3511 NW 91st Avenue, Miami, FL 33172–1217.

AP2.3.6. *U.S. Pacific Command*. Commander-in-Chief, U.S. Pacific Command, USPACOM FOIA Coordinator (J042), Administrative Support Division, Joint Secretariat, Box 28, Camp H. M. Smith, HI 96861–5025.

AP2.3.7. *U.S. Special Operations Command*. Commander-in-Chief, U.S. Special Operations Command, Chief, Command Information Management Branch, ATTN: SOJ6–SI, 7701 Tampa Point Blvd., MacDill Air Force Base, FL 33621–5323.

AP2.3.8. *U.S. Atlantic Command*. Commander-in-Chief, U.S. Atlantic Command, Code J02P, Norfolk, VA 23511–5100.

AP2.3.9. *U.S. Space Command*. Commander-in-Chief, U.S. Space Command, Command Records Manager/FOIA/PA Officer, 150 Vandenberg Street, Suite 1105, Peterson Air Force Base, CO 80914–5400.

AP2.3.10. *U.S. Transportation Command*. Commander-in-Chief, U.S. Transportation Command, ATTN: TCJ1–1F, 508 Scott Drive, Scott Air Force Base, IL 62225–5357.

AP2.3.11. *U.S. Strategic Command*. Commander-in-Chief, U.S. Strategic Command, Attn: J0734, 901 SAC Blvd., Suite 1E5, Offutt Air Force Base, NE 68113–6073.

AP2.4. *National Guard Bureau*

FOIA requests for National Guard Bureau records may be sent to the Chief, National Guard Bureau, ATTN: NGB-ADM, Room 2C363, 2500 Army Pentagon, Washington, DC 20310–2500.

AP2.5. *Miscellaneous*

If there is uncertainty as to which DoD Component may have the DoD record sought, the requester may address a Freedom of Information request to the Directorate for Freedom of Information and Security Review, Room 2C757, 1155 Defense Pentagon, Washington, DC 20301–1155.

APPENDIX C TO PART 286—DD FORM 2086, ''RECORD OF FREEDOM OF INFORMATION (FOI) PROCESSING COST''

RECORD OF FREEDOM OF INFORMATION (FOI) PROCESSING COST

Please read instructions on back before completing form.

REPORT CONTROL SYMBOL: DA&M(A)1365

1. REQUEST NUMBER	2. TYPE OF REQUEST *(X one)*		3. DATE COMPLETED *(YYYYMMDD)*
98-F-8888	X a. INITIAL	b. APPEAL	19980701

	TOTAL HOURS (1)		HOURLY RATE (2)		COST (3)
4. CLERICAL HOURS *(E-9/GS-8 and below)*					
a. SEARCH	1.00	X	$12.00	=	12.00
b. REVIEW/EXCISING	2.00	X	$12.00	=	24.00
c. CORRESPONDENCE AND FORMS PREPARATION	1.00	X	$12.00	=	12.00
d. OTHER ACTIVITY	2.00	X	$12.00	=	24.00
5. PROFESSIONAL HOURS *(O-1 - O-6/GS-9 - GS-15)*	TOTAL HOURS (1)		HOURLY RATE (2)		COST (3)
a. SEARCH	2.00	X	$25.00	=	50.00
b. REVIEW/EXCISING	1.00	X	$25.00	=	25.00
c. COORDINATION/APPROVAL/DENIAL	1.00	X	$25.00	=	25.00
d. OTHER ACTIVITY	0.00	X	$25.00	=	0.00
6. EXECUTIVE HOURS *(O-7 - GS-16/ES 1 and above)*	TOTAL HOURS (1)		HOURLY RATE (2)		COST (3)
a. SEARCH	0.00	X	$45.00	=	0.00
b. REVIEW/EXCISING	0.00	X	$45.00	=	0.00
c. COORDINATION/APPROVAL/DENIAL	0.50	X	$45.00	=	22.50
7. COMPUTER SEARCH	TOTAL HOURS (1)		HOURLY RATE (2)		COST (3)
a. MACHINE HOURS	0.00	X	0.00	=	0.00
b. PROGRAMMER/OPERATOR TIME					
(1) Clerical	1.00	X	$12.00	=	12.00
(2) Professional	1.00	X	$25.00	=	25.00
8. OFFICE COPY REPRODUCTION	NUMBER (1)		RATE (2)		COST (3)
a. PAGES REPRODUCED	450	X	.15	=	67.50
9. MICROFICHE REPRODUCTION	NUMBER (1)		RATE (2)		COST (3)
a. MICROFICHE REPRODUCED	0	X	.25	=	0.00
10. PRINTED RECORDS	TOTAL PAGES (1)		RATE (2)		COST (3)
a. FORMS	0	X	.02	=	0.00
b. PUBLICATIONS	156	X	.02	=	3.12
c. REPORTS	45	X	.02	=	0.90
11. COMPUTER COPY	NUMBER (1)		ACTUAL COST (2)		COST (3)
a. TAPE	0	X	0.00	=	0.00
b. PRINTOUT	0	X	0.00	=	0.00
12. AUDIOVISUAL MATERIALS	NUMBER (1)		ACTUAL COST (2)		COST (3)
a. MATERIALS REPRODUCED	0	X	0.00	=	0.00

13. FOR FOI OFFICE USE ONLY

a. SEARCH FEES PAID	$99.00	f. TOTAL COLLECTABLE COSTS	$219.52
b. REVIEW FEES PAID	$49.00	g. TOTAL PROCESSING COSTS	$303.02
c. COPY FEES PAID	$71.52	h. TOTAL CHARGED	$219.52
d. TOTAL PAID	$219.52	i. FEES WAIVED/REDUCED *(X one)*	Yes: — X: No
e. DATE PAID *(YYYYMMDD)*	19980801	*See Chapter 6, Fee Schedule, DoD 5400.7-R, to determine appropriate assessment of fees.*	

SAMPLE

DD FORM 2086, AUG 1998 (EG) PREVIOUS EDITION MAY BE USED. Designed using Perform Pro, WHS/DIOR, Jul 98

INSTRUCTIONS FOR COMPLETING DD FORM 2086

This form is used to record costs associated with the processing of a Freedom of Information request.

1. REQUEST NUMBER - First two digits will express Calendar Year followed by dash (-) and Component's request number, i.e., 97-001.

2. TYPE OF REQUEST - Mark the appropriate block to indicate initial request or appeal of a denial.

3. DATE COMPLETED - Enter year, month and day, i.e., 19970621.

4. CLERICAL HOURS - For each applicable activity category, enter time expended to the nearest 15 minutes in the total hours column. The activity categories are:

Search - Time spent in locating from the files the requested information.

Review/Excising - Time spent in reviewing the document content and determining if the entire document must retain its classification or segments could be excised thereby permitting the remainder of the document to be declassified. In reviews for other than classification, FOI exemptions 2 through 9 should be considered.

Correspondence and Forms Preparation - Time spent in preparing the necessary correspondence and forms to answer the request.

Other Activity - Time spent in activity other than above, such as duplicating documents, hand carrying documents to other locations, restoring files, etc.

- Multiply the time in the total hours column of each category by the hourly rate and enter the cost figures for each category.

5. PROFESSIONAL HOURS - For each applicable activity category, enter time expended to the nearest 15 minutes in the total hours column. The activity categories are:

Search/Review/Excising, and Other Activity - See explanation above.

Coordination/Approval/Denial - Time spent coordinating the staff action with interested offices or agencies and obtaining the approval for the release or denial of the requested information.

- Multiply the time in the total hours column of each category by the hourly rate and enter the cost figures for each category.

6. EXECUTIVE HOURS - For each applicable activity category, enter the time expended to the nearest 15 minutes in the total hours column. The activity categories are:

Search/Review/Excising - See explanation above.

Coordination/Approval/Denial - See explanation above.

- Multiply the time in the total hours column of each category by the hourly rate and enter the cost figures for each category.

7. COMPUTER SEARCH - When the amount of government-owned (not leased) computer processing machine time required to complete a search is known, and accurate cost information for operation on an hourly basis is available, enter the time used and the hourly rate. Then, calculate the total cost which is fully chargeable to the requester.

- Programmer and operator costs are calculated using the same method as in Items 4 and 5. This cost is also fully chargeable to requesters as computer search time.

8. OFFICE COPY REPRODUCTION - Enter the number of pages reproduced.

- Multiply by the rate per copy and enter cost figures.

9. MICROFICHE REPRODUCTION - Enter the number of microfiche copies reproduced.

- Multiply by the rate per copy and enter cost figures.

10. PRINTED RECORDS - Enter total pages in each category. The categories are:

Forms *(Include any type of printed forms)*

Publications *(Include any type of bound document, such as directives, regulations, studies, etc.)*

Reports *(Include any type of memorandum, staff action paper, etc.)*

- Multiply the total number of pages in each category by the rate per page and enter cost figures.

11. COMPUTER COPY - Enter the total number of tapes and/or printouts.

- Multiply by the actual cost per tape or printout and enter cost figures.

12. AUDIOVISUAL MATERIALS - Duplication cost is the actual cost of reproducing the material, including the wages of the person doing the work.

13. FOR FOI OFFICE USE ONLY -

Search Fees Paid - Enter total search fees paid by the requester.

Review Fees Paid - Enter total review fees paid by the requester.

SAMPLE

Copy Fees Paid - Enter the total of copy fees paid by the requester.

Total Paid - Add search fees paid and copy fees paid. Enter total in the total paid block.

Date Paid - Enter year, month, and day, i.e., 19971024, the fee payment was received.

Total Collectable Costs - Add the blocks in the cost column and enter total in the total collectable cost block. Apply the appropriate waiver for the category of requester prior to inserting the final figure. Further discussion of chargeable fees is contained in Chapter VI of DoD Regulation 5400.7-R.

Total Processing Costs - Add all blocks in the cost column and enter total in the total processing cost block. The total processing cost in most cases will exceed the total collectable cost.

Total Charged - Enter the total amount that the requester was charged, taking into account the fee waiver threshold and fee waiver policy.

Fees Waived/Reduced - Indicate if the cost of processing the request was waived or reduced by placing an "X" in the "Yes" block or the "No" block.

DD FORM 2086 (BACK), AUG 1998

APPENDIX D TO PART 286—DD FORM 2086–1, ''RECORD OF FREEDOM OF INFORMATION (FOI) PROCESSING COST FOR TECHNICAL DATA''

RECORD OF FREEDOM OF INFORMATION (FOI) PROCESSING COST FOR TECHNICAL DATA
Please read instructions on back before completing form.

REPORT CONTROL SYMBOL: DA&M(A)1365

1. REQUEST NUMBER	2. TYPE OF REQUEST *(X one)*		3. DATE COMPLETED *(YYYYMMDD)*
98-F-9999	X a. INITIAL	b. APPEAL	19980701

	TOTAL HOURS (1)		HOURLY RATE (2)		COST (3)
4. CLERICAL HOURS *(E-9/GS-8 and below)*					
a. SEARCH	2.00	X	$13.25	=	* 26.50
b. REVIEW/EXCISING	1.00	X	$13.25	=	* 13.25
c. CORRESPONDENCE AND FORMS PREPARATION	0.00	X	$13.25	=	0.00
d. OTHER ACTIVITY	0.00	X	$13.25	=	0.00
e. MINIMUM CHARGE	3.00		$ 8.30		24.90
5. PROFESSIONAL HOURS *(O-1 - O-6/GS-9 - GS/GM-15)*	TOTAL HOURS (1)		HOURLY RATE (2)		COST (3)
a. SEARCH	1.00	X	ACTUAL HOURLY RATE	=	* 25.00
b. REVIEW/EXCISING	1.50	X	ACTUAL HOURLY RATE	=	* 37.50
c. COORDINATION/APPROVAL/DENIAL	0.25	X	ACTUAL HOURLY RATE	=	6.25
d. OTHER ACTIVITY	0.00	X	ACTUAL HOURLY RATE	=	0.00
e. MINIMUM CHARGE	2.75		1/2 HOURLY RATE		34.38
6. EXECUTIVE HOURS *(O-7/GM-16/ES 1 and above)*	TOTAL HOURS (1)		HOURLY RATE (2)		COST (3)
a. SEARCH	0.00	X	ACTUAL HOURLY RATE	=	* 0.00
b. REVIEW/EXCISING	0.00	X	ACTUAL HOURLY RATE	=	* 0.00
c. COORDINATION/APPROVAL/DENIAL	0.25	X	ACTUAL HOURLY RATE	=	25.00
d. MINIMUM CHARGE	0.25		1/2 HOURLY RATE		12.50
7. COMPUTER SEARCH S A M P L E	TOTAL HOURS (1)		HOURLY RATE (2)		COST (3)
a. MACHINE HOURS	0.00	X	0.00	=	* 0.00
b. PROGRAMMER/OPERATOR TIME					
- Clerical	1.00		$13.25 OR MINIMUM		* 13.25
- Professional	1.00		ACTUAL OR MINIMUM		* 25.00
8. REPRODUCTION	NUMBER (1)		RATE (2)		COST (3)
a. AERIAL PHOTOGRAPHS, SPECIFICATIONS, PERMITS, CHARTS, BLUEPRINTS, AND OTHER TECHNICAL DOCUMENTS	1		$ 2.50		* 2.50
b. ENGINEERING DATA *(Microfilm)*					
- Aperture cards					
-- Silver duplicate negative, per card	0		.75		* 0.00
-- When keypunched and verified, per card	0	X	.85	=	* 0.00
-- Diazo duplicate negative, per card	1		.65		* 0.65
-- When keypunched and verified, per card	0		.75		* 0.00
- 35 mm roll film, per frame	0		.50		* 0.00
- 16 mm roll film, per frame	0		.45		* 0.00
- Paper prints *(engineering drawings)*, each	0		1.50		* 0.00
- Paper reprints of microfilm indices, each	0		.10		* 0.00
c. AUDIOVISUAL MATERIALS *(Insert actual cost in block (2))*	25		1.24		* 31.00
d. OTHER TECHNICAL DATA RECORDS Charges for any additional services not specifically provided above shall be made by components at the following rates:					
- Minimum charge for office copy *(up to six images)*	1		$ 3.50		* 3.50
- Each additional image	30		.10		* 3.00
- Each typewritten page	0	X	3.50	=	* 0.00
- Certification and validation with seal, each	0		5.20		* 0.00
- Hand-drawn plots and sketches, each hour or fraction thereof	0.00		12.00		* 0.00

** Chargeable to all requesters.*

9. FOR FOI OFFICE USE ONLY			
a. SEARCH FEES PAID	89.75	f. TOTAL COLLECTABLE	181.15
b. REVIEW FEES PAID	50.75	g. TOTAL PROCESSING	212.40
c. COPY FEES PAID	40.65	h. TOTAL CHARGED	181.15
d. TOTAL PAID	181.15	i. FEES WAIVED/REDUCED *(X one)*	YES X NO
e. DATE PAID *(YYYYMMDD)*	19980801		

DD FORM 2086-1, JUL 1997 (EG) PREVIOUS EDITION MAY BE USED UNTIL SUPPLY IS EXHAUSTED. Designed using Perform Pro, WHS/DIOR, Jul 97

INSTRUCTIONS FOR COMPLETING DD FORM 2086-1

This form is used to record costs associated with the processing of a Freedom of Information request 'or technical data.

1. REQUEST NUMBER - First two digits will express Calendar Year followed by dash (-) and Component's request number, i.e., 87-001.

2. TYPE OF REQUEST - Mark the appropriate block to indicate initial request or appeal of a denial.

3. DATE COMPLETED - Enter year, month and day, i.e., 19970621.

4. CLERICAL HOURS - For each applicable activity category, enter time expended to the nearest 15 minutes in the total hours column. The activity categories are:

Search - Time spent in locating from the files the requested information.

Review/Excising - Time spent reviewing the document content and determining if the entire document must retain its classification or segments could be excised thereby permitting the remainder of the document to be declassified. In reviews for other than classification, FOI exemptions 2 through 9 should be considered.

Correspondence and Forms Preparation - Time spent in preparing the necessary correspondence and forms to answer the request.

Other Activity - Time spent in activity other than above, such as duplicating documents, hand carrying documents to other locations, restoring files, etc.

- Multiply the time in the total hours column of each category by the hourly rate and enter the cost figures for each category. Both search and review costs are chargeable to the requester.

5. PROFESSIONAL HOURS - For each applicable activity category, enter time expended to the nearest 15 minutes in the total hours column. The activity categories are:

Search/Review/Excising, and Other Activity - See explanation above.

Coordination/Approval/Denial - Time spent coordinating the staff action with interested offices or agencies and obtaining the approval for the release or denial of the requested information.

- Multiply the time in the total hours column of each category by the hourly rate and enter the cost figures for each category. Both search and review costs are chargeable to the requester.

6. EXECUTIVE HOURS - For each applicable activity category, enter the time expended to the nearest 15 minutes in the total hours column. The activity categories are:

Search/Review/Excising - See explanation above.

Coordination/Approval/Denial - See explanation above.

- Multiply the time in the total hours column in each category by the hourly rate and enter the cost figures for each category. Review costs are chargeable to the requester.

7. COMPUTER SEARCH - When the amount of government-owned (not leased) computer processing machine time is known, and accurate cost information for operation on an hourly basis is available, enter the time used and the hourly rate. Then, calculate the total cost which is fully chargeable to the requester.

- Programmer and operator costs are calculated using the same method as in Items 4 and 5. This cost is also fully chargeable to requesters as computer search time.

8. REPRODUCTION - Enter the number of pages or items reproduced.

- Multiply by the rate per copy and enter cost figures. The entire cost is chargeable to the requester. Reproduction cost for audiovisual material is the actual cost of reproducing the material, including the wage of the person doing the work.

9. FOR FOI OFFICE USE ONLY -

Search Fees Paid - Enter total search fees paid by the requester.

Review Fees Paid - Enter total review fees paid by the requester.

Copy Fees Paid - Enter the total of copy fees paid by the requester.

Total Paid - Add search fees paid and copy fees paid. Enter total in the total paid block.

Date Paid - Enter year, month, and day, i.e., 19971024, the fee payment was received.

Total Collectable Costs - Add the blocks in the cost column marked with an asterisk and enter total in the total collectable cost block. Only search, reproduction and printed records are chargeable to the requester. Further discussion of collectable costs is contained in Chapter VI, Section 3, DoD Regulation 5400.7-R.

Total Processing Costs - Add all blocks in the cost column and enter total in the total processing cost block. The total processing cost in most cases will exceed the total collectable cost.

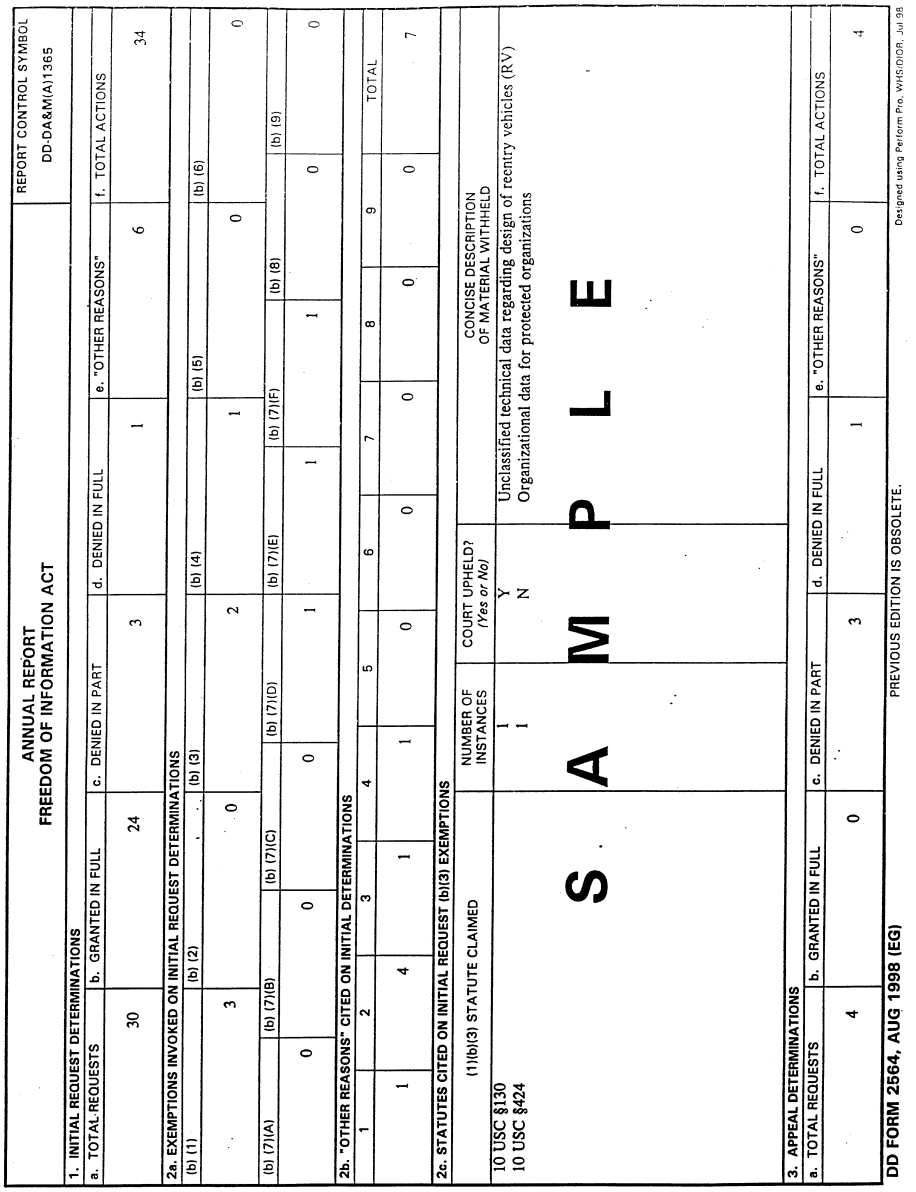
Total Charged - Enter the total amount that the requester was charged, taking into account the fee waiver threshold and fee waiver policy.

Fees Waived/Reduced - Indicate if the cost of processing the request was waived or reduced by placing an "X" in the "YES" block or an "X" in the "NO" block.

DD FORM 2086-1 (BACK), JUL 1997

SAMPLE

APPENDIX E TO PART 286—DD FORM 2564, ''ANNUAL REPORT FREEDOM OF INFORMATION ACT''



ANNUAL REPORT
FREEDOM OF INFORMATION ACT

REPORT CONTROL SYMBOL
DD-DA&M(A)1365

1. INITIAL REQUEST DETERMINATIONS

a. TOTAL REQUESTS	b. GRANTED IN FULL	c. DENIED IN PART	d. DENIED IN FULL	e. "OTHER REASONS"	f. TOTAL ACTIONS
30	24	3	1	6	34

2a. EXEMPTIONS INVOKED ON INITIAL REQUEST DETERMINATIONS

(b) (1)	(b) (2)	(b) (3)	(b) (4)	(b) (5)	(b) (6)
3	0	2	1	0	0

(b) (7)(A)	(b) (7)(B)	(b) (7)(C)	(b) (7)(D)	(b) (7)(E)	(b) (7)(F)	(b) (8)	(b) (9)
0	0	0	1	1	1	0	0

2b. "OTHER REASONS" CITED ON INITIAL DETERMINATIONS

1	2	3	4	5	6	7	8	9	TOTAL
1	4	1	1	0	0	0	0	0	7

2c. STATUTES CITED ON INITIAL REQUEST (b)(3) EXEMPTIONS

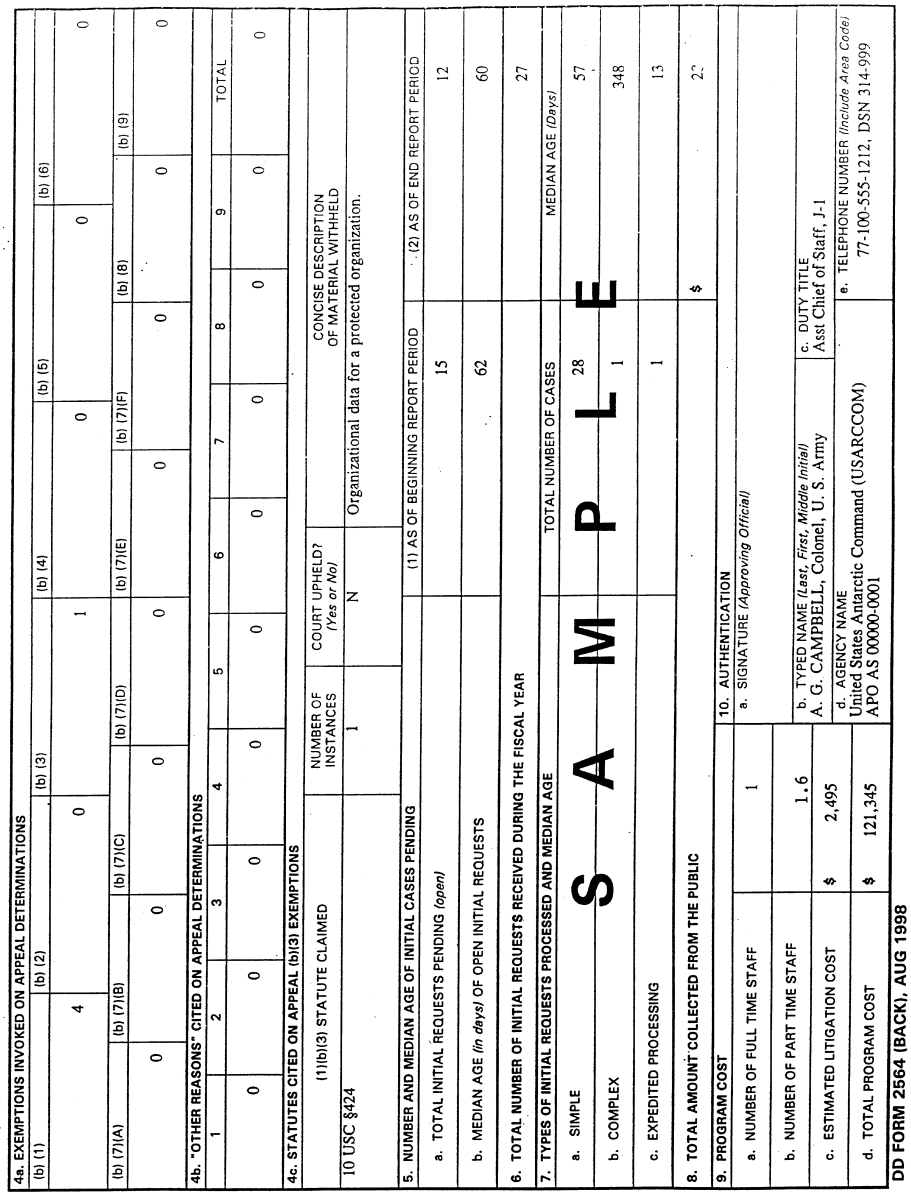
(1)(b)(3) STATUTE CLAIMED	NUMBER OF INSTANCES	COURT UPHELD? (Yes or No)	CONCISE DESCRIPTION OF MATERIAL WITHHELD
10 USC §130	1	Y	Unclassified technical data regarding design of reentry vehicles (RV)
10 USC §424	1	N	Organizational data for protected organizations

SAMPLE

3. APPEAL DETERMINATIONS

a. TOTAL REQUESTS	b. GRANTED IN FULL	c. DENIED IN PART	d. DENIED IN FULL	e. "OTHER REASONS"	f. TOTAL ACTIONS
4	0	3	1	0	4

DD FORM 2564, AUG 1998 (EG) PREVIOUS EDITION IS OBSOLETE. Designed using Perform Pro, WHS/DIOR, Jul 98



4a. EXEMPTIONS INVOKED ON APPEAL DETERMINATIONS

(b) (1)	(b) (2)	(b) (3)	(b) (4)	(b) (5)	(b) (6)
	4	0	1	0	0

(b) (7)(A)	(b) (7)(B)	(b) (7)(C)	(b) (7)(D)	(b) (7)(E)	(b) (7)(F)	(b) (8)	(b) (9)
0	0	0	0	0	0	0	0

4b. "OTHER REASONS" CITED ON APPEAL DETERMINATIONS

1	2	3	4	5	6	7	8	9	TOTAL
0	0	0	0	0	0	0	0	0	0

4c. STATUTES CITED ON APPEAL (b)(3) EXEMPTIONS

(1)(b)(3) STATUTE CLAIMED	NUMBER OF INSTANCES	COURT UPHELD? (Yes or No)	CONCISE DESCRIPTION OF MATERIAL WITHHELD
10 USC §424	1	N	Organizational data for a protected organization.

5. NUMBER AND MEDIAN AGE OF INITIAL CASES PENDING	(1) AS OF BEGINNING REPORT PERIOD	(2) AS OF END REPORT PERIOD
a. TOTAL INITIAL REQUESTS PENDING *(open)*	15	12
b. MEDIAN AGE *(in days)* OF OPEN INITIAL REQUESTS	62	60

6. TOTAL NUMBER OF INITIAL REQUESTS RECEIVED DURING THE FISCAL YEAR	27

7. TYPES OF INITIAL REQUESTS PROCESSED AND MEDIAN AGE	TOTAL NUMBER OF CASES	MEDIAN AGE *(Days)*
a. SIMPLE	28	57
b. COMPLEX	1	348
c. EXPEDITED PROCESSING	1	13
8. TOTAL AMOUNT COLLECTED FROM THE PUBLIC	$	2?

SAMPLE

9. PROGRAM COST		10. AUTHENTICATION	
a. NUMBER OF FULL TIME STAFF	1	a. SIGNATURE *(Approving Official)*	
b. NUMBER OF PART TIME STAFF	1.6	b. TYPED NAME *(Last, First, Middle Initial)* A. G. CAMPBELL, Colonel, U. S. Army	c. DUTY TITLE Asst Chief of Staff, J-1
c. ESTIMATED LITIGATION COST	$ 2,495	d. AGENCY NAME United States Antarctic Command (USARCCOM) APO AS 00000-0001	e. TELEPHONE NUMBER *(Include Area Code)* 77-100-555-1212, DSN 314-999
d. TOTAL PROGRAM COST	$ 121,345		

DD FORM 2564 (BACK), AUG 1998

APPENDIX F TO PART 286—DOD FREEDOM OF INFORMATION ACT PROGRAM COMPONENTS

Office of the Secretary of Defense/Chairman of the Joint Chiefs of Staff/Combatant Commands, Defense Agencies, and the DoD Field Activities
Department of the Army
Department of the Navy
Department of the Air Force
Defense Information Systems Agency
Defense Contract Audit Agency

Defense Intelligence Agency
Defense Security Service
Defense Logistics Agency
National Imagery and Mapping Agency
Defense Special Weapons Agency
National Security Agency
Office of the Inspector General, Department of Defense
Defense Finance and Accounting Service
National Reconnaissance Office

PART 286h—RELEASE OF ACQUISITION-RELATED INFORMATION

Sec.
286h.1 Purpose.
286h.2 Applicability and scope.
286h.3 Policy.
286h.4 Responsibilities.

AUTHORITY: Pub. L. 101–189.

SOURCE: 55 FR 28614, July 12, 1990, unless otherwise noted.

§ 286h.1 Purpose.

This part sets forth Department of Defense (DoD) policy for the release of acquisition-related information.

§ 286h.2 Applicability and scope.

(a) This part applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman, Joint Chiefs of Staff and Joint Staff (CJCS), the Unified and Specified Commands, and the Defense Agencies (hereafter referred to collectively as ''DoD Components'').

(b) This part is issued pursuant to section 822 of Public Law 101–189, which requires the Department of Defense to prescribe a single uniform regulation for dissemination of, and access to, acquisition information.

§ 286h.3 Policy.

(a) *General.* It is the Department of Defense's policy to make the maximum amount of acquisition-related information available to the public, and to respond promptly to specific requests from the public for such information, except for the information identified in paragraph (b) of this section, for which release is restricted.

(b) *Information for which release is restricted.* The information identified below may be released only as set forth herein.

(1) *Release subject to statutory restrictions.* This information may be released only in accordance with the applicable statutory requirements. Once the statutory requirements have been satisfied, the information may be released unless it falls within one of the categories described in the following paragraphs, in which case the policies governing release of information within those categories shall be followed.

(2) *Classified information.* (i) Any information or material, regardless of its physical form or characteristics, that is owned by, produced by or for, or under the control of the United States Government, and which, for national security purposes, must be protected against unauthorized disclosure and is so designated or marked with the appropriate classification.

(ii) Release, access, and dissemination of classified information shall be made through existing security channels in accordance with DoD 5220.22–R;[1] DoD 5220.22–M;[2] and DoD 5200.1–R,[3] which are implementing publications for safeguarding classified information release, access, and dissemination to United States and foreign concerns.

(3) *Contractor bid or proposal information.* (i) This is information prepared by or on behalf of an offeror and submitted to the Government as a part of or in support of the offeror's bid or proposal to enter into a contract with the Government, the disclosure of which would place the offeror at a competitive disadvantage or jeopardize the integrity or the successful completion of the procurement. Contractor bid or proposal information includes cost or pricing data, profit data, overhead and direct labor rates, and manufacturing processes and techniques. Contractor bid or proposal information does not include information that is available to the public.

(ii)(A) *Sealed bids.* (*1*) Prior to bid opening, no release or disclosure of contractor bid information shall be made to anyone other than those who are involved in the evaluation of the

[1] Copies may be obtained, at cost, from the National Technical Information Services, 5285 Port Royal Road, Springfield, VA 22161.

[2] Copies may be obtained, at cost, from the Government Printing Office, ATTN: Superintendent of Documents, Washington, DC 20402.

[3] See footnote 1 to § 286h.3(b)(2)(ii).

bids or to other individuals authorized by the Head of the DoD Component, or his or her designee.

(*2*) After contract award, contractor bid information may be released or disclosed by those authorized by the Head of the DoD Component, or his or her designee, to make such release or disclosure, if the information to be released or disclosed is not subject to a restrictive legend authorized by Federal Acquisition Regulation (FAR) 52.215–12 or release is not otherwise restricted by law.

(*3*) *Negotiated procurements.* Prior to contract award, no release or disclosure of contractor proposal information shall be made to anyone other than those who are involved in the evaluation of the proposals or the source selection or to other individuals authorized by the Head of the DoD Component, or his or her designee. DoD Components shall adopt procedures in accordance with FAR 15.413 to protect against release or disclosure of contractor proposal information. After contract award, contractor proposal information may be released or disclosed by those authorized by the Head of the DoD Component, or his or her designee, to make such release or disclosure, if the information to be released or disclosed is not subject to a restrictive legend authorized by FAR 15.509 or FAR 52.215–12 or release is not otherwise restricted by law.

(4) *Source selection information.* (i) This is information prepared or developed for use by the Government in connection with the selection of a bid or proposal for the award of a contract. Only the following information, including copies or extracts thereof, is source selection information:

(A) Bid prices submitted in response to a Government solicitation for sealed bids or lists of such bid prices (applicable prior to bid opening only);

(B) Proposed costs or prices submitted in response to a Government solicitation prior to award of the contract, a list of proposed costs or prices;

(C) Source selection plans;

(D) Technical evaluation plans;

(E) Technical evaluations of competing proposals;

(F) Cost or price evaluations of competing proposals;

(G) Competitive range determinations;

(H) Rankings of competitors;

(I) The reports and evaluations or source selection boards, advisory councils, or the source selection authority (SSA); and

(J) Any other information which:

(*1*) If disclosed, would give an offeror a competitive advantage or jeopardize the integrity or successful completion of the procurement; and

(*2*) Is marked with the legend ''Source Selection Information.''

(ii) *Release of or access to source selection information (SSI)—(A) Access to SSI.* The SSA (including the contracting officer when the contracting officer is the SSA) shall restrict access to source selection information to only those Government employees directly involved in the source selection process or to those individuals who have been authorized by the Head of the DoD Component, or his or her designee, to have access to such information. If the contracting officer or the SSA have not been appointed, the Head of the DoD Component, or his or her designee, shall assure access to such information is properly restricted. Employees supervising or managing employees directly involved in the source selection process are not themselves by virtue of their positions directly involved in the source selection process.

(B) *Release of SSI—(1) Prior to contract award.* Source selection information shall not be released prior to contract award unless the Head of the DoD Component, or his or her designee, determines that release is in the public interest and would not jeopardize the integrity or successful completion of the procurement. The information to be released shall only be released by the contracting officer. The contracting officer shall make release in a manner that does not provide any potential offeror with a competitive advantage.

(*2*) *After contract award.* The need to protect source selection information generally ends with contract award. The contracting officer may release, or authorize the release of, any source selection information related to that contract award except: Source selection information specifically developed or prepared for use with more than one

solicitation when there is a continuing need to protect that information; unless otherwise permitted by law, source selection information containing contractor data or extracts thereof which are protected by law; information which would reveal the relative merits or technical standing of the competitors or the evaluation scoring; and any pre-decisional or other information not subject to release under the Freedom of Information Act. Debriefings to unsuccessful offerors shall be conducted in accordance with FAR 15.1003 and Defense Federal Acquisition Regulation Supplement (DFARS) 215.1003(a).

(5) *Planning, programming, and budgetary information.* (i) Planning, Programming, and Budgeting System (PPBS) documents and supporting data bases are not to be disclosed outside the Department of Defense (DoD) and other governmental agencies directly involved in the defense planning and resource allocation process (e.g., the Office of Management and Budget). PPBS papers and associated data set forth the details of proposed programs and plans. Access to this material by those not directly involved in the PPBS process undermines the confidentiality necessary for the Secretary and Deputy Secretary to obtain candid advice on the content of the defense program. Also, access to PPBS information by private firms seeking contracts with the Department may pose ethical, even criminal, problems for those involved and reduce effective competition in the contract awards process.

(ii)(A) Requests for exceptions to this limitation may be granted on a case-by-case basis to meet compelling needs, after coordination with the Office of General Counsel, by the Head of the OSD office responsible for the PPBS phase to which the document or data base pertains; the Under Secretary of Defense (Policy) for the planning phase; the Assistant Secretary of Defense (Program Analysis and Evaluation) for programming; and the Comptroller, DoD for budgeting. A list of the current major documents and data bases for each PPBS phase is in paragraph (B)(5)(11)(C) of this section; all other PPBS materials are also controlled under this policy.

(B) Disclosure of PPBS information to Congress and the General Accounting Office (GAO) is covered by statute and other procedures.

(C) Major PPBS Documents and Data Bases by Phase.

Planning Phase

(*1*) Defense Planning Guidance.

Programming Phase

(*2*) Fiscal Guidance (when separate from Defense Planning Guidance);

(*3*) Program Objective Memoranda (POM);

(*4*) POM Defense Program (formerly FYDP) documents (POM Defense Program, Procurement Annex, RDT&E Annex);

(*5*) Program Review Proposals;

(*6*) Issue Papers (aka, Major Issue Papers, Tier II Issue Papers, Cover Briefs);

(*7*) Proposed Military Department Program Reductions (or Program Offsets);

(*8*) Tentative Issue Decision Memoranda;

(*9*) Program Decision Memoranda;

Budgeting Phase

(*10*) Defense Program (formerly FYDP) documents for September and President's Budget Estimate submissions including Defense Program Procurement, RDT&E and Construction Annexes;

(*11*) Classified P–1, R–1 and C–1;

(*12*) Program Budget Decisions/Defense Management Review Decisions;

(*13*) Reports Generated by the Automated Budget Review System (BRS);

(*14*) DD Form 1414 Base for Programming;

(*15*) DD Form 1416 Report of Programs;

(*16*) Contract Award Reports;

(*17*) Congressional Data Sheets.

(iii) Contractor requests for information contained in the National Military Strategy Document (including annexes) and the Chairman's Program Assessment Document (including annexes and comments) shall be forwarded to the CJCS who shall determine on a case-by-case basis what information, if any, is releasable to the contractor.

(6) *Documents that disclose the Government's negotiating position.* Documents that would disclose the government's negotiating position (such as pre-negotiation business clearances and positions and government cost estimates) or would adversely impact the government negotiating strategy shall not be released.

(7) *Drafts and working papers.* Drafts and working papers that would otherwise be releasable under paragraph 286h.3(a) shall not be released where their release would inhibit the development of agency positions, jeopardize the free exchange of information that is part of the deliberative process, or compromise the decision-making process.

(c) *Freedom of Information Act.* Where a request for information, the release of which is restricted under paragraph 286h.3(b) is made under the Freedom of Information Act, the request shall be forwarded to the appropriate official for disposition in accordance with DoD 5400.7–R.[4] Requests for contractor bid or proposal information pursuant to the Freedom of Information Act shall be subject to subparagraph 5–207 a. of DoD 5400.7–R, which requires notice to a non-United States Government source of a record.

§ 286h.4 Responsibilities.

(a) The Under Secretary of Defense (Acquisition) shall be responsible for establishing uniform policies and procedures for the release of acquisition-related information.

(b) The Under Secretary of Defense (Policy), Assistant Secretary of Defense (Program Analysis and Evaluation) and Comptroller, DoD are responsible for adjudicating requests for access to Planning, Programming and Budgeting information pertaining to their respective phases of the PPB system.

(c) The Head of each DoD Component shall assure that procedures for the release of acquisition-related information are consistent with the policy contained in this Directive and shall not impose any additional restrictions on release of such information. These procedures shall specifically identify the individuals authorized to release and transmit acquisition-related information.

[4] See footnote 1 to § 286h.3(b)(2)(ii).

PART 287—DEFENSE INFORMATION SYSTEMS AGENCY FREEDOM OF INFORMATION ACT PROGRAM

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AUTHORITY: 5 U.S.C. 552.

SOURCE: 64 FR 67166, Dec. 1, 1999, unless otherwise noted.

§ 287.1 Purpose.

This part assigns responsibilities for the Freedom of Information Act (FOIA) Program for DISA.

§ 287.2 Applicability.

This part applies to DISA and the Office of the Manager, National Communications System (OMNCS).

§ 287.3 Authority.

This part is published in accordance with (IAW) the authority contained in 32 CFR part 286. It supplements 32 CFR part 286 to accommodate specific requirements of the DISA FOIA Program. However, 32 CFR part 286 takes precedence and shall be used for all issues not covered by this part.

§ 287.4 Duties of the FOIA officer.

The DISA FOIA Officer, located at DISA Headquarters, 701 S. Courthouse Road, Arlington, Virginia, is vested with the authority, within DISA, to release documentation for all requests of Agency records received by DISA directorates and field activities. The DISA FOIA Officer will:

(a) Make the materials described in 32 CFR 286.7 available for public inspection and reproduction. (A current index of this material will be maintained in accordance with 32 CFR 286.8).

(b) Establish education and training programs for all DISA employees who contribute to the DISA FOIA Program.

(c) Respond to all requests for records from private persons IAW 32 CFR part 286 whether the requests are received directly by DISA Headquarters or by DISA field activities. Coordinate proposed releases with the General Counsel in any case in which the release is, or may be, controversial. Coordinate all proposed denials with the General Counsel.

(d) Be the DISA principal point of contact for coordination with the Directorate for Freedom of Information and Security Review (DFOISR) Washington Headquarters Services, reference FOIA issues.

(e) Ensure the cooperation of DISA with DFOISR in fulfilling the responsibilities of monitoring the FOIA Program.

(f) Coordinate cases of significance with DFOISR, after coordination with the General Counsel and with the approval of the Chief of Staff, when the issues raised are unusual, precedent setting, or otherwise require special attention or guidance.

(g) Advise DFOISR prior to the denial of a request or prior to an appeal when two or more DoD components are affected by the request for a particular record or when circumstances suggest a potential public controversy.

(h) Ensure completion of the annual reporting requirement contained in 32 CFR part 286.

§ 287.5 Responsibilities

(a) *Deputy Directors, Headquarters, DISA; Commanders and Chiefs of DISA Field Activities; and the Deputy Manager, NCS.* These individuals will furnish the FOIA Officer, when requested, with DISA documentary material, which qualifies as a record IAW 32 CFR part 286, for the purpose of responding to FOIA requests.

(b) *Chief of Staff.* The Chief of Staff will, on behalf of the Director, DISA, respond to the corrective or disciplinary action recommended by the Merit Systems Protection Board for arbitrary or capricious withholding of records requested, pursuant to the Freedom of Information Act, by military members or civilian employees of DISA. (This will be coordinated with the General Counsel.)

(c) *General Counsel.* The General Counsel or, in his or her absence, the Deputy General Counsel, is vested with the authority to deny, in whole or in part, a FOIA request received by DISA. The General Counsel will:

(1) Make the decision to deny a record in whole or in part; to deny a fee category claim; to deny a request for waiver or reduction in fees; to deny a request to review an initial fee estimate; to deny a request for expedited processing; or to confirm that no records were located during the initial search IAW 5 U.S.C. 552, as supplemented by the guidance provided in 32 CFR part 286

(2) Inform the person denied the basis for the denial of the request and of his or her right to appeal the decision to the Director, DISA, via written correspondence.

(3) Review any appeal the public may consider adverse in nature and ensure that the basis for the determination by the Director, DISA, be in writing, state the reasons for the denial, and inform the requester of his or her right to a judicial review in the appropriate U.S. District Court.

(4) Arrange for the publication of this part in the FEDERAL REGISTER.

(d) Chief, Legal Counsel, Defense Information Technology Contracting Organization (DITCO). The Chief Legal Counsel, DITCO, or, in his or her absence, the Deputy Legal Counsel, DITCO, is vested with same authority and responsibilities, for DITCO, as stated in paragraph (c) of this section.

(e) Administrator, Defense Technical Information Center (DTIC). The Administrator, DTIC, is vested with the same authority and responsibilities, for DTIC, as stated in paragraph (c) of this section.

§ 287.6 Duties of the DITCO and the DTIC FOIA officers.

(a) *DITCO FOIA Officer.* The DITCO FOIA Officer, located at 2300 East Drive, Scott AFB, IL 62225, is vested with the authority, within DITCO, to release documentation for all requests of records received by DITCO and its field activities, as stated in § 287.4 (a), (b), and (c) and assist the DISA FOIA

officer in carrying out the duties stated in § 287.4 (d) and (h).

(b) *DTIC FOIA Officer.* The DTIC FOIA Officer, located at 8725 John J. Kingman Road, Suite 0944, Ft. Belvoir, VA 22060, is vested with the authority, within DTIC, to release documentation for all requests of records within DTIC, as stated in § 287.4 (a), (b), and (c) and assist the DISA FOIA officer in carrying out the duties stated in § 287.4 (d) and (h).

§ 287.7 Fees.

Fees charged to the requester are contained in 32 CFR part 286.

§ 287.8 Appeal rights.

All appeals should be addressed to the Director, DISA, and be postmarked no later than 60 days after the date of the initial denial letter.

§ 287.9 Reports.

An annual report will be furnished to the FOIA Officer by the field activities by 15 October IAW 32 CFR part 286.

§ 287.10 Questions.

Questions on both the substance and procedures of the FOIA and the DISA implementation thereof should be addressed to the FOIA Officer by the most expeditious means possible, including telephone calls, faxes, and electronic mail. FOIA requests should be addressed as follows: Defense Information Systems Agency, 701 S. Courthouse Road, Arlington, VA 22204–2199, Attn: RGC. Calls should be made to (703) 607–6515. Faxed requests should be addressed to the FOIA Officer at (703) 607–4344. Electronic mail requests should be addressed to *bergerr@ncr.disa.mil.*

§ 287.11 "For Official Use Only" Records.

The designation ''For Official Use Only'' will be applied to documents and other material only as authorized by 32 CFR part 286 and DoD 5200.1–R.[1]

[1] Copies may be obtained via Internet at *http://web7.whs.osd.mil/corres.htm.*

PART 290—DEFENSE CONTRACT AUDIT AGENCY (DCAA) FREEDOM OF INFORMATION ACT PROGRAM

Sec.

290.1 Purpose.
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APPENDIX C TO PART 290—FOR OFFICIAL USE ONLY
APPENDIX D TO PART 290—AUDIT WORKING PAPERS

AUTHORITY: 5 U.S.C. 552.

SOURCE: 56 FR 49685, Oct. 1, 1991, unless otherwise noted.

§ 290.1 Purpose.

This part assigns responsibilities and establishes policies and procedures for a uniform DCAA Freedom of Information Act (FOIA) program pursuant to the provisions of the Freedom of Information Act, 5 U.S.C. 552, as implemented by DoD Directive 5400.7[1] and DoD 5400.7–R.[2]

§ 290.2 Cancellation.

DCAA Regulation 5410.8, DCAA Freedom of Information Act (FOIA) Program, dated 17 May 1989; DCAAR 5200.1, Control and Protection of ''For Official Use Only'' Information, dated 12 November 1985; and DCAA HQ Instruction 5200.9, Physical Security of ''For Official Use Only'' Information within Headquarters, DCAA, dated 20 November 1974, are superseded.

§ 290.3 Applicability and scope.

This rule applies to all DCAA organizational elements, and is to govern written responses by DCAA officials for requests from members of the public for permission to examine, or to be provided with copies of DCAA records.

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[2] See footnote 1 to § 290.1.

This rule also addresses Agency policies and procedures for handling ''For Official Use Only'' information, including Field Detachment sensitive information.

§ 290.4 Policy.

Agency policy and procedures are those cited in DoD 5400.7–R. In addition, DCAA will:

(a) Promote public trust by making the maximum amount of information available to the public, upon request, pertaining to the operation and activities of the Agency.

(b) Allow a requester to obtain records from the Agency that are available through other public information services without invoking the FOIA.

(c) Make available, under the procedures established by DCAAP 5410.14,[3] those records that are requested by a member of the general public who cites the FOIA.

(d) Answer promptly all other requests for information and records under established procedures and practices.

[56 FR 49685, Oct. 1, 1991, as amended at 60 FR 35699, July 11, 1995; 64 FR 1130, Jan. 8, 1999]

§ 290.5 Definitions.

The terms used in this rule with the exception of the following are defined in DCAAP 5410.14.

(a) *Initial denial authorities (IDAs).* The regional directors, and the Chief, Administrative Management Division, have been delegated the authority by the Director, DCAA, to make initial determinations as to the releasability of DCAA records to the public, including Defense contractors. This authority may not be redelegated.

(b) *Appellate authority.* The Assistant Director, Resources, or his designee.

(c) *Electronic data.* Electronic data are those records and information which are created, stored, and retrievable by electronic means. This does not include computer software, which is the tool by which to create, store, or retrieve electronic data.

(d) *FOIA request.* A written request for DCAA records, made by any person, including a member of the public (U.S. or foreign citizen), an organization, or a business, but not including a Federal agency or a fugitive from the law that either explicitly or implicitly invokes the FOIA, DoD 5400.7–R, DCAAR 5410.8,[4] or regional instruction on the FOIA.

(e) *Administrative appeal.* A request by a member of the general public, made under the FOIA, asking the appellate authority to reverse an IDA decision to withhold all or part of a requested record or to deny a request for waiver or reduction of fees.

[56 FR 49685, Oct. 1, 1991, as amended at 64 FR 1130, Jan. 8, 1999]

§ 290.6 Responsibilities.

(a) *Headquarters.* (1) The Assistant Director, Resources is responsible for:

(i) The overall Agency-wide administration of the DCAA FOIA Program through the Chief, Administrative Management Division, Information and Privacy Advisor, to ensure compliance with the policies and procedures that govern the program.

(ii) Acting as the designee for the Director, DCAA, serving as the sole appellate authority for appeals to decisions of respective IDAs.

(iii) Advising the Assistant Secretary of Defense (Public Affairs) (ASD(PA)) of cases of public interest, particularly those on appeal, when the issues raised are unusual or precedent setting, matters of disagreement among DoD components, are of concern to agencies outside the Department of Defense, or may otherwise require special attention or guidance.

(iv) Advising the ASD(PA) and the Executive Officer, DCAA, concurrent with the denial of a request or an appeal, when circumstances suggest a news media interest.

(v) Conferring with the General Counsel; the Assistant Director, Operations; and the Assistant Director, Policy and Plans, on the desirability of reconsidering a final decision to deny a record, if that decision becomes a matter of special concern because it involves either an issue of public concern or DoD-wide consequences.

[3] Copies may be obtained from the Defense Contract Audit Agency, Attn: CMO, 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060–6219.

[4] See footnote 3 to § 290.4(c).

(vi) Accomplishing program overview, in cooperation with the General Counsel, to ensure coordinated guidance to components, and to provide the means of assessing the overall conduct of the Agency's FOIA Program.

(vii) Responding to corrective action recommended by the Special Counsel of the Merit Systems Protection Board for arbitrary or capricious withholding of records by designated employees of the Agency.

(2) The Chief, Administrative Management Division (CM) is responsible for:

(i) Establishing, issuing, and updating policies for the DCAA FOIA Program; monitoring compliance with this rule; and providing policy guidance for the FOIA program.

(ii) Resolving conflicts that may arise regarding implementation of DCAA FOIA policy.

(iii) Designating an Agency FOIA Advisor, as a single point of contact, to coordinate on matters concerning Freedom of Information Act policy.

(3) The DCAA Information and Privacy Advisor, under the supervision and guidance of the Chief, Administrative Management Division is responsible for:

(i) Managing the DCAA FOIA Program in accordance with this rule, DCAAP 5410.14, applicable DCAA policies as well as DoD and Federal regulations.

(ii) Providing guidelines for managing, administering, and implementing the DCAA FOIA program. This would include issuing the DCAA FOIA rule, developing and conducting training for those individuals who implement the FOIA, and publishing in the FEDERAL REGISTER any instructions necessary for the administration of the FOIA program. This also includes serving as the informational point of contact for regional FOIA coordinators.

(iii) Maintaining and publishing DCAA Pamphlet 5410.14, ''DCAA Freedom of Information Act Processing Guide''.

(iv) Preparing the Annual Freedom of Information Report to Congress as required by DoD 5400.7–R.

(v) Establishing and maintaining a control system for assigning FOIA case numbers to FOIA requests received by Headquarters and regional offices.

(vi) Maintaining a record of FOIA requests received by Headquarters. This record is to contain the requester's identification, the date of the request, type of information requested, and type of information furnished. This record will be maintained and disposed of in accordance with DCAA records maintenance and disposition regulations and schedules.

(vii) Making available for public inspection and copying in an appropriate facility or facilities, in accordance with rules published in the FEDERAL REGISTER the records specified in paragraph (a)(2) of 5 U.S.C. 552, unless such records are published and copies are offered for sale. Maintain and make available for public inspection and copying current indices of these records.

(4) Heads of Principal Staff Elements are responsible for:

(i) Reviewing all regulations or other policy and guidance issuances for which they are the proponent to ensure consistency with the provisions of this rule.

(ii) Ensuring that the provisions of DCAAP 5410.14 and this rule are followed in processing requests for records.

(iii) Forwarding to the DCAA Information and Privacy Advisor, any FOIA requests received directly from a member of the public so that the request may be administratively controlled and processed.

(iv) Ensuring the prompt review of all FOIA requests, and when required, coordinating those requests with other organizational elements.

(v) Providing recommendations regarding the releasability of DCAA records to members of the public, along with the responsive documents.

(vi) Providing the appropriate documents, along with a written justification for any denial, in whole or in part, of a request for records. Those portions to be excised should be bracketed in red pencil, and the specific exemption or exemptions cited which provide the basis for denying the requested records.

(vii) Ensuring that documents are marked FOUO at the time of their creation if information contained within is considered exempt from disclosure.

(5) The General Counsel is responsible for:

(i) Ensuring uniformity is maintained in the legal position, and the interpretation of the Freedom of Information Act, DoD 5400.7–R, and this rule.

(ii) Consulting with General Counsel, DoD on final denials that are inconsistent with decisions of other DoD components, involving issues not previously resolved, or raise new or significant legal issues of potential significance to other Government agencies.

(iii) Providing advice and assistance to the Assistant Director, Resources; Regional Directors; and the Regional FOIA Coordinators, through the DCAA Information and Privacy Advisor, as required, in the discharge of their responsibilities.

(iv) Coordinating Freedom of Information Act litigation with the Department of Justice.

(v) Coordinating on Headquarters denials of initial requests and administrative appeals.

(vi) Ensuring that documents are marked FOUO at the time of their creation if information contained within is considered exempt from disclosure.

(6) The Executive Officer shall serve as the coordinator for the release of information to the news media.

(b) Each Regional Director is responsible for the overall management of the Freedom of Information Act program within his respective region. Under his direction, the Regional Resources Manager is responsible for the management and staff supervision of the program and for designating a regional FOIA Coordinator.

(1) Regional Directors are responsible for:

(i) Implementing and administering the Freedom of Information Act program throughout the region.

(ii) Making the initial determination pertaining to the releasability of DCAA records to members of the public. This authority cannot be delegated.

(iii) Delegating signature authority for FOIA correspondence which is considered only to be routine in nature, e.g., referrals and the release of information.

(iv) Ensuring that documents are marked FOUO at the time of their creation if information contained within is considered exempt from disclosure.

(2) FOIA Coordinators are responsible for:

(i) Issuing regional instructions that are consistent with the policies and procedures defined in DCAAP 5410.14 and this rule.

(ii) Conducting training on the FOIA program to the FAOs.

(iii) Submitting a DCAA Form 5410–4, ''Freedom of Information Case Summary'', to the DCAA Information and Privacy Advisor at the completion of each FOIA case to facilitate the preparation of the annual FOIA report to Congress. All case summaries must be submitted no later than October 10th for cases completed during the previous fiscal year.

(iv) Establishing and maintaining a control system to ensure proper accountability and processing of FOIA requests.

(v) Contacting the DCAA Information and Privacy Act Advisor for a FOIA case number upon receipt of a FOIA request.

(c) Managers, Field Audit Offices (FAOs) are responsible for:

(1) Overall management and administration of the FOIA program within organizations under their cognizance.

(2) Ensuring that the regional FOIA Coordinator promptly receives all incoming FOIA requests. Use of facsimile transmission is appropriate for all requests received directly by the FAO.

(3) Ensuring that documents are marked FOUO at the time of their creation if information contained within is considered exempt from disclosure.

[56 FR 49685, Oct. 1, 1991, as amended at 64 FR 1130, Jan. 8, 1999]

§ 290.7 Procedures.

(a) Procedures for processing material in accordance with the FOIA are outlined in DCAAP 5410.14. General provisions are outlined in the following paragraphs.

(b) *Requests for audit reports.* Audit reports prepared by DCAA are the property of and are prepared for the use of

DoD contracting officers. As a result, their release should be at the sole discretion of the DoD contracting activity. Requesters seeking audit reports should send their requests directly to the DoD contracting activity to avoid administrative delay. Typically, requests for copies of DCAA audit reports may be identified by requesting those that relate to a specific contract number (e.g. DLA600-89–P0222). DoD contract numbers may be easily matched to the cognizant DoD contracting activity by referring to 48 CFR, ''DoD FAR Supplement'' Appendix G.

NOTE: Although DCAA can make a release determination on audit reports produced for non-DoD agencies, administrative procedure routinely dictates coordination with that agency prior to responding to the request. Requesters seeking expeditious processing should forward their requests directly to the cognizant contracting officer for processing.

(c) *Requests for audit working papers.* Audit working papers, as described in appendix D, may be sought occasionally in conjunction with an audit report or as an independent demand. Normally, the release of such records is entirely dependent on the releasability of the related audit report. (Note: The procedures for determining the releasability of audit reports is provided in general in the aforementioned paragraph and in more detail in DCAAP 5410.14). Since the content of audit working paper files can be quite diverse and often voluminous, FOIA Coordinators should work closely with the requester to ensure that the records produced are narrowly defined and entirely responsive to the requester's needs.

(d) *Public inspection and copying.* Section (a)(2) of the Freedom of Information Act requires agencies to make available for public inspection and copying, final opinions made in the adjudication of cases, statements of policy not yet published in the FEDERAL REGISTER, and administrative manuals and instructions. This requirement is satisfied by the publication of DCAAI 5025.2,[5] ''DCAA Index of Publications'' and DCAAI 5025.13,[6] ''Index of DCAA Memorandums for Regional Directors''.

(e) *Requests for the examination or copies of records.* (1) Members of the public may make written requests for copies of DCAA records or for permission to examine such records during normal business hours. Such requests must be in writing and either explicitly or implicitly invoke the Freedom of Information Act, or this rule. These requests should be submitted directly to the appropriate DCAA organizational element listed in appendix B of this rule. If the appropriate DCAA organizational element is either unknown or cannot be ascertained, and the record is likely to be in the possession of DCAA, the request may be submitted to Defense Contract Audit Agency, Attn: CM, 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060–6219.

(2) When submitting requests, requesters should:

(i) Identify each record sought with sufficient detail to facilitate the location and easy access to the record requested. Information as to where the record originated, subject, date, number, or any other identifying particulars should be provided whenever possible. DCAA organizational elements receiving requests which do not reasonably describe the record requested will advise the requester accordingly. Generally, a record is not reasonably described unless the requester provides information permitting an organized, nonrandom search of DCAA files and/or information systems. In providing descriptions based on events, the requester must provide information which permits DCAA organizational elements to, at least, infer the specific record sought.

(ii) Identify all other Federal agencies subject to the provisions of the FOIA to which the request has been sent. This will reduce both processing and coordination time between agencies and redundant referrals.

(iii) Provide a statement of their willingness to pay assessable charges. The statement must include a specific monetary amount if the assessable fees are likely to exceed the fee waiver threshold of $15.00 or a specific justification for any waiver or reduction of fees sought based on public interest

[5] See footnote 3 to § 290.4(c).
[6] See footnote 3 to § 290.4(c).

in release or disclosure. DCAA organizational elements will notify requesters of deficiencies in fee declarations, and provide them the opportunity to amend initial declarations. Determinations on the adequacy of requester fee declarations are not subject to appeal unless: The DCAA organizational element has denied a specific request for the assessment of fees under one of the established requester categories; or has denied a request for the waiver or reduction of fees in the public interest.

(3) When a DCAA organizational element has no records responsive to a request, the requester will be notified promptly that should he or she determine such request to be adverse in nature, he or she may exercise their appeal rights. In cases where the request has been misdirected and the DCAA organizational element is aware of the appropriate FOIA respondent, they shall refer the request to the appropriate DCAA organizational element or other Federal agency through FOIA channels, and notify the requester of the referral. The 20 working day period allowed for responding to requests will not begin until the DCAA organizational element having the responsive records receives a request complying with procedural requirements of this rule, including statements on the payment of fees.

(4) The provisions of the FOIA are intended for parties with private interests. Officials seeking documents or information on behalf of foreign governments, other Federal agencies, and state or local agencies should be encouraged to employ official channels. The release of records to individuals under the FOIA is a public release of information. DCAA organizational elements will consider FOIA requests from such officials as made in a private, rather than official capacity, and will make disclosure and fee determinations accordingly.

(f) *Referrals.* (1) Records originating in or based on information obtained from other Federal agencies subject to the FOIA may be referred to that agency. In processing FOIA requests for such records, DCAA elements, after coordinating with the originating agency, may refer the request, along with a copy of the responsive records in its possession, to that agency for direct response. The requester is to be notified of the referral. However, if for investigative or intelligence purposes, the outside agency desires anonymity, FOIA Coordinators may only respond directly to the requester after coordination with the agency.

(2) Referral of audit reports. Audit reports prepared by DCAA are the property of and are prepared for the use of the DoD contracting officers. Their release is at the discretion of the DoD contracting activity. Therefore any FOIA request for audit reports prepared for DoD components should be referred to the cognizant DoD contracting activity and the requester notified of the referral. To avoid the delay associated with the referral process, requesters should be advised to send requests for audit reports directly to the cognizant DoD contracting activity. Requests for audit reports prepared for non-DoD agencies should be treated as requests for DCAA records.

(3) Referral of work papers. When a requester seeks workpapers, the cognizant contracting officer must furnish a notice of disposition to the appropriate activity pertaining to the releasability of the audit report. The notice of disposition will then be used to determine releasability of the workpapers. Details concerning the appropriate processing procedures may be found in DCAAP 5410.14.

(4) All other requests should be directed to the appropriate Regional Director, if known. When the location of the record is not known, the request should be directed to the DCAA Information and Privacy Advisor.

(5) Time limits. DCAA organizational elements are to respond promptly to requesters complying with the procedural requirements outlined in this rule. When a significant number of requests are being processed, e.g. 10 or more, the requests shall be completed in order of receipt. However, this does not preclude completing action on a request which can be easily answered, regardless of its ranking within the order of receipt. Action may be expedited on a request regardless of its ranking within the order of receipt upon a showing of exceptional need or urgency. Exceptional need or urgency is

determined at the discretion of the FOIA Coordinator.

(i) Upon receipt of a properly submitted FOIA request, DCAA organizational elements should contact the DCAA Information and Privacy Advisor for a FOIA case number. IDAs should:

(A) Locate and assemble responsive records.

(B) Determine releasability under the provisions of this rule.

(C) Determine the appropriate fees to be charged and

(D) Advise the requester accordingly. Initial determinations on either the release or denial of records, and notice to requesters, must be provided within 20 working days following receipt of the request by the cognizant DCAA organizational element.

(ii) In certain cases, IDAs may need to exercise an extension to the normal 20 working day period cited above. IDAs are to notify the requester, within the initial 20 working day period, of the extension, the circumstances necessitating it, and the anticipated date of a determination. Approved extensions are not to exceed 10 working days, and all extensions should be indicated on DCAA Form 5410–4, section 6. Circumstances where such extensions may be approved include:

(A) The record(s) sought are geographically located at places other than the DC+AA organizational element processing the request.

(B) The request requires the collection and review of a substantial number of records.

(C) The disclosure determination requires consultation with another DCAA organizational element or other Federal agency with a substantial interest.

(iii) As an alternative to the previously mentioned, DCAA organizational elements may seek informal agreements with requesters for extensions in unusual circumstances when time limits become an issue in the response to the request.

(iv) Misdirected requests should be referred within 20 working days to the proper Federal agency or DCAA organizational elment through FOIA channels, and the requester notified of the referral. The 20 working day period allowed for responding to requests will not begin until the DCAA organizational element having the responsive records receives the request.

(6) Initial disclosure determinations. (i) Initial determinations to make records available may only be made by those IDAs designated in this rule.

NOTE: Requests for audit reports should be directed to the cognizant contracting officer for release determination. (See § 290.7(b)).

When a decision is made to release records in response to a FOIA request, DCAA organizational elements will promptly make the records available to the requester. When the request is for the examination of releasable records, DCAA organizational elements will advise the requester when and where he/she may appear. Examinations will be held during normal business hours. If a record is not provided in response to a FOIA request, the IDA will advise the requester, in writing, of the rationale for not providing the record.

(ii) IDAs should consult the Executive Officer, prior to releasing records on matters considered newsworthy or when releasing records to media representatives. Copies of all media requests should be submitted to the Executive Officer.

(iii) The following reasons, other than the statutory exemptions cited in the FOIA, are provided for not releasing a record in response to a FOIA request.

(A) The request is transferred to another DoD component, or to another Federal agency.

(B) The Agency determines through knowledge of its files and reasonable search efforts that it neither controls nor otherwise possesses the requested record.

(C) A record has not been described with sufficient particularity to enable the Agency to locate it by conducting a reasonable search.

(D) The requester has failed unreasonably to comply with procedural requirements, including payment of fees, imposed by this rule.

(E) The request is withdrawn by the requester.

(F) The information requested is not a record within the meaning of the FOIA and this rule.

(7) Denials. (i) A record in the possession and control of DCAA may be withheld *only* when the record falls within one or more of the nine categories of records exempt from mandatory disclosure under the FOIA, and the use of discretionary authority to release the record is determined to be unwarranted. (Note: Since audit reports are prepared for the use of DoD contracting officers, their release is at the discretion of the DoD contracting activity. To facilitate an expeditious response, requesters should send their requests directly to the DoD contracting activity. (See §290.7(b)). The specific exemptions are detailed in DCAAP 5410.14.

(ii) Although exempt portions of records may be denied, nonexempt portions must be released to the requester when it can reasonably be assumed that the excised information could not be reconstructed. When a record is denied in whole, based on distortion or reconstruction potential, the IDA will prepare a response advising the requester of the determination, and the response will specifically state that it is not possible to reasonably segregate meaningful portions for release.

(iii) When a request for a record is denied in whole or in part, the IDA will inform the requester in writing of the specific exemption(s) on which the denial is based and explain the determination in sufficient detail to permit the requester to make a decision concerning appeal. The determination will also inform the requester of his/her appeal rights. All appeals should be made within 60 calendar days from the date of the initial denial, contain the reasons for the requester's disagreement with the determination, and be addressed to the Assistant Director, Resources, Defense Contract Audit Agency, 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060–6219.

(iv) Records or portions of records which have been previously released become part of the public domain, and cannot be denied thereafter.

(8) Administrative Appeals of Denials. (i) If the IDA declines to provide a record because he/she considers it exempt, that decision may be appealed by the requester, in writing, to the Assistant Director, Resources, DCAA.

NOTE: Normally, IDAs would not issue denials for requests for audit reports. The denial authority for such records generally rests with the cognizant DoD contracting activity. (See §290.7(b)). The appeal should be accompanied by a copy of the letter denying the initial request. Such appeals should contain the basis for disagreement with the initial refusal. Appeal procedures also apply to the disapproval of a request for waiver or reduction of fees. A ''no record'' finding may be appealed which allows the requester to challenge the adequacy of the Agency's search. Records which are denied should be retained during the time permitted for appeal.

(ii) IDAs shall advise the requester that an appeal should be filed so that it reaches the designated appellate authority no later than 60 calendar days after the date of the initial denial letter. At the conclusion of this period, except for good cause shown as to why the appeal was not timely, the case may be considered closed; however, such closure does not preclude the requester from filing litigation for denial of his appeal. If the requester has been provided a series of determinations for a single request, the time for appeal will begin on the date of the last determination of the series. Records which are denied shall be retained for a period of six years to meet the statute of limitations of claims requirement.

(iii) Final determinations normally shall be made within 20 working days of receipt of an appropriately submitted appeal.

(9) Delay in responding to an appeal. (i) When additional time is required to respond to the appeal, the final determination may be delayed for the number of working days (not to exceed 10 days) that were not utilized as additional time for responding to the initial request. Requesters shall be advised that, if the delay exceeds the statutory extension provision or is for reasons other than the unusual circumstances previously described, they may consider their administrative remedies exhausted. They may, however, without prejudicing their right of judicial remedy, await a substantive response. DCAA shall continue to process the case expeditiously, whether or not the requester seeks a court order for release of the records, but a copy of any response provided subsequent to filing a complaint shall be forwarded to

the Department of Justice through the DCAA General Counsel.

(ii) When the Assistant Director, Resources, DCAA, makes a determination to release all or a portion of the records on appeal, the records shall be made available promptly to the requester after compliance with procedural requirements. The final denial of a request will be made in writing, explain the exemption(s) invoked, advise that the material being denied does not contain meaningful portions that are reasonably segregable, and also advise the requester of the right of judicial review.

(10) Judicial action. A requester will be deemed to have exhausted his administrative remedies after he has been denied the requested record by the Assistant Director, Resources, or when the Agency fails to respond to his request within the time limits prescribed by the FOIA and this rule. The requester may then seek an order from a U.S. District Court in the district in which he resides or has his principal place of business; the district in which the record is situated; or in the U.S. District Court for the District of Columbia, enjoining the Agency from withholding the record and ordering its production.

[56 FR 49685, Oct. 1, 1991, as amended at 56 FR 56932, Nov. 7, 1991; 57 FR 15254, Apr. 27, 1992; 60 FR 35699, July 11, 1995; 64 FR 1131, Jan. 8, 1999]

§ 290.8 Fees.

(a) Fees shall be determined in accordance with the DoD fee schedule, which is detailed in DCAAP 5410.14. Fees reflect direct costs for search, review (in the case of commercial requesters), and duplication of documents, collection of which is permitted by the FOIA. Fees are subject to limitations on the nature of assessable fees based on the category of the requester; statutory and automatic waivers based on the category determination and cost of routine collection; and either the waiver or reduction of fees when disclosure serves the public interest.

(b) Fees will not be charged when direct costs for a FOIA request are $15.00 or less, the automatic fee waiver threshold, regardless of category.

(c) *Fee assessment.* In order to be as responsive as possible to FOIA requests, DCAA organizational elements should adhere to the following when assessing fees:

(1) Evaluate each request to determine the requester category and adequacy of the fee declaration. An adequate fee declaration requires a willingness by the requester to pay fees in an amount equal to, or greater than, the assessable charges for the request.

(2) Provide requesters an opportunity to amend inadequate fee declarations and provide estimates of prospective charges when required. When a requester fails to provide an adequate fee declaration within 30 days after notification of a deficiency, the request for information will be considered withdrawn.

(3) A requester's claims for assessment of fees under a specific category will be carefully considered. The IDA may require a requester to substantiate a claim for assessment under a claimed category. In the absence of requester claims, the IDA will determine the category into which a requester falls, basing its determination on all available information.

(4) When a DCAA organizational element disagrees with a requester claim for fee assessment under a specific category, the IDA will provide the requester with written determination indicating the following:

(i) The requester should furnish additional justification to warrant the category claimed.

(ii) A search for responsive records will not be initiated until agreement has been attained relative to the category of the requester.

(iii) If further category information has not been received within a reasonable period of time, the component will render a final category determination; and

(iv) The determination may be appealed to the Assistant Director, Resources, within 60 calendar days of the date of the determination.

(d) When a DCAA organizational element estimates or determines that allowable charges that a requester may be required to pay are likely to exceed $250.00, they shall notify the requester

of the likely cost and obtain satisfactory assurance of full payment. This fee declaration generally applies when the requester has a history of prompt payments, however, an advance payment may be required of an amount up to the full estimated charges in the case of requesters with no history of payment.

(e) Where a requester has previously failed to pay a fee charged within 30 calendar days from the date of billing, DCAA organizational elements may require the requester to pay the full amount due, plus any applicable interest or demonstrate satisfaction of the debt, and to make an advance payment of the full amount of estimated fees, before processing begins on a new or pending request.

(f) After all work is completed on a request, and the documents are ready for release, DCAA organizational elements may request payment before forwarding the documents if there is no payment history on the requester, or if the requester has previously failed to pay a fee in a timely fashion (i.e., within 30 calendar days from the date of billing). Documents may not be held for release pending payment from requesters with a history of prompt payment.

(g) The administrative time limits for responding to a request will begin only after the DCAA organizational element has received an adequate declaration from the requester stating a willingness to pay fees, and satisfaction that all outstanding debts have been paid.

(h) DCAA organizational elements can bill requesters for services provided in responding to a request. Payment of fees may be made by personal check, bank draft drawn on a U.S. bank, or by U.S. Postal money order. All payments of this type are to be made payable to the U.S. Treasurer.

(i) *Aggregating requests.* Occasionally, a requester may file multiple requests at the same time, each seeking portions of a document or documents, solely to avoid payments of fees. When a DCAA organizational element reasonably believes that a requester is attempting to do so, the DCAA organizational element may aggregate such requests and charge accordingly. One element to be considered would be the time period in which the requests have occurred. In no case may DCAA organizational elements aggregate multiple requests on unrelated subjects from one requester.

(j) *Fee waivers.* (1) The determination to waive fees is at the discretion of IDAs designated in this rule. When direct costs for a FOIA request total the automatic fee waiver threshold, or is less, fees shall be waived automatically for all requesters, regardless of category.

(2) Documents will be furnished without charge, or at a charge reduced below fees assessed to the categories of requesters, when the IDA determines that a waiver or reduction of fees is in the public interest because furnishing the information is likely to contribute significantly to public understanding of the operations of DCAA, and is not primarily in the commercial interest of the requester. DCAA organizational elements should refer to DCAAP 5410.14 for factors to consider in applying fee waivers due to public interest. Each fee decision must be considered on a case-by-case basis and upon the merits of the information provided in each request. When the question of whether to charge or waive the fee cannot be clearly resolved, DCAA organizational elements should rule in favor of the requester.

APPENDIX A TO PART 290—DCAA'S ORGANIZATION AND MISSION

(a) Purpose. This section implements 5 U.S.C. 552 by describing the central and field organizations of DCAA.

(b) Origin and Authority. DCAA was established by the Secretary of Defense under Department of Defense (DoD) Directive 5105.36[1] (32 CFR part 357) and began operating on July 1, 1965. Its Director reports to the Comptroller of the Department of Defense.

(c) Objective. Assist in achieving the objective of prudent contracting by providing DoD officials responsible for procurement and contract administration with financial information and advice on proposed or existing contracts and contractors, as appropriate.

(d) Mission. (1) DCAA performs all necessary contract audits for the Department of

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

Defense, and provides accounting and financial advisory service regarding contracts to all DoD components responsible for procurement and contract administration. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts. It also furnishes advisory contract audit service to a number of other government agencies under agreements between the Department of Defense and such agencies.

(2) DCAA audits contractors' and subcontractors' accounts, records, documents, and other evidence; systems of internal control, accounting, costing, estimating, and general business practices and procedures to give advice and recommendations to procurement and contract administration personnel on: acceptability of costs incurred under cost, redetermination, incentive, and similar type contracts; acceptability of estimates of costs to be incurred as represented by contractors incident to the award, negotiation, and modification of contracts; and adequacy of contractors' accounting and financial management systems and estimating procedures. DCAA also performs post-award audits of contracts for compliance with the provisions of Public Law 87–653 (Truth in Negotiations), and reviews contractor compliance with the Cost Accounting Standards.

(3) DCAA assists responsible procurement or contract administration activities in their surveys of the purchasing-procurement systems of major contractors; and cooperates with other DoD components on reviews, audits, analyses, or inquiries involving contractors' financial positions or financial and accounting policies, procedures, or practices. DCAA also maintains liaison auditors at major procuring and contract administration offices and provides assistance in the development of procurement policies and regulations.

(e) Composition. (1) DCAA consists of five major organizational elements: A Headquarters and five regions. The five regional offices manage over 400 field audit offices (FAOs) and suboffices located throughout the United States and overseas. An FAO is identified as either a branch office or a resident office. Suboffices are established by regional directors as extensions of FAOs when required to furnish contract audit service more economically. A suboffice is dependent on its parent FAO for release of audit reports and other administrative support.

(2) The Headquarters located at Fort Belvoir, Virginia consists of:

(i) The Director who exercises worldwide direction and control of DCAA.

(ii) The Deputy Director who serves as principal assistant to the Director and acts for the Director in his absence.

(iii) The Assistant Director, Operations, authorized to act for the Director and Deputy Director in their absence, is responsible for staff functions related to audit management, and technical audit programs, supervises the Defense Contract Audit Institute and the Technical Services Center in Memphis, Tennessee and the procurement/contract administration liaison offices.

(iv) The Assistant Director, Policy and Plans, is responsible for audit policy and procedures and related liaison functions.

(v) The Assistant Director, Resources, is responsible for the programs and procedures related to the management and administration of resources required to support the audit mission.

(vi) The General Counsel provides legal and legislative advice to the Director and all members of the Agency staff.

(vii) The Executive Officer performs a variety of special projects and assignments for the Director and Deputy Director.

(viii) The Special Assistant for Quality reviews the Agency's compliance with established audit quality control standards, policies, and procedures and other internal control requirements.

(3) Regional offices are located in Smyrna, GA; Lowell, MA; Irving, TX; La Mirada, CA; and Philadelphia, PA. Regional directors direct and administer the DCAA audit mission, and manage personnel and other resources assigned to the regions; manage the contract audit program; and direct the operation of FAOs within their region. Principal elements of regional offices are the Regional Director, Deputy Regional Director, Regional Audit Managers, Regional Special Programs Manager, and Regional Resources Manager.

(4) A resident office is established at a contractor's location when the amount of audit workload justifies the assignment of a permanent staff of auditors and support staff. A resident office may also perform procurement or contract administration liaison functions.

(5) A branch office is established at a strategically situated location within the region, responsible for performing all contract audit service within the assigned geographical area, exclusive of contract audit service performed by a resident or liaison office within the area. A branch office may also perform procurement or contract administration liaison functions.

(6) If requested, a DCAA liaison office is established at a DoD procurement or contract administration office when required on a full-time basis to provide effective communication and coordination among procurement, contract administration, and contract audit elements. Liaison offices assist in effective utilization of contract audit services.

[56 FR 49685, Oct. 1, 1991, as amended at 60 FR 35699, July 11, 1995; 64 FR 1131, Jan. 8, 1999]

APPENDIX B TO PART 290—DCAA'S FOIA POINTS OF CONTACT

(Regional Offices Listed Alphabetically by State and City)

CALIFORNIA

DCAA WESTERN REGIONAL OFFICE, Attn: RCI–4 (FOIA Coordinator), 16700 Valley View Avenue, Suite 300, La Mirada, CA 90638–5830, (714) 228–7083

Geographical Area of Responsibility: Alaska, California, Hawaii, Idaho, Montana, Nevada, Oregon, and Washington.

Pacific Ocean and Asian Islands.

Asia except the Middle East.

Australia.

GEORGIA

DCAA EASTERN REGIONAL OFFICE, Attn: RCI–1 (FOIA Coordinator), 2400 Lake Park Drive, Suite 300, Smyrna, GA 30080–7644, (770) 319–4510

Geographical Area of Responsibility: Alabama, Florida, Georgia, Indiana, Kentucky, Louisiana, Mississippi, North Carolina, Ohio, Tennessee, Virginia, West Virginia, Central America, South America, Bermuda, Puerto Rico and nearby Islands, and Mexico.

MASSACHUSETTS

DCAA NORTHEASTERN REGIONAL OFFICE, Attn: RCI–2 (FOIA Coordinator), 59 Composite Way, Suite 300, Lowell, MA 01851–5150, (978) 551–9722

Geographical Area of Responsibility: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Michigan (excluding the Upper Peninsula), all New York Counties except Steuben, Schuyler, Cheming, Tompkins, Tioga, Broome, Chenango, Otsego, Delaware, and Sullivan.

Africa and Adjacent Islands.

Europe and Adjacent Islands.

Middle East and Adjacent Islands.

Greenland.

Iceland.

PENNSYLVANIA

DCAA MID-ATLANTIC REGIONAL OFFICE, Attn: RCI–6 (FOIA Coordinator), 615 Chestnut Street, suite 1000, Philadelphia, PA 19106–4498, (215) 597–5403

Geographical Area of Responsibility: Delaware, District of Columbia, Maryland, and New Jersey.

New York Counties of Steuben, Schuyler, Chemung, Tompkins, Tioga, Broome, Chenango, Otsego, Delaware, and Sullivan. The IBM Suboffice located at Tarrytown, New York.

Pennsylvania Counties East of and including Tioga, Lycoming, Union, Mifflin, Juniata, and Franklin.

Virginia Counties East and North of and including Stafford, Culpeper, Rappahannock, Page, Shenandoah, and Frederick.

TEXAS

DCAA CENTRAL REGIONAL OFFICE, Attn: RCI–3 (FOIA Coordinator), 106 Decker Court, suite 300, Irving, TX 75062–2795, (214) 650–4893

Geographical Area of Responsibility: Arizona, Arkansas, Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wisconsin, Wyoming and Louisiana Parishes North of and including Vernon, Rapides, and Avoyelles.

VIRGINIA

DCAA HEADQUARTERS, Attn: CM (Information and Privacy Advisor), 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060–6219, (703) 767–1000

(a) Miscellaneous.

(1) The following publications may be obtained from the Defense Contract Audit Agency, ATTN: CMO, 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060–6219, (703) 767–1066. Many of these items, among others, may be obtained from the DCAA Web site. Since these materials are publicly available, requesters need not invoke the Freedom of Information Act to obtain copies of the publications selected.

(i) DCAAI 5025.2, Index of Numbered Publications, lists Agency publications.

(ii) DCAAP 1421.3, Catalog of Training Courses, lists training courses available from the Defense Contract Audit Institute, Specific training courses are also available.

(2) Although the following publication is publicly available, the memorandums listed may or may not be subject to withholding under the Freedom of Information Act. Those memorandums marked with an ''(R)'', denoting releasable (e.g. 94–PFD–063R)), are available from the above address. However, Memorandums for Regional Directors (MRDs) marked ''(NR)'', meaning not releasable, cannot be obtained from this source. Requests for (NR) MRDs should be sought under the auspices of the Freedom of Information Act from the Defense Contract Audit Agency, ATTN: CM, 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060–6219;.

(i) DCAAI 5025.13, Index of DCAA Memorandums for Regional Directors (MRDs), lists numbered memorandums pertaining to Agency policy, procedure, and informational topics.

(3) Requesters should plainly display the words ''Freedom of Information Act Request'' on the lower left hand corner of the envelope to ensure prompt handling.

(b) [Reserved]

[56 FR 49685, Oct. 1, 1991, as amended at 57 FR 30904, July 13, 1992; 58 FR 63084, Nov. 30, 1993; 60 FR 18006, Apr. 10, 1995; 60 FR 35699, July 11, 1995; 61 FR 4885, Feb. 9, 1996; 61 FR 5510, Feb. 13, 1996; 64 FR 1131, Jan. 8, 1999]

APPENDIX C TO PART 290—FOR OFFICIAL USE ONLY

(a) General. Information that has not been given a security classification pursuant to the criteria of an Executive Order, but which may be withheld from the public for one or more of the reasons cited in FOIA Exemptions 2 through 9 shall be considered as being for official use only. No other material shall be considered or marked ''For Official Use Only'' (FOUO). FOUO is not authorized as an anemic form of classification to protect national security interests.

(b) Prior FOUO Application. The prior application of FOUO markings is not a conclusive basis for withholding a record that is requested under the FOIA. When such a record is requested, the information in it shall be evaluated to determine whether, under current circumstances, FOIA exemptions apply in withholding the record or portions of it. If any exemption or exemptions apply or applies, it may nonetheless be released when it is determined that no governmental interest will be jeopardized by its release. (1) Historical Papers. Records such as notes, working papers, and drafts retained as historical evidence of Agency actions enjoy no special status apart from the exemptions under the FOIA.

(2) Time to Mark Records. The marking of records at the time of their creation provides notice of FOUO content and facilitates review when a record is requested under the FOIA. Records requested under the FOIA that do not bear such markings, shall not be assumed to be releasable without examination for the presence of information that requires continued protection and qualifies as exempt from public release.

(3) Distribution Statement. Information in a technical document that requires a distribution statement pursuant to DoD Directive 5230.24[1] shall bear that statement and may be marked FOUO, as appropriate.

(c) Markings. (1) Location of Markings. (i) An unclassified document containing FOUO information shall be marked ''For Official Use Only'' at the bottom on the outside of the front cover (if any), on each page containing FOUO information, and on the outside of the back cover (if any).

(ii) Within a classified document, an individual page that contains both FOUO and classified information shall be marked at the top and bottom with the highest security classification of information appearing on the page.

(iii) Within a classified document, an individual page that contains FOUO information but no classified information shall be marked ''For Official Use Only'' at the bottom of the page.

(iv) Other records, such as, photographs, films, tapes, or slides, shall be marked ''For Official Use only'' or ''FOUO'' in a manner that ensures that a recipient or viewer is aware of the status of the information therein.

(v) FOUO material transmitted outside the Department of Defense requires application of an expanded marking to explain the significance of the FOUO marking. This may be accomplished by typing or stamping the following statement on the record prior to transfer:

This document contains information
EXEMPT FROM MANDATORY DISCLOSURE
Under the FOIA. Exemptions . . . . . apply.

(2) Instructions for marking DCAA audit reports are contained in Chapter 10 of the Contract Audit Manual (CAM)[2].

(3) DCAA Label 4, FOUO Cover Sheet. This form may be used to further identify FOUO information.

(d) Dissemination and Transmission. (1) Release and Transmission Procedures. Until FOUO status is terminated, the release and transmission instructions that follow apply:

(i) FOUO information may be disseminated within the Agency and between officials of DoD Components and DoD contractors, consultants, and grantees to conduct official business for the Department of Defense. Recipients shall be made aware of the status of such information, and transmission shall be by means that preclude unauthorized public disclosure. Transmittal documents shall call attention to the presence of FOUO attachments.

(ii) Agency and DoD holders of FOUO information are authorized to convey such information to officials in other departments and agencies of the executive and judicial branches to fulfill a government function, except to the extent prohibited by the Privacy Act. Records thus transmitted shall be marked ''For Official Use Only'', and the recipient shall be advised that the information has been exempted from public disclosure, pursuant to the FOIA, and that special handling instructions do or do not apply.

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[2] Copies may be obtained from the Defense Contract Audit Agency, Attn: CMO, 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060–6219.

(iii) Release of FOUO information to Members of Congress is governed by DoD Directive 5400.4[3] Release to the GAO is governed by DoD Directive 7650.1[4] Records released to the Congress or GAO should be reviewed to determine whether the information warrants FOUO status. If not, prior FOUO markings shall be removed or effaced. If withholding criteria are met, the records shall be marked FOUO and the recipient provided an explanation for such exemption and marking. Alternatively, the recipient may be requested, without marking the record, to protect against its public disclosure for reasons that are explained.

(iv) Records or documents containing FOUO information will be transported between offices in such a manner as to preclude disclosure of the contents. First-class mail and ordinary parcel post may be used for transmission of FOUO information. The double envelope system required for classified material may be used when it is considered desirable to exclude examination by mail handling personnel. In such cases, the inner envelope should be addressed to the intended recipient by title or name and contain a statement that the envelope is to be opened by the addressee only.

(v) FOUO material prepared on personal computers or other data processing equipment should be password protected at origination.

(vi) Requests for Field Detachment sensitive information must be coordinated with the Director, Field Detachment, through Headquarters, DCAA.

(2) Transporting FOUO Information. Records containing FOUO information shall be transported in a manner that precludes disclosure of the contents. When not commingled with classified information, FOUO information may be sent via first-class mail or parcel post. Bulky shipments, such as distributions of FOUO Directives or testing materials, that otherwise qualify under postal regulations may be sent by fourth-class mail.

(3) Electrically Transmitted Messages. Each part of electrically transmitted messages containing FOUO information shall be marked appropriately. Unclassified messages containing FOUO information shall contain the abbreviation ''FOUO'' before the beginning of the text. Such messages shall be transmitted in accordance with communications security procedures in Allied Communication Publication 121 (U.S. Supp 1) for FOUO information.

(e) Safeguarding FOUO Information. (1) During Duty Hours. During normal working hours, records determined to be FOUO shall be placed in an out-of-sight location if the work area is accessible to nongovernmental personnel.

(2) During Nonduty Hours. At the close of business, FOUO records shall be stored so as to preclude unauthorized access. Filing such material with other unclassified records in unlocked files or desks, etc., is adequate when normal U.S. Government or Government-contractor internal building security is provided during nonduty hours. When such internal security control is not exercised, locked buildings or rooms normally provide adequate after hours protection. If such protection is not considered adequate, FOUO material shall be stored in locked receptacles such as file cabinets, desks, or bookcases. FOUO records that are subject to the provisions of Public Law 86–36 shall meet the safeguards outlined for that group of records.

(3) Field audit offices located in contractor owned facilities will ensure that material marked FOUO is stored in a locked receptacle to which the contractor does not have access during nonduty hours.

(f) Termination, Disposal and Unauthorized Disclosures. (1) Termination. The originator or other competent authority, e.g., initial denial and appellate authorities, shall terminate ''For Official Use Only'' markings or status when circumstances indicate that the information no longer requires protection from public disclosure. When FOUO status is terminated, all known holders shall be notified, to the extent practical. Upon notification, holders shall efface or remove the ''For Official Use Only'' markings, but records in file or storage need not be retrieved solely for that purpose.

(2) Disposal. (i) Nonrecord copies of FOUO materials may be destroyed by tearing each copy into pieces to preclude reconstructing, and placing them in regular trash containers. When local circumstances or experience indicates that this destruction method is not sufficiently protective of FOUO information, local authorities may direct other methods but must give due consideration to the additional expense balanced against the degree of sensitivity of the type of FOUO information contained in the records.

(ii) Record copies of FOUO documents shall be disposed of in accordance with the disposal standards established under 44 U.S.C. chapter 33, as implemented by DCAAM 5015.1[5], ''Files Maintenance and Disposition Manual''.

(3) Unauthorized Disclosure. The unauthorized disclosure of FOUO records does not constitute an unauthorized disclosure of DoD information classified for security purposes. Appropriate administrative action shall be taken, however, to fix responsibility for unauthorized disclosure whenever feasible, and appropriate disciplinary action shall be

[3] See footnote 1 to paragraph (b)(3).

[4] See footnote 1 to paragraph (b)(3).

[5] See footnote 2 to paragraph (c)(2).

taken against those responsible. Unauthorized disclosure of FOUO information that is protected by the Privacy Act may also result in civil and criminal sanctions against responsible persons. The DCAA organizational element or DoD component that originated the FOUO information shall be informed of its unauthorized disclosure.

(g) Protection of Field Detachment Sensitive Information. (1) Definition. All communication, which qualifies for withholding under Exemptions (2) through (9), between regular DCAA organizational elements and Field Detachment offices is sensitive information and, as a minimum, shall be marked: FOR OFFICIAL USE ONLY (FOUO).

(2) Markings. (i) Communications, which qualify for withholding under Exemptions (2) through (9) initiated by a Field Detachment office, will bear the following marking:

FOR OFFICIAL USE ONLY

Access limited to addressee and his/her designated representative(s) with a need-to-know.

This document may not be reproduced or further disseminated without the approval of the Director, Field Detachment, DCAA.

(ii) All correspondence specifically exempt under Exemptions (2) through (9), including assist audit requests, generated by a regular (non-FD) DCAA office, which is addressed to the Field Detachment, either Headquarters or a field audit office, will be marked FOR OFFICIAL USE ONLY and will be limited within the FAO to one protected office copy.

(3) Storage. (i) All Field Detachment sensitive information in the possession of a regular DCAA office will be stored in a classified container, if available. If a classified container is not available, the sensitive information shall be stored in a locked container controlled by the FAO manager.

(ii) Permanent files currently maintained by regular DCAA offices, which are available to all FAO personnel, should not contain any detailed information on Field Detachment audit interest. That information shall be protected as sensitive information and stored in accordance with paragraph (g)(3)(i) of this appendix.

(4) Dissemination. (i) Access to Field Detachment sensitive information by other DCAA audit and administrative personnel within the office shall be on a strict need-to-know basis as determined by the FAO manager.

(ii) Requests by non-DCAA personnel for access to Field Detachment sensitive information must be coordinated with the Director, Field Detachment, through Headquarters, DCAA.

[56 FR 49685, Oct. 1, 1991, as amended at 60 FR 18006, Apr. 10, 1995; 60 FR 35699, July 11, 1995]

APPENDIX D TO PART 290—AUDIT WORKING PAPERS

(a) *Definition*

(1) Audit working papers contain information from accounting and statistical records, personal observations, the results of interviews and inquiries, and other available sources. Audit working papers may also include contract briefs, copies of correspondence, excerpts from corporate minutes, organization charts, copies of written policies and procedures, and other substantiating documentation. The extent and arrangement of working paper files will depend to a large measure on the nature of the audit assignment.

(2) Working papers are generally classified in two categories: the permanent file and the current file.

(i) Permanent file.

(A) The permanent file on each contractor is a central repository of information gathered during the course of an audit which has continuing value and use to subsequent audits expected to be performed at the same contractor. Permanent files are useful in preparing the audit program and in determining the appropriate scope of subsequent audits. They also provide ready means for auditors to become familiar with the contractor's operations and any existing audit problems or contractor system weaknesses. While summary information on the contractor's organization, financial structure and policies may sometimes be included in permanent files for smaller contractors, such information on large contractors with continuing audit activity is generally maintained in the field audit office at the central reference library.

(B) Items which would logically be included in the permanent file as having continuing value in future audit assignments include:

(*1*) Internal control questionnaire.

(*2*) Internal control review update control log.

(*3*) Vulnerability assessment.

(*4*) MAARs control log.

(*5*) Disclosure statement and revisions in accordance with CAS rules and regulations, and

(*6*) CAS compliance control schedules and a noncompliance summary schedule.

(ii) Current File. The current file usually consists of working papers which have limited use on future assignments. DCAA Forms 7640–19 a, b, and c are the Agencywide Working Paper Indexes and provide a concise summary of items generally found in audit working papers.

(b) *Explanation.*

(1) The preparation of working papers assists the auditor in accomplishing the objectives of an audit assignment. Working papers serve as the basis for the conclusions in the

audit report; provide a record of the work done for use as substantiating data in negotiations, appeals, and litigation; provide guidance for subsequent examinations; and serve as a basis for the review and evaluation of the work performed.

(2) Audit working papers are generally prepared at the time audit work is performed and are maintained on a current basis. Working papers normally reflect the progress of the audit and are designed to ensure continuity of the audit effort.

(3) Working papers should be relevant to the audit assignment and not include extraneous pages. Superseded working papers should be clearly marked as such and retained as part of the working paper package.

(4) The nature of audit working papers requires that proper control and adequate safeguards be maintained at all times. Working papers frequently reflect information considered confidential by the contractor and are marked ''For Official Use Only'' or are classified for government security purposes.

[56 FR 56932, Nov. 7, 1991]

PART 291—DEFENSE NUCLEAR AGENCY (DNA) FREEDOM OF INFORMATION ACT PROGRAM

Sec.

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APPENDIX A TO PART 291—FREEDOM OF INFORMATION ACT REQUEST (DNA FORM 524)

AUTHORITY: 5 U.S.C. 552.

SOURCE: 56 FR 9842, Mar. 8, 1991, unless otherwise noted.

§ 291.1 Purpose.

This part establishes policies and procedures for the DNA FOIA program.

§ 291.2 Applicability.

This part applies to Headquarters, Defense Nuclear Agency (HQ, DNA), Field Command, Defense Nuclear Agency (FCDNA), and the Armed Forces Radiobiology Research Institute (AFRRI).

§ 291.3 Definitions.

(a) *FOIA Request.* A written request for DNA records made by any person, including a member of the public (U.S. or foreign citizen), an organization, or a business, but not including a Federal agency or a fugitive from the law that either explicitly or implicitly invokes the FOIA (5 U.S.C. 552), 32 CFR part 285, 286, or this part.

(b) *Agency record.* (1) The products of data compilation, such as all books, papers, maps, and photographs, machine readable materials or other documentary materials, regardless of physical form or characteristics, made or received by an agency of the United States Government under Federal law in connection with the transaction of public business and in DNA's possession and control at the time the FOIA request is made.

(2) The following are not included within the definition of the word *record:*

(i) Objects or articles, such as structures, furniture, vehicles and equipment, whatever their historical value, or value as evidence.

(ii) Administrative tools by which records are created, stored, and retrieved, if not created or used as sources of information about organizations, policies, functions, decisions, or procedures of a DNA organization. Normally, computer software, including source code, object code, and listings of source and object codes, regardless of medium are not agency records. (This does not include the underlying data which is processed and produced by such software and which may in some instances be stored with the software.) Exceptions to this position are outlined in paragraph (b)(3) of this section.

(iii) Anything that is not a tangible or documentary record, such as an individual's memory or oral communication.

(iv) Personal records of an individual not subject to agency creation or retention requirements, created and maintained primarily for the convenience of an agency employee, and not distributed to other agency employees for their official use.

(v) Information stored within a computer for which there is no existing computer program for retrieval of the requested information.

(3) In some instances, computer software may have to be treated as an

agency record and processed under the FOIA. These situations are rare, and shall be treated on a case-by-case basis. Examples of when computer software may have to be treated as an agency record are:

(i) When the data is embedded within the software and cannot be extracted without the software. In this situation, both the data and the software must be reviewed for release or denial under the FOIA.

(ii) Where the software itself reveals information about organizations, policies, functions, decisions, or procedures of a DNA office, such as computer models used to forecast budget outlays, calculate retirement system costs, or optimization models on travel costs.

(iii) Refer to § 291.8(b) exemptions 2, 4 and 5 for guidance on release determinations of computer software.

(4) If unaltered publications and processed documents, such as regulations, manuals, maps, charts, and related geophysical materials are available to the public through an established distribution system with or without charge, the provisions of 5 U.S.C. 552(a)(3) normally do not apply and they need not be processed under the FOIA. Normally, documents disclosed to the public by publication in the FEDERAL REGISTER also require no processing under the FOIA. In such cases, PAO will direct the requester to the appropriate source, to obtain the record.

(d) *Initial denial authority (IDA).* The Deputy Director (DDIR), DNA, has the authority to withhold records requested under the FOIA for one or more of the nine categories (set forth § 291.8) of records exempt from mandatory disclosure.

(e) *Appellate authority.* The Director, DNA.

(f) *Administrative appeal.* A request by a member of the general public, made under the FOIA, asking the appellate authority of a DoD Component (Director, DNA) to reverse an IDA decision to withhold all or part of a requested record or to deny a request for a waiver or reduction of fees.

(g) *Public interest.* Public interest is official information that sheds light on an agency's performance of its statutory duties because it falls within the statutory purpose of the FOIA in informing citizens about what their government is doing. That statutory purpose, however, is not fostered by disclosure of information about private citizens that is accumulated in various governmental files that reveals little or nothing about an agency's or official's own conduct.

(h) *Electronic data.* Electronic data are those records and information which are created, stored, and retrievable by electronic means. This does not include computer software, which is the tool by which to create, store, or retrieve electronic data. Refer to paragraphs (b) (2) and (3) of this section for a discussion of computer software.

§ 291.4 Policy.

(a) *Compliance with the FOIA.* DNA personnel are expected to comply with the FOIA and this part in both letter and spirit. This strict adherence is necessary to provide uniformity in the implementation of the DNA FOIA Program and to create conditions that will promote public trust. It is DNA policy to fully and completely respond to public requests for information concerning its operations and activities, consistent with national security objectives.

(b) *Openness with the public.* 32 CFR part 286 states that all DoD employees shall conduct DoD activities in an open manner consistent with the need for security and adherence to other requirements of law and regulation. Records that are not specifically exempt from disclosure under the Act shall, upon request, be made readily accessible to the public in accordance with rules promulgated by competent authority, whether or not the Act is invoked.

(c) *Avoidance of procedural obstacles.* DNA offices shall ensure that procedural matters do not unnecessarily impede a requester from obtaining DNA records promptly. PAO shall provide assistance to requesters to help them understand and comply with procedures established by this Instruction, the 32 CFR part 286 and any supplemental regulations published by DoD.

(d) *Prompt action on requests.* When a member of the public complies with

the procedures established for obtaining DNA records, the request shall receive prompt attention; a reply shall be dispatched within 10 working days, unless a delay is authorized. When PAO has a significant number of requests, e.g., 10 or more, the requests shall be processed in order of receipt.

However, this does not preclude PAO from completing action on a request which can be easily answered, regardless of its ranking within the order of receipt. In addition, PAO may expedite action on a request regardless of its ranking within the order of receipt upon a showing of exceptional need or urgency. Exceptional need or urgency is determined at the discretion of the PAO.

(e) *Use of exemptions.* It is DoD/DNA policy to make records publicly available, unless they qualify for exemption under one or more of the nine exemptions. Components may elect to make a discretionary release; however, a discretionary release is generally not appropriate for records exempt under exemptions 1, 3, 4, 6 and 7(C). Exemptions 4, 6 and 7(C) cannot be claimed when the requester is the submitter of the information.

(f) *Public domain.* Nonexempt records released under the authority of this part are considered to be in the public domain. Such records may also be made available through the reading room channel to facilitate public access. Exempt records released pursuant to this part or other statutory or regulatory authority, however, may be considered to be in the public domain when their release constitutes a waiver of the FOIA exemption. When the release does not constitute such a waiver, such as when disclosure is made to a properly constituted advisory committee or to a Congressional committee, the released records do not lose their exempt status. Also, while authority may exist to disclose records to individuals in their official capacity, the provisions of this part apply if the same individual seeks the records in a private or personal capacity.

(g) *Creating a record.* (1) A record must exist and be in the possession of and in control of the DNA at the time of the search to be considered subject to this part and the FOIA. Mere possession of a record does not presume agency control, and such records, or identifiable portions thereof, would be referred to the originating agency for direct response to the requester. There is no obligation to create or compile a record to satisfy a FOIA request. However, a DNA employee may compile a new record when so doing would result in a more useful response to the requester, or be less burdensome to the agency than providing existing records, and the requester does not object. The cost of creating or compiling such a record may not be charged to the requester unless the fee for creating the record is equal to or less than the fee which would be charged for providing the existing record.

(2) With respect to electronic data, the issue of whether records are actually created or merely extracted from an existing database is not always readily apparent. Consequently, when responding to FOIA requests for electronic data where creation of a record, programming, or particular format are questionable, offices should apply a standard of reasonableness. In other words, if the capability exists to respond to the request, and the effort would be a business as usual approach, then the request should be processed. However, the request need not be processed where the capability to respond does not exist without a significant expenditure of resources, thus not being a normal business as usual approach.

(h) *Description of requested record.* (1) Identification of the record desired is the responsibility of the member of the public who requests a record. The requester must provide a description of the desired record that will enable the Government to locate the record with a reasonable amount of effort. The Act does not authorize ''fishing expeditions.'' When DNA receives a request that does not ''reasonably describe'' the requested record, PAO shall notify the requester of the defect. The defect should be highlighted in a specificity letter, asking the requester to provide the type of information outlined in paragraph (h)(2) of this section. DNA is not obligated to act on the request until the requester responds to the specificity letter. When practical, PAO shall offer assistance to the requester

in identifying the records sought and in reformulating the request to reduce the burden on the Agency in complying with the Act.

(2) The following guidelines are provided to deal with ''fishing expedition'' requests and are based on the principle of reasonable effort. Descriptive information about a record may be divided into two broad categories.

(i) Category I is file-related and includes information such as type of record (for example, memorandum), title, index citation, subject area, date the record was created, and originator.

(ii) Category II is event-related and includes the circumstances that resulted in the record being created or the date and circumstances surrounding the event the record covers.

(3) Generally, a record is not reasonably described unless the description contains sufficient Category I information to permit the conduct of an organized, nonrandom search based on DNA's filing arrangements and existing retrieval systems, or unless the record contains sufficient Category II information to permit inference of the Category I elements needed to conduct such a search.

(4) The following guidelines deal with requests for personal records. Ordinarily, when personal identifiers are provided only in connection with a request for records concerning the requester, only records retrievable by personal identifiers need be searched. Search for such records may be conducted under Privacy Act procedures. No record may be denied that is releaseable under the FOIA.

(5) The above guidelines notwithstanding, the decision of an office concerning reasonableness of description must be based on knowledge of its files. If the description enables office personnel to locate the record with reasonable effort, the description is adequate.

(i) *Reasons for not releasing a record.* (1) The request is transferred to another DoD component, or to another Federal agency.

(2) The request is withdrawn by the requester.

(3) The information requested is not a record within the meaning of the FOIA and 32 CFR part 286.

(4) A record has not been described with sufficient particularity to enable DNA to locate it by conducting a reasonable search.

(5) The requester has failed reasonably to comply with procedural requirements, including payment of fees, imposed by 32 CFR part 286 or this part.

(6) The DNA determines, through knowledge of its files and reasonable search efforts, that it neither controls nor otherwise possesses the requested record.

(7) The record is subject to one or more of the nine exemptions set forth in § 291.8, and a significant and legitimate government purpose is served by withholding.

§ 291.5 Responsibilities.

(a) The Director, DNA, as appellate authority, is responsible for reviewing and making the final decision on FOIA appeals.

(b) The DDIR, as IDA, is responsible for reviewing all initial denials to FOIA requests and has sole responsibility for withholding that information.

(c) The DNA FOIA Officer, who is also the Public Affairs Officer, manages and implements the DNA FOIA program. In this regard, the Public Affairs Officer serves as the FOIA point-of-contact and liaison between DNA and the Office of the Assistant Secretary of Defense (Public Affairs) (OASD(PA)), Directorate for Freedom of Information and Security Review (DFOI/SR). The Public Affairs Officer is responsible for:

(1) Advising OASD(PA), DFOI/SR, of any DNA denial of a request for records or appeals that may affect another DoD component.

(2) Ensuring publication of this part in the FEDERAL REGISTER.

(3) Ensuring that the Command Services Directorate publishes in the FEDERAL REGISTER a notice of where, how and by what authority DNA performs its functions.

(4) Ensuring that the Command Services Directorate, publishes an index of DNA instructions in the FEDERAL REGISTER.

(5) Coordinating all FOIA actions, except routine, interim replies indicating

initial receipt of a FOIA request through the appropriate DNA offices and the DNA General Counsel (GC).

(6) Forwarding all fees collected under the FOIA to the HQ, DNA, Finance and Accounting Officer for further processing.

(7) Coordinating action on FOIA requests that involve other government organizations (e.g., when DNA is not the original classifier for a classified document) with those organizations.

(8) Ensuring FOIA briefings are presented annually for DNA personnel.

(9) Submitting an annual report to OASD(PA), DFOI/SR, in accordance with the requirements of DoD Directive 5400.11.[1]

(d) The Commander, FCDNA, is responsible for determining, based on current directives and instruction, what information in FCDNA custody may be released to FOIA requesters. (This responsibility may be delegated.) The Commander, FCDNA, is responsible for designating a representative to process FOIA requests. The Commander has the authority to release documents in response to the FOIA. When FCDNA releases information under the FOIA, it will forward a copy of the request, the response and the appropriate cost sheet to HQ, DNA, ATTN: PAO (FOIA). FCDNA will not deny requests for information under the FOIA; instead, it will forward to HQ, DNA, PAO a recommendation and justification for denying the FOIA request.

(e) The Director, AFRRI, is responsible for designating a representative to process FOIA requests and to forward them to HQ, DNA, (PAO) for coordination and preparation of a final response.

(f) The DNA GC shall coordinate on all DNA FOIA response except routine interim letters which acknowledge receipt of the FOIA request. That office shall also ensure uniformity in the legal position and interpretation by DNA of the FOIA, and coordinate with the DoD GC, as necessary.

(g) The HQ, DNA, Finance and Accounting Officer will ensure that fees collected under the FOIA are forwarded to the Finance and Accounting Office, U.S. Army, to be submitted to the Treasury of the United States.

(h) HQ, DNA, Assistant Director for Intelligence and Security, Classification Management Division (ISCM), will conduct security reviews of classified documents requested under the FOIA. ISCM will determine whether the document.

(1) Contains information that meets requirements for withholding under Exemption 1 Executive Order 12356.

(2) Has information that meets requirements for withholding under Exemption 3, to include Restricted Data and Formerly Restricted Data, 42 U.S.C. 2162.

(3) Has information that may be declassified or sanitized. ISCM is also responsible for sanitizing DNA classified information from documents requested under the FOIA (refer to §291.6(b)(5)). In addition, ISCM is responsible for advising the Assistant Director for Technical Information (CSTI) to notify the appropriate authorities when information has been reclassified as a result of a DNA FOIA review.

(i) HQ, DNA, CSLE will, upon request, ensure that photocopies are made of 50-page or larger documents being processed under the FOIA. (Copies are required only when documents are not available from other sources.)

(j) CSTI, Technical Library Division (TITL), will, upon notification from PAO that a document has been cleared for public release under the FOIA, retain the marked up document in its files, annotate the FOIA case number in the computerized data base and ensure that the document is made available to the public through the National Technical Information Service (NTIS).

(k) Commander, FCDNA; Director, AFRRI; and directors and chiefs of staff elements at HQ, DNA, will ensure that personnel are familiar with the procedures and contents of this part prior to acting on FOIA requests. They will also make sure that FOIA actions forwarded to their offices for processing are closely monitored to ensure accountability and that their input to PAO is provided in a timely manner and in accordance with this part. (Refer to §291.7(b)(2)). If the office(s)

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

cannot meet the FOIA suspense, they must request an extension. In addition, they will ensure that, upon request by PAO, appropriate technical personnel sanitize information such as unclassified technical data, that is determined to be exempt from disclosure under the FOIA. (Refer to § 291.7(b)(5)).

§ 291.6 Procedures.

(a) If HQ, DNA personnel receive a FOIA request that has not been logged and processed through PAO, they will immediately handcarry the request to PAO. TDNM and AFRRI personnel will forward all FOIA requests to HQ, DNA, Attn: PAO. FCDNA will adhere to paragraph 6d and FCDNA Supplement to DNA Instruction 5400.7C.[2]

(b) When a FOIA request is received by PAO, HQ, DNA, the following procedures apply:

(1) The request will be date stamped, reviewed to determine if it meets the requirements of 5 U.S.C. 552, logged in, assigned an action number, suspensed, and attached to a FOIA cover sheet with instructions for forwarding to the appropriate office. A copy of DD Form 2086 or DD Form 2086–1 will also be attached to the FOIA request.

(2) A copy of the request will be handcarried by PAO to the designated HQ, DNA, action office(s) or forwarded to AFRRI or FCDNA, as appropriate. The office or component providing input for the FOIA request must keep track of the request and meet the PAO suspense. The HQ, DNA input, or negative response, if there are no records available, will be handcarried to PAO. AFRRI will send the recommended response in daily distribution. FCDNA will telefax the proposed response in addition to mailing the original. All FOIA actions must include a completed DD Form 2086 or 2086–1. Each office acting on FOIA requests will indicate on the form the search, review/excise and coordination time spent processing the FOIA action, and provide the number of pages copied.

(3) The DNA PAO will prepare the response to the requester and coordinate it with the offices that provided input, the GC, and if appropriate, ISCM, the IDA, the Director, DNA, OASD(PA), and outside agencies, if involved. The PAO will maintain files of all FOIA actions per DNA Instruction 5015.4B.

(4) If a request is received by a DNA office which does not have records responsive but office personnel believe another office would have the records requested, they must contact the other office to confirm the existence of the documents, forward the FOIA action to that office and notify PAO.

(5) *FOIAs involving classified information.* When ISCM or contractor security reviewers receive a classified document from PAO for processing under the FOIA, they will conduct a security review to determine if the document may be sanitized or declassified. Most DNA documents requested under the FOIA are queued on a first-come, first-served basis and shall be reviewed in that order. When security reviewers determine that part or all of the information in a classified document may be sanitized or declassified, they will ensure that the appropriate copies are ordered from the Defense Technical Information Center (DTIC). The DTIC copy will be marked up during review. Cases not placed in queue will be suspensed by PAO. They may include documents with less than 10 pages or documents under suspense from other organizations which require a DNA review. All DNA documents reviewed will be marked with a special pen that does not permit photocopying of the classified portions. Security review must include a detailed response providing the appropriate exemption(s) and justification for withholding.

When the Field Command Security Division (FCSS) receives a classified document for processing under the FOIA, they will conduct a security review to determine if the document may be sanitized or declassified. When FCSS determines that part or all of the information in a classified document may be sanitized or declassified, FCSS will make a copy which will be marked up during review. Upon completion of its review, FCSS will provide the marked up document and a sanitized version of the document to PAO. FCSS review

[2] Copies can be obtained from Defense Nuclear Agency PAO or SSAB, Defense Nuclear Agency, 6801 Telegraph Road, Alexandria, VA 22310–3398.

must include a detailed response providing the appropriate exemption(s) and justification for withholding. When ISCM/FCSS completes its review, ISCM/FCSS will forward the master copy to the appropriate technical office(s) for review. That office will determine whether the remaining unclassified information is releaseable and provide its response to ISCM/FCSS. If the office recommends that part or all of the information be withheld, then it must forward a detailed response providing the appropriate exemption(s) and justification for withholding. The technical office will return documents with results of their review to ISCM. ISCM will forward the results of both reviews to PAO for further processing. If either ISCM/FCSS or the DNA office reviewing the action recommends additional review by another agency, they will provide the full name and address of that agency with a technical point-of-contact, if known. PAO will forward the action to that organization for further review. When PAO receives that organization's review determination, it will forward the results to ISCM/FCSS. After all reviews are completed, ISCM/FCSS will sanitize the document and handcarry (FCSS will forward) the sanitized as well as the marked up copy to PAO for final processing.

(6) *FOIAs involving unclassified information.* The appropriate technical office(s) will review unclassified documents for release under the FOIA. If the office(s) determines that part or all of the document should be withheld, it must provide PAO a written recommendation with the appropriate exemption(s) (§ 291.8) and detailed reasons for withholding the information. Upon PAO request, the technical office(s) will sanitize the unclassified information that is being withheld. Sanitization will be done on a photocopy of the document or on a document that has been obtained from DTIC.

§ 291.7 Administrative instruction.

(a) FOIA requesters shall clearly mark their requests as such, both on the envelope and in the body of the letter. Identification of the record desired is the responsibility of the FOIA requester. The requester must provide a description of the desired record that enables DNA to locate it with a reasonable amount of effort. The Act does not authorize ''fishing expeditions.'' FOIA requests should be sent to the following address: Public Affairs Officer, Defense Nuclear Agency, Attention: FOIA, 6801 Telegraph Road, Alexandria, VA 22310–3398. Requester failure to comply with this section shall not be sole grounds of denial for requested information.

(b) FOIA appeals must be clearly marked as such, both on the envelope and in the body of the letter. Persons appealing DNA denial letters should include a copy of the denial letter, the case number, a statement of the relief sought and the grounds upon which it is brought. Appeals should be sent to the following address: Director, Defense Nuclear Agency, 6801 Telegraph Road, Alexandria, VA 22310–3398.

(c) The time limitations for responding to legitimate FOIA requests are:

(1) Determinations to release, deny or transfer a record shall be made and the decision reported to the requester within 10 working days after the request is received in PAO.

(2) If additional time is needed to respond to a request, the requester will be notified within the 10-day period. When PAO has a significant number of requests, e.g., 10 or more, the requests shall be processed in order of receipt. However, this does not preclude PAO from completing action on a request which can be easily answered, regardless of its ranking within the order of receipt. PAO may expedite action on a request regardless of its ranking within the order of receipt upon a showing of exceptional need or urgency. Exceptional need or urgency is determined at the discretion of the Public Affairs Officer.

(3) If a request for a record is denied and the requester appeals the decision of the IDA, the requester should file the appeal so that it reaches DNA no later than 60 calendar days after the date of the initial denial letter. At the conclusion of this period, the case may be considered closed; however, such closure does not preclude the requester from filing litigation. In cases where the requester is provided several incremental determinations for a single request, the time for the appeal shall not

begin until the requester receives the last such notification. A final determination on the appeal normally shall be made within 20 working days after receipt. If additional time is needed due to unusual circumstances, the final decision may be delayed for the number of working days (not to exceed 10), that were not utilized as additional time for responding to the initial request. If an appeal is denied, the Director, DNA, will notify the requester of the right to judicial review of the decision. Appeal procedures also apply to the disapproval of a request for waiver or reduction of fees.

(d) If DNA denies the requested document in whole or in part, the response must include detailed rationale for withholding information and the specific exemption that applies so the requester can make a decision concerning appeal. When the initial denial is based in whole or in part on a security classification, the explanation should include a summary of the applicable criteria for classification, as well as an explanation, to the extent reasonably feasible, of how those criteria apply to the particular record in question. Denial letters must also include the name and title of the IDA, and cite the name and address of the Director, DNA, as the appellate authority.

(e) All final responses will address the status of fees collectible under the FOIA. Fees of $15 or less will be waived, regardless of category of requester.

(f) A formal reading room for the public, as defined in 32 CFR part 286, does not exist at DNA (HQ, FCDNA or AFRRI) because of security requirements. However, the PAO will arrange for a suitable location and escort, if required, for members of the public to review DNA documents released under the FOIA. In addition, most reports released under the FOIA are sent to the National Technical Information Service (NTIS).

§ 291.8 Exemptions.

(a) *General.* Records that meet the exemption criteria listed in paragraph (b) below may be withheld from public disclosure and will not be published in the FEDERAL REGISTER, made available in a library, reading room, or provided in response to a FOIA request.

(b) *FOIA exemptions.* The following types of records may be withheld in whole or in part from public disclosure under the FOIA, unless otherwise prescribed by law. A discretionary release (see also § 291.4(e)) to one requester may preclude the withholding of the same record under a FOIA exemption if the record is subsequently requested by someone else. In applying exemptions, the identity of the requester and the purpose for which the record is sought are irrelevant with the exception that an exemption may not be invoked where the particular interest to be protected is the requester's interest.

(1) *Number 1.* Those properly and currently classified in the interest of national defense or foreign policy, as specifically authorized under the criteria established by executive order and implemented by regulations, such as DoD 5200.1–R.[3] Although material is not classified at the time of the FOIA request, a classification review may be undertaken to determine whether the information should be classified. The procedures in DoD 5200.1–R, section 2–204f., apply. In addition, this exemption shall be invoked when the following situations are apparent:

(i) The fact of the existence or nonexistence of a record would itself reveal classified information. In this situation, DNA shall neither confirm nor deny the existence or nonexistence of the record being requested. A ''refusal to confirm or deny'' response must be used consistently, not only when a record exists, but also when a record does not exist. Otherwise, the pattern of using a ''no record'' response when a record does not exist, and a ''refusal to confirm or deny'' when a record does exist will itself disclose national security information.

(ii) Information that concerns one or more of the classification categories established by executive order and DoD 5200.1–R shall be classified if its unauthorized disclosure, either by itself or in the context of other information, reasonably could be expected to cause damage to the national security.

[3] See footnote 1 to § 291.5(c)(9).

(2) *Number 2.* Those related solely to the internal personnel rules and practices of DNA. This exemption has two profiles, high b2 and low b2.

(i) Records qualifying under high b2 are those containing or constituting statutes, rules, regulations, orders, manuals, directives, and instructions, the release of which would allow circumvention of these records, thereby substantially hindering the effective performance of a significant function of the DNA. Examples include:

(A) Those operating rules, guidelines and manuals for DNA investigators, inspectors, auditors, or examiners that must remain privileged in order for the DNA office to fulfill a legal requirement.

(B) Personnel and other administration matters, such as examination questions and answers used in training courses or in the determination of the qualifications of candidates for employment, entrance on duty, advancement, or promotion.

(C) Computer software meeting the standards of paragraph 291.3(b)(2)(iii), the release of which would allow circumvention of a statute or DoD rules, regulations, orders, manuals, directives, or instructions. In this situation, the use of the software must be clearly examined to ensure a circumvention possibility exists.

(ii) Records qualifying under the low b2 profile are those that are trivial and housekeeping in nature for which there is no legitimate public interest or benefit to be gained by release, and it would constitute an administrative burden to process the request in order to disclose the records. Examples include: Rules of personnel's use of parking facilities or regulation of lunch hours, statements of policy as to sick leave, and trivial administrative data such as file numbers, mail routing stamps, initials, data processing notations, brief references to previous communications, and other like administrative markings.

(3) *Number 3.* Those containing matters that a statute specifically exempts from disclosure by terms that permit no discretion on the issue, or in accordance with criteria established by that statute for withholding or referring to particular types of matters to be withheld. Examples of statutes are:

(i) National Security Agency Information Exemption, Public Law 86–36, section 6.

(ii) Patent Secrecy, 35 U.S.C. 181–188. Any records containing information relating to inventions that are the subject of patent applications on which Patent Secrecy Orders have been issued.

(iii) Restricted Data and Formerly Restricted Data, 42 U.S.C. 2162.

(iv) Communication Intelligence, 18 U.S.C. 798.

(v) Authority to Withhold from Public Disclosure Certain Technical Data, 10 U.S.C. 130 and DoD Directive 5230.25.[4]

(vi) Confidentiality of Medical Quality Records: Qualified Immunity Participants, 10 U.S.C. 1102.

(vii) Physical Protection of Special Nuclear Material: Limitation on Dissemination of Unclassified Information, 10 U.S.C. 128.

(viii) Protection of Intelligence Sources and Methods, 50 U.S.C. 403 (d)(3).

(4) *Number 4.* Those containing trade secrets or commercial or financial information that DNA receives from a person or organization outside the government with the understanding that the information or record will be retained on a privileged or confidential basis in accordance with the customary handling of such records. Records within the exemption must contain trade secrets, or commercial or financial records, the disclosure of which is likely to cause substantial harm to the competitive position of the source providing the information; impair the Government's ability to obtain necessary information in the future; or impair some other legitimate government interest. Examples include:

(i) Commercial or financial information received in confidence in connection with loans, bids, contracts, or proposals, as well as other information received in confidence or privileged, such as trade secrets, inventions, discoveries, or other proprietary data. See 32 CFR part 286h, ''Release of Acquisition-Related Information.''

[4] See footnote 1 to § 291.5(c)(9).

(ii) Statistical data and commercial or financial information concerning contract performance, income, profits, losses and expenditures, if offered and received in confidence from a contractor or potential contractor.

(iii) Personal statements given in the course of inspections, investigations, or audits, when such statements are received in confidence from the individual and retained in confidence because they reveal trade secrets or commercial or financial information normally considered confidential or privileged.

(iv) Financial data provided in confidence by private employers in connection with locality wage surveys that are used to fix and adjust pay schedules applicable to the prevailing wage rate of employees within the Department of Defense.

(v) Scientific and manufacturing processes or developments concerning technical or scientific data or other information, submitted with an application for a research grant, or with a report, while research is in progress.

(vi) Technical or scientific data developed by a contractor or subcontractor exclusively at private expense, and technical or scientific data developed in part with Federal funds and in part at private expense, wherein the contractor or subcontractor has retained legitimate proprietary interests in such data in accordance with title 10, U.S.C. 2320–2321 and DoD Federal Acquisition Regulation Supplement (DFARS), subpart 27.4. Technical data developed exclusively with Federal funds may be withheld under Exemption Number 3 if it meets the criteria of 10 U.S.C. 130 and DoD Directive 5230.25 (refer to paragraph (b)(3)(v)).

(vii) Computer software meeting the conditions of section 4 (b)(3), which is copyrighted under the Copyright Act of 1976 (17 U.S.C. 106), the disclosure of which would have an adverse impact on the potential market value of a copyrighted work.

(5) *Number 5.* Except as provided in paragraphs (b)(5)(i) through (v) of this section, internal advice, recommendations, and subjective evaluations, as contrasted with factual matters, that are reflected in records pertaining to the decisionmaking process of any agency, whether within or among agencies (as defined in 5 U.S.C. 552(e)) or within or among DoD/DNA offices. Also exempted are records pertaining to the attorney-client privilege and the attorney work-product privilege.

(i) Examples include:

(A) The nonfactual portions of staff papers, to include after-action reports and situation reports containing staff evaluations, advice, opinions or suggestions.

(B) Advice, suggestions, or evaluations prepared on behalf of the DNA by individual consultants or by boards, committees, councils, groups, panels, conferences, commissions, task forces, or other similar groups that are formed for the purpose of obtaining advice and recommendations.

(C) Those nonfactual portions of evaluations by DNA personnel of contractors and their products.

(D) Information of a speculative, tentative, or evaluative nature or such matters as proposed plans to procure, lease or otherwise acquire and dispose of materials, real estate, facilities or functions, when such information would provide undue or unfair competitive advantage to private personal interests or would impede legitimate government functions.

(E) Trade secret or other confidential research, development, or commercial information owned by the Government, where premature release is likely to affect the Government's negotiating position or other commercial interests.

(F) Records that are exchanged among agency personnel as part of the preparation for anticipated administrative proceedings by DNA, or litigation before any federal, state, or military court, as well as records that qualify for the attorney-client privilege.

(G) Those portions of official reports of inspection, reports of the Inspector General, audits, investigations, or surveys pertaining to safety, security, or the internal management, administration, or operation of DNA when these records have traditionally been treated by the courts as privileged against disclosure in litigation.

(H) Computer software meeting the standards of paragraph 291.3(b)(2)(iii), which is deliberative in nature, the disclosure of which would inhibit or chill

the decision-making process. In this situation, the use of software must be closely examined to ensure its deliberative nature.

(I) Planning, programming, and budgetary information which is involved in the defense planning and resource allocation process.

(ii) If any such intra- or inter-agency record or reasonably segregable portion of such record hypothetically would be made available routinely through the ''discovery process'' in the course of litigation with DNA, i.e., the process by which litigants obtain information from each other that is relevant to the issues in trial or hearing, then it should not be withheld from the general public even though ''discovery'' has not been sought in actual litigation. If, however, the information hypothetically would only be made available through the discovery process by special order of the court based on the particular needs of a litigant, balanced against the interests of the agency in maintaining its confidentiality, then the record or document need not be made available under this part. Consult with legal counsel to determine whether exemption 5 material would be routinely made available through the ''discovery process''.

(iii) Intra- or inter-agency memoranda or letters that are factual, or those reasonably segregable portions that are factual, are routinely made available through ''discovery,'' and shall be made available to a requester, unless the factual material is otherwise exempt from release, inextricably intertwined with the exempt information, so fragmented as to be uninformative, or so redundant of information already available to the requester as to provide no new substantive information.

(iv) A direction or order from a superior to a subordinate, though contained in an internal communication, generally cannot be withheld from a requester if it constitutes policy guidance or a decision, as distinguished from a discussion of preliminary matters or a request for information or advice that would compromise the decision-making process.

(v) An internal communication concerning a decision that subsequently has been made a matter of public record must be made available to a requester when the rationale for the decision is expressly adopted or incorporated by reference in the record containing the decision.

(6) *Number 6.* Information in personnel and medical files, as well as similar personal information in other files, that, if disclosed to the requester would result in a clearly unwarranted invasion of personal privacy. Release of information about an individual contained in a Privacy Act System of Records that would constitute a clearly unwarranted invasion of privacy is prohibited, and could subject the releaser to civil and criminal penalties.

(i) Examples of other files containing personal information similar to that contained in personnel and medical files include:

(A) Those compiled to evaluate or adjudicate the suitability of candidates for civilian employment or membership in the Armed Forces, and the eligibility of individuals (civilian, military, or contractor employees) for security clearances, or for access to particularly sensitive classified information.

(B) Files containing reports, records, and other material pertaining to personnel matters in which administrative action, including disciplinary action, may be taken.

(ii) Home addresses are normally not releasable without the consent of the individuals concerned. In addition, lists of DoD military and civilian personnel's names and duty addresses who are assigned to units that are sensitive, routinely deployable, or stationed in foreign territories can constitute a clearly unwarranted invasion of personal privacy.

(A) Privacy interest. A privacy interest may exist in personal information even though the information has been disclosed at some place and time. If personal information is not freely available from sources other than the Federal Government, a privacy interest exists in its nondisclosure. The fact that the Federal Government expended funds to prepare, index and maintain records on personal information, and the fact that a requester invokes FOIA

to obtain these records indicates the information is not freely available.

(B) Published telephone directories, organizational charts, rosters and similar materials for personnel assigned to units that are sensitive, routinely deployable, or stationed in foreign territories are withholdable under this exemption.

(iii) This exemption shall not be used in an attempt to protect the privacy of a deceased person, but it may be used to protect the privacy of the deceased person's family.

(iv) Individuals' personnel, medical, or similar file may be withheld from them or their designated legal representative only to the extent consistent with DoD Directive 5400.11.

(v) A clearly unwarranted invasion of the privacy of the persons identified in a personnel, medical or similar record may constitute a basis for deleting those reasonably segregable portions of that record, even when providing it to the subject of the record. When withholding personal information from the subject of the record, legal counsel should first be consulted.

(7) *Number 7.* Records or information compiled for law enforcement purposes; i.e., civil, criminal, or military law, including the implementation of executive orders or regulations issued pursuant to law. This exemption may be invoked to prevent disclosure of documents not originally created for, but later gathered for law enforcement purposes.

(i) This exemption applies, however, only to the extent that production of such law enforcement records or information could result in the following:

(A) Could reasonably be expected to interfere with enforcement proceedings.

(B) Would deprive a person of the right to a fair trial or to an impartial adjudication.

(C) Could reasonably be expected to constitute an unwarranted invasion of personal privacy of a living person, including surviving family members of an individual identified in such a record.

(*1*) This exemption also applies when the fact of the existence or nonexistence of a responsive record would itself reveal personally private information, and the public interest in disclosure is not sufficient to outweigh the privacy interest. In this situation, DNA shall neither confirm nor deny the existence or nonexistence of the record being requested.

(*2*) A ''refusal to confirm or deny'' response must be used consistently, not only when a record exists, but also when a record does not exist. Otherwise, the pattern of using a ''no records'' response when a record does not exist and a ''refusal to confirm or deny'' when a record does exist will itself disclose personally private information.

(*3*) Refusal to confirm or deny should not be used when the person whose personal privacy is in jeopardy has provided the requester with a waiver of his or her privacy rights; or the person whose personal privacy is in jeopardy is deceased, and DNA is aware of that fact.

(D) Could reasonably be expected to disclose the identity of a confidential source including a source within DNA, a state, local or foreign agency or authority, or any private institution which furnishes the information on a confidential basis.

(E) Could disclose confidential information furnished from a confidential source and obtained by a criminal law enforcement authority in a criminal investigation or by an agency conducting a lawful national security intelligence investigation.

(F) Would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law.

(G) Could reasonably be expected to endanger the life, or the physical safety of any individual.

(ii) Examples include:

(A) Statements of witnesses and other material developed during the course of the investigation and all materials prepared in connection with related government litigation or adjudicative proceedings.

(B) The identity of firms or individuals being investigated for alleged irregularities involving contracting

with DNA when no indictment has been obtained nor any civil action filed against them by the United States.

(C) Information obtained in confidence, expressed or implied, in the course of a criminal investigation by a criminal law enforcement agency or office within DNA, or a lawful national security intelligence investigation conducted by an authorized agency or office within DNA. National security intelligence investigations include background security investigations and those investigations conducted for the purpose of obtaining affirmative or counterintelligence information.

(iii) The right of individual litigants to investigative records currently available by law (such as, the Jencks Act, 18 U.S.C. 3500 is not diminished.

(iv) When the subject of an investigative record is the requester of the record, it may be withheld only as authorized by DoD Directive 5400.11.

(v) *Exclusions.* Excluded from the previous exemptions are the following two situations applicable to the Department of Defense.

(A) Whenever a request is made which involves access to records or information compiled for law enforcement purposes and the investigation or proceedings involves a possible violation or criminal law where there is reason to believe that the subject of the investigation or proceedings is unaware of its pendency, and the disclosure of the existence of the records could reasonably be expected to interfere with enforcement proceedings. Components may, during only such times as that circumstance continues, treat the records or information as not subject to the FOIA. In such situation, the response to the requester will state that no records were found.

(B) Whenever informant records maintained by a criminal law enforcement organization within a DoD component under the informant's name or personal identifier are requested by a third party using the informant's name or personal identifier, the Component may treat the records as not subject to the FOIA, unless the informant's status as an informant has been officially confirmed. If it is determined that the records are not subject to exemption 7, the response to the requester will state that no records were found.

(8) *Number 8.* Those contained in or related to examination, operation or condition reports prepared by, on behalf of, or for the use of any agency responsible for the regulation or supervision of financial institutions.

(9) *Number 9.* Those containing geological and geophysical information and data (including maps) concerning wells.

§ 291.9 For official use only (FOUO).

Information that has not been given a security classification pursuant to the criteria of an Executive Order, but which may be withheld from the public for one or more of the reasons cited in FOIA exemptions 2 through 9 shall be considered as being for official use only. No other material shall be considered or marked ''For Official Use Only'' (FOUO) and FOUO is not authorized as an anemic form of classification to protect national security interests. See DNA Instruction 5230.2A [5] for additional information regarding FOUO policy.

(a) *Prior FOUO application.* The prior application of FOUO markings is not a conclusive basis for withholding a record that is requested under the FOIA. When such a record is requested, the information in it shall be evaluated to determine whether, under current circumstances, FOIA exemptions apply in withholding the record or portions of it. If any exemption or exemptions apply or applies, it may nonetheless be released when it is determined that no governmental interest will be jeopardized by its release.

(b) *Historical papers.* Records, such as notes, working papers, and drafts retained as historical evidence of DNA actions enjoy no special status apart from the exemptions under the FOIA.

(c) *Time to mark records.* The marking of records at the time of their creation provides notice of FOUO content and facilitates review when a record is requested under the FOIA. Records requested under the FOIA that do not bear such markings, shall not be assumed to be releaseable without examination for the presence of information

[5] See footnote 2, to § 291.6(a)

that requires continued protection and qualifies as exempt from public release.

(d) *Distribution statement*. Information in a technical document that requires a distribution statement pursuant to DNA Instruction 5230.24A shall bear that statement and may be marked FOUO, as appropriate.

(e) *Termination*. The originator or other competent authority, e.g., initial denial and appellate authorities, shall terminate ''For Official Use Only'' markings or status when circumstances indicate that the information no longer requires protection from public disclosure. When FOUO status is terminated, all known holders shall be notified, to the extent practical. Upon notification, holders shall efface or remove the ''For Official Use Only'' markings, but records in file or storage need not be retrieved solely for that purpose.

(f) *Disposal*. (1) Nonrecord copies of FOUO materials may be destroyed by tearing each copy into pieces to preclude reconstructing, and placing them in regular trash containers. When local circumstances or experience indicates that this destruction method is not sufficiently protective of FOUO information, local authorities may direct other methods but must give due consideration to the additional expense balanced against the degree of sensitivity of the type of FOUO information contained in the records.

(2) Record copies of FOUO documents shall be disposed of in accordance with the disposal standards established under 44 U.S.C. chapter 33, as implemented by DNA instructions concerning records disposal.

(g) *Unauthorized disclosure*. The unauthorized disclosure of FOUO records does not constitute an unauthorized disclosure of DNA information classified for security purposes. Appropriate administrative action shall be taken, however, to fix responsibility for unauthorized disclosure whenever feasible, and appropriate disciplinary action shall be taken against those responsible. Unauthorized disclosure of FOUO information that is protected by the Privacy Act, may also result in civil and criminal sanctions against responsible persons. The DNA office that originated the FOUO information shall be informed of its unauthorized disclosure.

APPENDIX A TO PART 291—FREEDOM OF INFORMATION ACT REQUEST (DNA FORM 524)

Suspense Item—Freedom of Information Act Request

Date _____

Information Required in PAO NLT _____

FOIA Case No. _____

To: _____

Special Instructions: _____

Please conduct a search within your organization to determine if there is information/documents responsive to the attached FOIA request.

If you recommend withholding information from the documents requested, please refer to the FOIA exemptions listed on the reverse.

If this request is for a technical proposal, please provide the name and address for the contact person at the company which was awarded the contract and the name and office symbol to the TM.

Record time spent on this request and the number of pages copied on the enclosed DD Form 2086.

If you believe other DNA offices should be involved in processing this request, please advise PAO ASAP.

If you have any questions call PAO, 57095 or 57306. Do not place this FOIA action in distribution.

Enclosures:

DNA Form 524 (28 June 90) Previous Editions Obsolete.

EXPLANATION OF EXEMPTIONS

FREEDOM OF INFORMATION ACT (5 USC 552)

(b)(1) Applies to information which is currently and properly classified pursuant to an Executive Order in the interest of national defense or foreign policy. (See Executive Order 12356, DoD Regulation 5200.1–R and DNA Instruction 5400–7C.)

(b)(2) Applies to information which pertains solely to the internal rules and practices of the Agency; this exemption has two profiles, ''high'' and ''low.'' The ''high'' profile permits withholding of a document which, if released, would allow circumvention of an agency rule, policy, or statute, thereby impeding the agency in the conduct of its mission. The ''low'' profile permits

withholding if there is no public interest in the document, and it would be an administrative burden to process the request.

(b)(3) Applies to information specifically exempted by a statute establishing particular criteria for withholding. The language of the statute must clearly state that the information will not be disclosed.

(b)(4) Applies to information such as trade secrets and commercial or financial information obtained from a company on a privileged or confidential basis which, if released, would result in competitive harm to the company.

(b)(5) Applies to inter- and intra-agency memoranda which are deliberative in nature; this exemption is appropriate for internal documents which are part of the decision making process, and contain subjective evaluations, opinions and recommendations.

(b)(6) Applies to information release of which could reasonably be expected to constitute a clearly unwarranted invasion of the personal privacy of individuals; and

(b)(7) Applies to records or information compiled for law enforcement purposes that (A) could reasonably be expected to interfere with law enforcement proceedings, (B) would deprive a person of a right to a fair trial or impartial adjudication, (C) could reasonably be expected to constitute an unwarranted invasion of the personal privacy of others, (D) disclose the identity of a confidential source, (E) disclose investigative techniques and procedures, or (F) could reasonably be expected to endanger the life or physical safety or any individual.

(b)(8) Permits the withholding of matters contained in, or related to, examination, operating or conditions reports prepared by, on behalf of, or for the use of, an agency responsible for the regulation and supervision of financial institutions.

(b)(9) Permits the withholding of geological information and data including maps, concerning wells.

PART 292—DEFENSE INTELLIGENCE AGENCY (DIA) FREEDOM OF INFORMATION ACT

Sec.

292.1 Purpose.
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APPENDIX A TO PART 292—UNIFORM AGENCY FEES FOR SEARCH AND DUPLICATION UNDER THE FREEDOM OF INFORMATION ACT (AS AMENDED)

AUTHORITY: 5 U.S.C. 552.

SOURCE: 57 FR 38775, Aug. 27, 1992, unless otherwise noted.

§ 292.1 Purpose.

This document implements the ''Freedom of Information Act (FOIA),'' 5 U.S.C., as amended, with the Defense Intelligence Agency (DIA) and outlines policy governing release of records to the public.

§ 292.2 Applicability.

This part applies to all DIA elements, and governs the public release of records of these elements.

§ 292.3 Basic policy.

(a) Upon receipt of a written request, the DIA will release to the public, records concerning its operations and activities which are rightfully public information. Generally, information, other than that exempt in § 292.6, will be provided to the public. The following policy will be followed in the conduct of this program.

(1) The provisions of the FOIA, as implemented by 32 CFR part 286 and this part, will be supported in both letter and spirit.

(2) Requested records will be withheld only when a significant and legitimate governmental purpose is served by withholding them. Records which require protection against unauthorized release in the interest of the national defense or foreign relations of the United States will not be provided.

(3) Official requests from Members of Congress, acting in their official capacity, will be governed by DoD Directive 5400.4,[1] (see DoD 5400.7–R,[2] paragraph 5–103); from the General Accounting Office by DoD Directive 7650.1;[3] and from private parties, and officials of state or local governments by DoD 5400.7–R, paragraphs 5–101 and 102.

(4) Records will not be withheld solely because their release might result in

[1] Copies may be obtained at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[2] See footnote 1 to § 292.3(a)(3).

[3] See footnote 1 to § 292.3(a)(3).

criticism of the Department of Defense or this Agency.

(5) The applicability of the FOIA depends on the existence of an ''identifiable record'' (5 U.S.C. 552(a)(3)). Accordingly, if the DIA has no record containing information requested by a member of the public, it is under no obligation to compile information to create or obtain such a record.

(6) The mission of the DIA does not encompass regulatory or decision-making matters in the sense of a public use agency; therefore, extensive reading room material for the general public is not available.

(7) Pursuant to 5 U.S.C. 552 (a)(4)(A) fees may apply with regard to services rendered the public under the Freedom of Information Act (See appendix A to this part). With regard to fees, the specific guidance of DoD, as set forth in DoD 5400.7–R will be followed.

(b) This basic policy is subject to the exemptions recognized in 5 U.S.C. 552 (b) and discussed in section 292.6.

§ 292.4 Specific policy.

(a) *Definition of a Record.* The products of data compilation, such as all books, papers, maps, and photographs, machine readable materials or other documentary materials, regardless of physical form or characteristics, made or received by the DIA in connection with the transaction of public business and in the DIA's possession and control at the time the FOIA request is made.

(b) The following are not included within the definition of the word ''record:''

(1) Objects or articles, such as structures, furniture, paintings, sculptures, three-dimensional models, vehicles and equipment, whatever their historical value or value as evidence.

(2) Administrative tools by which records are created, stored, and retrieved, if not created or used as sources of information about organizations, policies, functions, decisions, or procedures of a DoD Component. Normally, computer software, including source code, object code, and listings of source and object codes, regardless of medium are not agency records. (This does not include the underlying data which is processed and produced by such software and which may in some instances be stored with the software.) Exceptions to this position are outlined in paragraph (b)(2)(i) of this section.

(i) In some instances, computer software may have to be treated as an agency record and processed under the FOIA. These situations are rare, and shall be treated on a case-by-case basis. Examples of when computer software may have to be treated as an agency record are:

(A) When the data are embedded within the software and cannot be extracted without the software. In this situation, both the data and the software must be reviewed for release or denial under the FOIA.

(B) When the software itself reveals information about organizations, policies, functions, decisions, or procedures of the Agency, such as computer models used to forecast budget outlays, calculate system costs, or optimization models on travel costs.

(3) Anything that is not a tangible or documentary record, such as an individual's memory or oral communication.

(4) Personal notes of an individual not subject to agency creation or retention requirements, created and maintained primarily for the convenience of an agency employee, and not distributed to other agency employees for their official use.

(5) Information stored within a computer for which there is no existing computer program or printout for retrieval of the requested information.

(c) The prior application of FOR OFFICIAL USE ONLY (FOUO) markings is not a conclusive basis for withholding a record that is requested under the FOIA. When such a record is requested, the information in it will be evaluated to determine whether, under current circumstances, FOIA exemptions apply and whether a significant and legitimate Governmental purpose is served by withholding the record or portions of it.

(d) A record must exist and be in the possession or control of the DIA at the time of the request to be considered subject to this regulation. There is no obligation to create, compile, or obtain a record to satisfy an FOIA request.

(e) *Identification of the Record.* (1) Identification of the record desired is the responsibility of the member of the public who requests a record. The requester must provide a description of the desired record that enables the DIA to locate the record with a reasonable amount of effort. The Act does not authorize ''fishing expeditions.'' When the DIA receives a request that does not ''reasonably describe'' the requested record, it will notify the requester of the deficiency. The deficiency should be highlighted in a distinctive letter, asking the requester to provide the type of information outlined below. This Agency is not obligated to act on the request until the requester responds to the distinctive letter. When practicable, the DIA will offer assistance to the requester in identifying the records sought and in reformulating the request to reduce the burden on the Agency in complying with the Act.

(2) The following guidelines are provided to deal with ''fishing expedition'' requests and are based on the principle of reasonable effort. Descriptive information about a record may be divided into two broad categories.

(i) Category I is file-related and includes information such as type of record (for example, memorandum), title, index citation, subject area, date the record was created, and originator.

(ii) Category II is event-related and includes the circumstances that resulted in the record being created or the date and circumstances surrounding the event the record covers.

(3) Generally, a record is not reasonably described unless the description contains sufficient Category I information to permit the conduct of an organized, non-random search based on the DIA's filing arrangements and existing retrieval systems, or unless the record contains enough Category II information to permit inference of the Category I elements needed to conduct such a search.

(f) Requests for records may be denied only when the official designated in §292.8 determines that such denial is authorized by the FOIA.

(g) When an initial request is denied, the requester will be apprised of the following:

(1) The basis for the refusal shall be explained to the requester, in writing, identifying the applicable statutory exemption or exemptions invoked under provisions of this part.

(2) When the final refusal is based in whole or in part on a security classification, the explanation shall include a determination that the record meets the criteria and rationale of the governing Executive Order, and that this determination is based on a declassification review.

(3) The final denial shall include the name and title or position of the official responsible for the denial.

(4) The response shall advise the requester with regard to denied information whether or not any reasonably segregable portions were found.

(5) The response shall advise the requester of the right to appeal within 60 days of the date of the initial denial letter.

(h)(1) Initial availability, releasability, and cost determinations will normally be made within 10 working days of the date on which a written request for an identifiable record is received by the DIA. If, due to unusual circumstances, additional time is needed, a written notification of the delay will be forwarded to the requester within the 10 working day period. This notification will briefly explain the circumstances for the delay and indicate the anticipated date for a substantive response. The period of delay, by law, may not exceed 10 additional working days.

(2) Requests shall be processed in order of receipt. However, this does not preclude DIA from completing action on a request which can easily be answered, regardless of its ranking within the order of receipt. DIA may expedite action on a request regardless of its ranking within the order of receipt upon a showing of exceptional need or urgency. Exceptional need or urgency is determined at the discretion of DIA.

§ 292.5 How the public submits requests for records.

(a) Requests to obtain copies of records must be made in writing. The requests should contain at least the following information:

(1) Reasonable identification of the desired record as specified in § 292.4(e), including (if known) title or description, date, and the issuing office.

(2) With respect to matters of official records concerning civilian or military personnel, the first name, middle name or initial, surname, date of birth, and social security number of the individual concerned, if known.

(b) Persons desiring records should direct inquiry to: Defense Intelligence Agency, ATTN: DSP–1A (FOIA), Washington, DC 20340–3299.

§ 292.6 FOIA exemptions.

The following type of records may be withheld in whole or in part from public disclosure unless otherwise prescribed by law.

(a) *Exemption (b)(1).* Those properly and currently classified in the interest of national defense or foreign policy, as specifically authorized under the criteria established by Executive Order and implemented by regulations, such as DoD 5200.1–R.[4] Although material may not be classified at the time of the FOIA request, a classification review may be undertaken to determine whether the information should be classified. The procedures outlined in DIAR 50–2[5] regarding classification apply. In addition, this exemption shall be invoked when the following situations are apparent:

(1) The fact of the existence or nonexistence of a record would itself reveal classified information. In this situation, DIA shall neither confirm or deny the existence or nonexistence of the record being requested. A ''refusal to confirm or deny'' response must be used consistently, not only when a record exists, but also when a record does not exist. Otherwise, the pattern of using a ''no record'' response when a record does not exist, and a ''refusal to confirm or deny'' when a record does exist will itself disclose national security information.

(2) Information that concerns one or more of the classification categories established by Executive Order and DoD 5200.1–R shall be classified if its unauthorized disclosure, either by itself or in the context of other information, reasonably could be expected to cause damage to the national security.

(b) *Exemption (b)(2).* Those containing or constituting rules, regulations, orders, manuals, directives, and instructions relating to the internal personnel rules or practices of the DIA if their release to the public would substantially hinder the effective performance of a significant function of the Department of Defense, and they do not impose requirements directly on the general public. This exemption has two profiles, high (b)(2) and low (b)(2).

(1) Records qualifying under high (b)(2) are those containing or constituting, rules, regulations, orders, manuals, directives, and instructions the release of which would allow circumvention of these records thereby substantially hindering the effective performance of a significant function of the Department of Defense.

(2) Records qualifying under the low (b)(2) profile are those that are trivial and housekeeping in nature for which there is no legitimate public interest or benefit to be gained by release, and it would constitute an administrative burden to process the request in order to disclose the records.

(c) *Exemption (b)(3).* Those concerning matters that a statute specifically exempts from disclosure by terms that permit no discretion on the issue, or in accordance with criteria established by that statute for withholding or referring to particular types of matters to be withheld.

(d) *Exemption (b)(4).* (1) Those containing trade secrets or commercial or financial information that the DIA receives from a person or organization outside the Government with the understanding that the information or record will be retained on a privileged or confidential basis in accordance with the customary handling of such records. Records within the exemption must contain trade secrets or commercial or financial records the disclosure of which is likely to cause substantial harm to the competitive position of the source providing the information, impair the Government's ability to obtain

[4] See footnote 1 to § 292.3(a)(3).

[5] Forward requests to: Defense Intelligence Agency, ATTN: DSP–1A (FOIA), Washington, DC 20340–3299.

necessary information in the future, or impair some other legitimate Governmental interest.

(2) When a request is received for a record that was obtained or provided by a non-U.S. Government source, the source of the record or information (also known as ''the submitter'' for matters pertaining to proprietary data) shall be notified promptly of that request and afforded reasonable time (e.g. 30 calendar days) to present any objections concerning the release, unless it is clear that there can be no valid basis for objection. This practice is required for those FOIA requests for data not deemed clearly exempt from disclosure under Exemption (b)(4). For further guidance, see DoD 5400.7–R, paragraph 5–207.

(e) *Exemption (b)(5).* Those concerning internal advice, recommendations, and subjective evaluations, as contrasted with factual matters, that are reflected in records pertaining to the decision-making process of an agency, whether within or among agencies or within or among DoD components. Also exempted are records pertaining to the attorney-client privilege and the attorney work-product privilege.

(f) *Exemption (b)(6).* Information in personnel and medical files, as well as similar personal information in other files, that, if disclosed to the requester, would result in a clearly unwarranted invasion of personal privacy. Release of information about an individual contained in a Privacy Act system of records that would constitute a clearly unwarranted invasion of privacy is prohibited, and could subject the releaser to civil and criminal penalties.

(g) *Exemption (b)(7).* Records or information compiled for the purpose of enforcing civil, criminal, or military law, including the implementation of Executive Orders or regulations issued pursuant to law, but only to the extent that the production of such law enforcement records or information

(1) Could reasonably be expected to interfere with enforcement proceedings.

(2) Would deprive a person of a right to a fair trial or an impartial adjudication.

(3) Could constitute an unwarranted invasion of the personal privacy of others (also see DoD 5400.7–R, paragraph 3–200, Number 7 a. 3. (a)–(c)).

(4) Could disclose the identity of a confidential source.

(5) Would disclose investigative techniques and procedures, or

(6) Could endanger the life or physical safety of law enforcement personnel. This exemption may be invoked to prevent disclosure of documents not originally created for, but later gathered for, law enforcement purposes.

§ 292.7 Filing an appeal for refusal to make records available.

(a) A requester may appeal an initial decision to withhold a record. Further, if a requester determines a ''no record'' response in answer to a request to be adverse, this determination may also be appealed. Appeals should be addressed to: Defense Intelligence Agency, ATTN: DSP–1A (FOIA), Washington, DC 20340–3299.

(b) The requester shall be advised that the appellate authority must receive an appeal no later than 60 calendar days after the date of the initial denial letter.

(c) Final determination on appeals normally will be made within 20 working days of receipt of the appeal at the above address. If additional time is needed to decide the appeal because of unusual circumstances, the final determination may be delayed for the number of working days, not to exceed 10, which were not utilized as additional time for responding to the initial request. Appeals shall be processed in order of receipt. However, this does not preclude DIA from completing action on an appeal request which can easily be answered, regardless of its ranking within the order of receipt. DIA may expedite action on an appeal request regardless of its ranking within the order of receipt upon a showing of exceptional need or urgency. Exceptional need or urgency is determined at the discretion of DIA.

(d) When an appeal is denied, the requester will be apprised of the following:

(1) The basis for the refusal shall be explained to the requester, in writing, identifying the applicable statutory exemption or exemptions invoked under provisions of this part.

(2) When the final refusal is based in whole or in part on a security classification, the explanation shall include a determination that the record meets the criteria and rationale of the governing Executive Order, and that this determination is based on a declassification review.

(3) The final denial shall include the name and title or position of the official responsible for the denial.

(4) The response shall advise the requester with regard to denied information whether or not any reasonably segregable portions were found.

(5) The response shall advise the requester of the right to judicial review.

§ 292.8 Responsibilities.

When a request for information or records is received, the following will apply:

(a) *DSP–1A.* (1) Receives requests and assigns tasking.

(2) Maintains appropriate suspenses and authorizes all extensions of response time.

(3) Acts as the responsible operating office for all Agency actions related to the FOIA.

(4) Drafts and transmits responses on:

(i) The release of records and/or information.

(ii) Obtaining supplemental information from the requester.

(iii) Informing the requester of any fees required.

(iv) The transfer to another element or agency of the initial request.

(5) Fulfills the annual reporting requirement and maintains appropriate records.

(6) Acts as the responsible official for all initial denials of access to the public.

(b) All DIA elements:

(1) When identified by DSP–1A as the Office of Primary Responsibility (OPR) will:

(i) Search files for any relevant records, and/or

(ii) Review records for possible public release within the time constraints assigned, and

(iii) Prepare a documented response in any case of nonrelease.

(2) All employees are required to read this part to ensure familiarity with the requirements of the FOIA as implemented.

(c) *The General Counsel.* (1) Ensures uniformity in the FOIA legal positions within the DIA and with the Department of Defense.

(2) Secures coordination when necessary with the General Counsel, DoD, on denials of public requests.

(3) Acts as the focal point in all judicial actions.

(4) Reviews all final denials.

(d) The Director, and on his behalf, the Chief of Staff:

(1) Exercises overall staff supervision of the FOIA activities of the Agency.

(2) Acts as the responsible official for all denials of appeals.

APPENDIX A TO PART 292—UNIFORM AGENCY FEES FOR SEARCH AND DUPLICATION UNDER THE FREEDOM OF INFORMATION ACT (AS AMENDED)

Search + Review (only in the case of commercial requesters)

a. Manual search or review—

Type	Grade	Hourly rate
Clerical	E9/GG–08 and below	$12.00
Professional	O1–O6/GG–09–GG–15	25.00
Executive	O7/GG–16/ES1 and above	45.00

b. Computer search is based on direct cost of the central processing unit, input-output devices, and memory capacity of the actual computer configuration. The salary scale (equating to paragraph a. above) for the computer/operator/programmer determining how to conduct and subsequently executing the search will be recorded as part of the computer search.

c. Actual time spent travelling to a search site, conducting the search and return may be charged as FOIA search costs.

General

Pre-Printed material, per printed page ..... .02
Office copy, per page ..... .15
Microfiche, per page ..... .25

Aerial Photography Reproduction

Per Print.....$2.50

d. See Chapter VI of DoD 5400.7–R for further guidance on fees.

PART 293—NATIONAL IMAGERY MAPPING AGENCY (NIMA) FREEDOM OF INFORMATION ACT PROGRAM

Sec.
293.1 Purpose.
293.2 Policy.
293.3 Applicability and scope.
293.4 Definitions.
293.5 Responsibilities.
293.6 Procedure.

AUTHORITY: 5 U.S.C. 552a.

SOURCE: 65 FR 38201, June 20, 2000, unless otherwise noted.

§ 293.1 Purpose.

This part implementations the Freedom of Information Act (FOIA) and 32 CFR part 286 to establish a uniform process in responding to FOIA requests received by the National Imagery Mapping Agency (NIMA).

§ 293.2 Policy.

It is NIMA policy that:

(a) Agency records that, if disclosed, would cause no foreseeable harm to an interest protected by a FOIA exemption, will be made readily accessible to the public.

(b) NIMA organizations will ensure that internal procedural matters do not unnecessarily impede a FOIA requester from promptly obtaining NIMA records.

§ 293.3 Applicability and scope.

This part applies to all NIMA organizations and is intended as a brief overview of the FOIA process within NIMA. To obtain complete guidance, this instruction must be used in conjunction with 32 CFR part 286. Additional assistance is also available from the Office of General Counsel (GC).

§ 293.4 Definitions.

Agency records.

(1) A product of data compilation (such as all books, papers, maps, photographs, and machine-readable materials including those in electronic form or format) or other documentary materials (such as letters, memos, or notes) regardless of physical form or characteristics that is made or received by NIMA in connection with the transaction of public business, and is in NIMA's possession and control at the time the FOIA request is made.

(2) The following are not considered Agency records:

(i) Objects or articles, such as structures, furniture, vehicles, and equipment.

(ii) Anything that is not a tangible or documentary record, such as an individual's memory or oral communication.

(iii) Personal records of an individual not subject to agency creation or retention requirements, that have been created and maintained primarily for the convenience of the Agency employee, and that are not distributed to other Agency employees for their official use. Personal records fall into three categories: those created before entering Government service; private materials brought into, created, or received in the Office that were not created or received in the course of transacting Government business; and work-related personal papers that are not used in the transaction of Government business.

(3) Agency records available to the public through an established public distribution system, the FEDERAL REGISTER, the National Technical Information Service (NTIS), or the Internet normally need not be processed as FOIA requests, unless the requester insists that the request be processed under the FOIA.

(4) To be subject to the FOIA, the Agency record being requested must actually exist and be in the possession and control of the Agency at the time a FOIA request is made. There is no obligation to create, compile, or obtain a record to satisfy a FOIA request.

Appellate authority (AA). An agency employee who has been granted authority to review the decision of the initial denial authority (IDA) (see IDA definition) that has been appealed by a FOIA requester and make the appeal determination for the Agency on the releasability of the records in question.

FOIA exemption. Agency records, which if disclosed, would cause a foreseeable harm to an interest protected by a FOIA exemption, may be withheld from public release. There are nine exemptions that permit an agency to

withhold records requested under a FOIA request. The exemptions are for records that apply to:

(1) Information that is currently and properly classified pursuant to an Executive Order in the interest of national defense or foreign policy.

(2) Information that pertains solely to the internal rules and practices of the Agency. This exemption has two profiles, high and low. The high profile permits withholding of a document that, if released, would allow circumvention of an Agency rule, policy, or statute, thereby impeding the Agency in the conduct of its mission. The low profile permits withholding of the record if there is no public interest in the record, and it would be an administrative burden to process the request. Activities should not rely on the low profile exemption because the Department of Justice may not defend its use.

(3) Information specifically exempted from disclosure by a statute that establishes particular criteria for withholding the record. The language of the statute must clearly state that the information will not be disclosed.

(4) Information such as trade secrets and commercial or financial information obtained from a company on a privileged or confidential basis that, if released, would result in competitive harm to the company.

(5) Inter- and intra-agency momoranda that are deliberative in nature. This exemption is appropriate for internal documents that are part of the decision-making process, and contain subjective evaluations, opinions, and recommendations. A document must be both deliberative and part of a decision-making process to qualify for this exemption.

(6) Information from personnel and medical files that would result in a clearly unwarranted invasion of personal privacy if disclosed or released.

(7) Records or information compiled for law enforcement purposes that:

(i) Could reasonably be expected to interfere with law enforcement proceedings.

(ii) Would deprive a person of a right to a fair trial or impartial adjudication.

(iii) Could reasonably be expected to constitute an unwarranted invasion of the personal privacy of others.

(iv) Would disclose the identity of a confidential source; would disclose investigative techniques and procedures; and

(v) Could reasonably be expected to endanger the life or physical safety of any individual.

(8) The examination, operation, or condition reports prepared by, on behalf of, or for the use of any Agency responsible for the regulation or supervision of financial institutions.

(9) Geological and geophysical information and data (including maps) concerning wells.

FOIA request.

(1) *An FOIA request is a request, in writing, for agency records.* The request can either implicitly cite FOIA, but must reasonably describe the record being requested. In addition, the request must include language indicating the requester's willingness to pay fees associated with processing the FOIA request.

(2) Any person, including a member of the public (U.S. or foreign citizen or entity), an organization, or a business can make FOIA requests. Requests from officials of State or local Governments for NIMA records are considered the same as requests from any other requester. Requests from members of Congress not seeking records on behalf of a congressional committee or subcommittee, and requests from either House sitting as a whole or made on behalf of constituents are considered the same as requests from any other requester. Requests from foreign governments that do not invoke the FOA are referred to appropriate foreign disclosure channels and the requester is so notified by GC.

Initial denial authority (IDA). An agency employee who has been granted authority to make an initial determination for the Agency that records requested in a FOIA request should be withheld from disclosure or release.

Mandatory declassification officer (MDO). A senior agency official has been granted authority to perform mandatory declassification reviews for NIMA.

Multi-track processing. A system in which pending FOIA requests that cannot be processed within the statutory time limit of 20 working days are separated into distinct working tracks. The tracks are based on the date the FOIA request is received by GC, the amount of work and time involved in processing the request, and whether the request qualifies for expedited processing.

NIMA operational file exemption. 10 U.S.C. 457 provides that NIMA may withhold from public disclosure operational files that:

(1) As of September 22, 1996 were maintained by National Photographic Interpretations Center (NPIC) or

(2) Concern the activities of the Agency as of that date that were performed by NPIC. Questions on operational files created after 22 September 1996 should be directed to GC.

§ 293.5 Responsibilities.

(a) *Director of NIMA (D/NIMA).* (1) Designates the Agency initial denial authority (IDA) and appellate authority (AA).

(2) Appoints substitutes for the current IDA or AA if necessary.

(b) *The Chief of Staff (CS)* (or acting CS as designated by CS) serves as AA.

(c) *The Director of the Congressional Affairs Office (D/CA)* (or acting D/CA as designated by D/CA) serves as IDA.

(d) *Office of General Counsel (GC).* (1) Administers NIMA's FOIA program for processing FOIA requests received by NIMA.

(2) Processes all requests for mandatory declassification review in response to requests for declassificaton that meet the requirements of Executive Order 12958.

(3) Submits this part to the Department of Defense to publish in the Code of Federal Regulations and the FEDERAL REGISTER.

(e) Office Directors in the functional Directorates and the Office Directors who are aligned with D/NMA (for example, Office of General Counsel, Office of Inspector General, Chief of Staff, International and Policy Office, or Mission Support Office) with regard to search for records.

(1) Appoint an Office point of contact (POC) to whom FOIA requests can be directed from GC and who serves as a direct liaison with GC.

(2) Forward, through the POC, the FOIA request from GC to the organization most likely to hold or maintain the records being requested.

(3) Direct, through the POC, a search for the records be completed in a timely manner and respond directly to GC on the outcome of the search.

(f) *Office Directors in the functional Directorates and the Office Directors* who are aligned with D/NIMA (for example, Office of General Counsel, Office of Inspector General, Chief of Staff, International and Policy Office, or Mission Support Office) with regard to declassification review.

(1) Appoint an employee to act as the POC for the Office.

(2) Oversee and coordinate, through the POC, declassification reviews for FOIA.

(3) Make, through the POC, recommendations to the mandatory declassification officer (MDO) on the declassification of Agency records.

(g) *Chief, Mission Support Office, Security Programs Division, as MDO.* (1) Conducts declassification reviews for FOIA.

(2) Advises GC whether Agency records are properly classified in accordance with Executive Order 12958 and should be withheld from public release or disclosure.

§ 293.6 Procedures.

(a) *Administration of the FOIA program.* GC receives all FOIA requests submitted to NIMA, logs the requests into a database, and initiates the record search. If a final response cannot be made to the FOIA requester within the statutory time requirement of 20 working days, GC advises the requester of this fact and explains how the FOIA request will be processed within a multi-track processing system. As part of the administration FOIA process, GC:

(1) Assesses and collects fees for costs associated with processing FOIA requests, and approves or denies requests for fee waivers. Fees collected are forwarded through the Financial Management Directorate (CFO) to the U.S. Treasury.

(2) Approves or denies requests for expedited processing.

(3) Sends a ''no records'' response to FOIA requesters after a records search reveals that no Agency records exist that are responsive to the FOIA request.

(4) Provides training with NIMA on the FOIA law and Agency processing procedures.

(5) Conducts periodic reviews of NIMA's FOIA program.

(6) Maintains a public reading room for inspecting and copying Agency records and arranges appointments for access to reading room records.

(7) Maintains an ''electronic'' reading room for Agency records, an index for frequently requested records, a FOIA handbook, and other material as required by the FOIA on a public Internet website.

(8) Coordinates with other DoD Components, other members of the Intelligence Community, or the Department of Justice, as needed, on FOIA requests referred to NIMA.

(9) Coordinates with other DoD Components, other members of the Intelligence Community, or the Department of Justice, as needed, prior to releasing any records under the FOIA that may also be pertinent to litigation pending against the United States.

(10) Prepares the Annual Report—Freedom of Information Act (DD Form 2564) and forwards the report to the Directorate for Freedom of Information and Security Review, Washington Headquarters Services.

(11) Coordinates responses to all news media requests with the Public Affairs Office (PA) and congressional inquiries with CA.

(12) Coordinates denials of access to Agency records with NIMA's IDA and AA and prepares a legal synopsis and recommendation for release or denial of the record.

(13) Maintains FOIA case files in accordance with the NIMA records management schedules in NI 8040.1.

(b) Searching for responsive NIMA records. (1) GC forwards a copy of the FOIA request to the appropriate Agency POC. The POC fowards the request to the Office most likely to hold or maintain the records being requested.

(2) The Office conducts a search for records responsive to the FOIA request. all NIMA offices must promptly conduct searches to locate records responsive to a FOIA request, even if the search is likely to reveal classified, sensitive, or for official use only (FOUO) records. A reasonable search includes the search of all activities and locations most likely to have the records that have not been transferred to the National Archives and Records Administration (NARA).

(3) If a reasonable search does not identify or locate records responsive to the request, the Office must provide GC with a ''no records'' response and provide a recommendation of other Offices in which to conduct the search.

(4) If a reasonable search identifies or locates records responsive to the request, the Office must send two copies of the responsive record to GC and provide a recommendation regarding releasability of the record. Any objection to release of the record must be based on one or more of the FOIA exemptions. The office must also complete and forward DD Form 2086 or DD Form 2086–1, as appropriate, detailing the time and cost incurred in the search, review, and copying of the responsive records.

(5) *FOUO records.* When an office has identified FOUO records that are responsive to a FOIA request, the record must be evaluated to determine whether any FOIA exemptions are applicable to withhold either the entire record or portions of the record from release. Unless the requested record clearly falls into one or more of the FOIA exemptions, an FOUO marking all not prevent a record from being released to the FOIA requester.

(6) All Offices promptly forward or return any misaddressed FOIA requests to GC.

(c) *Mandatory declassification review.* When a request for a declassification review is received, or when an office has identified classified records that are responsive to a FOIA request and has forwarded copies to GC, GC forwards one copy of the record to the MDO for a declassification review. The MDO works with the declassification

POC to determine if the record in question is currently and properly classified under Executive Order 12958, and if any information contained in the record may be segregated for release to the FOIA requester. The MDO forwards the results of the declassification review to GC, in writing, along with any recommendations on whether information in the record can be reasonably segregated and released to the FOIA requester.

(d) Withholding Agency records from public release. If the requested record is not releasable because it is either currently and properly classified or falls within another FOIA exemption, GC prepares an analysis on the rationale for denying the record, prepares the initial denial letter to be sent to the FOIA requester, and forwards the materials to the Agency IDA. The Agency IDA reviews the FOIA request and rationale for withholding the record and, if he or she concurs, signs the letter prepared by GC. The letter signed by the Agency IDA advises the FOIA requester that the records requested are being withheld from release, states the amount of material withheld from release, states the FOIA exemptions supporting the denial, and provides information on appealing the decision to the Agency AA. A copy of all initial denial letters is forwarded to GC and maintained in the individual FOIA file.

(e) *Appeal rights of FOIA requesters.* (1) If a FOIA requester appeal the initial denial decision of the agency IDA, GC processes the appeal for review by the agency AA. The AA reviews the initial FOIA request, GC's analysis, and the denial decision made by the IDA. The AA has the authority to either uphold the decision made by the IDA, and withhold the requested records from release, or reverse the decision made by the IDA and release all or a portion of the records requested. GC prepares the written response to the FOIA requester for the AA's signature. If the AA makes a final determination to uphold the decision made by the agency IDA, the final Agency response includes the basis for the decision and advises the FOIA requester of the right to seek judicial review.

(2) In addition to denials of information, a FOIA requester also has a right to appeal initial assessments made by GC regarding fee categories, fee waivers, fee estimates, requests for expedited processing, no record determinations, failure to meet the statutory time limits, or any determination found to be adverse by the requester. The authority to uphold or reverse initial assessments made by GC in these areas is the agency AA. The decision of the AA is final.

(f) *Relationship between the FOIA and the Privacy Act.* Not all requesters will be knowledgeable of the appropriate act to cite when requesting records or access to records. In some instances, either the FOIA or the Privacy Act may be cited.

(1) Both the FOIA and the Privacy Act give the right to request access to records held by Federal Agencies. Access rights under the FOIA are given to any individual, business, or organization, but the Privacy Act gives access rights only to those individuals who are the subject of the records being requested.

(2) When responding to a request for records under the Privacy Act, detailed guidance on which act to apply may be found in 32 CFR part 286 and 32 CFR part 310. Additional assistance is also available from GC.

PART 295—OFFICE OF THE INSPECTOR GENERAL, FREEDOM OF INFORMATION ACT PROGRAM

Sec.

295.1 Purpose.
295.2 Applicability.
295.3 Definition of OIG records.
295.4 Other definitions.
295.5 Policy.
295.6 Responsibilities.
295.7 Procedures.
295.8 Annual report.
295.9 Organization and mission.

APPENDIX A TO PART 295—FOR OFFICIAL USE ONLY (FOUO)

APPENDIX B TO PART 295—EXEMPTIONS

AUTHORITY: 5 U.S.C. 552.

SOURCE: 56 FR 49694, Oct. 1, 1991, unless otherwise noted.

§ 295.1 Purpose.

This part establishes the policy and sets forth the procedures by which the public may obtain information and

records from the Inspector General (IG) under the Freedom on Information Act (FOIA). It implements title 5, United States Code (U.S.C.) section 552, as amended by the Freedom of Information Reform Act of 1986, 32 CFR part 285 and 32 CFR part 286.

§ 295.2 Applicability.

The provisions of this part are applicable to all components of the Office of the Inspector General (OIG) and govern the procedures by which FOIA requests for information will be processed and records may be released under the FOIA.

§ 295.3 Definition of OIG records.

(a) The products of data compilation, such as books, papers, maps, and photographs, machine readable materials or other documentary materials, regardless of physical form or characteristics, made or received by an agency of the United States Government under Federal law in connection with the transaction of public business and in the OIG's possession and control at the time the FOIA request is made.

(b) The following are not included within the definition of the word ''record'':

(1) Objects or articles, such as structures, furniture, vehicles and equipment, whatever their historical value, or value as evidence.

(2) Administrative tools by which records are created, stored, and retrieved, if not created or used as sources of information about organizations, policies, functions, decisions, or procedures of the OIG. Normally, computer software, including source code, object code, and listings of source and object codes, regardless of medium are not agency records. (This does not include the underlying data which is processed and produced by such software and which may in some instances be stored with the software.) Exceptions to this position are outlined in § 295.4(c).

(3) Anything that is not a tangible or documentary record, such as an individual's memory or oral communication.

(4) Personal records of an individual not subject to agency creation or retention requirements, created and maintained primarily for the convenience of an OIG employee, and not distributed to any other OIG employee for their official use, or otherwise disseminated for official use.

(5) Information stored within a computer for which there is no existing computer program for retrieval of the requested information.

(c) In some instances, computer software may have to be treated as an agency record and processed under the FOIA. These situations are rare, and shall be treated on a case-by-case basis. Examples of when computer software may have to be treated as an agency record are:

(1) When the data is embedded within the software and can not be extracted without the software. In this situation, both the data and the software must be reviewed for release or denial under the FOIA.

(2) Where the software itself reveals information about organizations, policies, functions, decisions, or procedures of the OIG, such as computer models used to forecase budget outlays, calculate retirement system costs, or optimization models on travel costs.

(3) See appendix B to this part for further information on release determinations of computer software.

(d) If unaltered publications and processed documents, such as regulations, manuals, maps, charts, and related geophysical materials are available to the public through an established distribution system with or without charge, the provisions of 5 U.S.C. 552(a)(3) normally do not apply and they need not be processed under the FOIA. Normally, documents disclosed to the public by publication in the FEDERAL REGISTER also require no processing under the FOIA. In such cases, the OIG will direct the requester to the appropriate source to obtain the record.

§ 295.4 Other definitions.

(a) *FOIA Request.* A written request for OIG records, made by any person, including a member of the public (U.S. or foreign citizen), an organization, or a business, but not including a Federal agency or a fugitive from the law that either explicitly or implicitly invokes

the FOIA, 32 CFR part 285 and 32 CFR part 286, or this part.

(b) *Initial Denial Authority (IDA).* The official who has been granted authority to withhold records requested under the FOIA, for one or more of the nine categories of records exempt from mandatory disclosure, by the head of the OIG Component designated by the IG to administer the IG FOIA Program.

(c) *Appellate Authority.* The IG or his or her designee having jurisdiction for this purpose over the record.

(d) *Administrative Appeal.* A request by a member of the general public, made under the FOIA, asking the appellate authority of the OIG to reverse an IDA decision to withhold all or part of a requested record or an IDA decision to deny a request for waiver or reduction of fees.

(e) *Public Interest.* Public interest is official information that sheds light on an agency's performance of its statutory duties because the information falls within the statutory purpose of the FOIA of informing citizens about what their Government is doing. That statutory purpose, however, is not fostered by disclosure of information about private citizens that is accumulated in various governmental files that reveals little or nothing about an agency's or official's own conduct.

§ 295.5 Policy.

(a) *General.* (1) It is the policy of the OIG to promote public trust by conducting its activities in an open manner, and by providing the public with the maximum amount of accurate and timely information concerning those activities, consistent with the need for security and adherence to other requirements of law and regulation.

(2) Records not specifically exempt from disclosure under the FOIA or prohibited by statutory or other regulatory requirements will, upon request, be made readily accessible to the public.

(3) Records that are specifically exempt from disclosure under the FOIA or prohibited by statutory or other regulatory requirements will be withheld from the public only upon the determination of the initial Denial Authorities identified in § 295.6 of this part, or the designated Appellate Authority.

(b) *News Media Requests.* (1) Requests from news media representatives for records that would not be withheld if requested under the FOIA or prohibited from release under other statutory or regulatory authority, will be released promptly by the OIG element originating the record.

(2) Requests from news media representatives for records that are exempt from release under the FOIA, or prohibited from release under other statutory or regulatory authority will be provided to the Freedom of Information Act and Privacy Act (FOIA/PA) Division, Office of the Assistant Inspector General for Investigations, along with the requested records, for review and a release determination and the news media representatives will be so advised.

(3) Extracts of the nonexempt portions of such records may be prepared in response to a specific request from a news media representative but shall be coordinated for release with the FOIA/PA Division. Extracts shall be prepared in accordance with the sample at appendix to § 295.5.

(c) *Control System.* (1) A request for OIG records that invokes the FOIA shall enter a formal control system designed to ensure compliance with the FOIA. A release determination must be made and the requester informed within the time limits specified in this part.

(2) Any request for OIG records that either explicitly or implicitly cites the FOIA will be processed under the provisions set forth in this part, unless otherwise required by § 295.5(m) of this part. All such requests shall be forwarded to the FOIA/PA Division.

(d) *Promptness of Response.* (1) A request from a member of the public for OIG records will be responded to within 10 working days of the date of its receipt in the FOIA/PA Division, unless a delay is authorized.

(2) Receipt of the request will be acknowledged and the requester will be promptly advised of any additional information needed to assure compliance with procedures established in this part. In the event there are a significant number of requests, e.g., 10 or more, the requests will be processed in order of date of receipt. This does not

preclude the OIG from completing action on a request which can be easily answered, regardless of its ranking within the order of receipt. The OIG may expedite action on a request regardless of its ranking within the order of receipt upon a showing of exceptional need or urgency. Exceptional need will be determined at the discretion of the OIG.

(3) These provisions also apply to a request received on referral from another DoD Component or government agency and time limits will begin on the date of receipt in the OIG FOIA/PA Division.

(e) *Use of Exemptions.* It is OIG policy to make records publicly available unless they qualify for exemption under one or more of the nine exemptions. The OIG may elect to make a discretionary release, however, a discretionary release is generally not appropriate for records exempt under exemptions (b)(1), (b)(3), (b)(4), (b)(6) and (b)(7)(C). Exemptions (b)(4), (b)(6) and (b)(7)(C) can not be claimed when the requester is the submitter of the information. The categories of records which are exempt from release are identified in appendix B of this part.

(f) *For Official Use Only (FOUO).* The use of FOUO markings will be accomplished in accordance with the provisions of appendix A of this part, and exemptions (b)(2) through (b)(9) as set forth in appendix B of this part. Additional guidance will be provided to OIG elements, as needed, by the FOIA/PA Division.

(g) *Public Domain.* Nonexempt records released under the authority of this part are considered to be in the public domain. Such records may also be made available in the OIG Reading Room located in the FOIA/PA Division. Exempt records released pursuant to this part or other statutory or regulatory authority, however, may be considered to be in the public domain only when their release constitutes a waiver of the FOIA exemption. When the release does not constitute such a waiver, such as when disclosure is made to a properly constituted advisory committee or to a Congressional Committee, or to an individual to whom the record pertains, the released records do not lose their exempt status. Also, while authority may exist to disclose records to individuals in their official capacity, the provisions of this part apply if the same individual seeks to use the records in a private or personal capacity.

(h) *Creation of Records.* (1) A record must exist and be in the possession or control of the OIG at the time of the request to be considered subject to release under this part and the FOIA. Mere possession of a record does not presume OIG control and such records, or identifiable portions thereof, will be referred to the originating agency for a release determination and/or direct response to the requester. There is no obligation to create nor compile a record to satisfy a FOIA request; however, the OIG may compile a new record when doing so would result in a more useful response to the requester, or be less burdensome to the OIG than providing the existing records, and the requester does not object. The cost of creating or compiling such a record will not be charged to the requester unless the fee is equal to, or less than, the fee that would be charged for providing the existing record. Any fee assessments will be made in accordance with chapter IV of DoD 5400.7–R (32 CFR part 286).

(2) With respect to electronic data, the issue of whether records are actually created or merely extracted from an existing database is not always readily apparent. Consequently, when responding to FOIA requests for electronic data where creation of a record, programming, or particular format are questionable, the OIG will apply a standard of reasonableness. In other words, if the capability exists to respond to the request, and the effort would be a business as usual approach, then the request will be processed. However, the request will not be processed where the capability to respond does not exist without a significant expenditure of resources, thus not be a normal business as usual approach.

(i) *Describing Records Sought.* (1) It is the responsibility of the member of the public requesting records to adequately identify the records. A member of the public must describe the records sought with sufficient information to permit the OIG to locate the records with a reasonable amount of effort,

since the FOIA does not authorize ''fishing expeditions.'' Descriptive information about a record may be divided into two broad categories:

(i) Category I is file-related and includes information such as type of record (for example, memorandum), title, index citation, subject area, date the record was created, and originator.

(ii) Category II is event-related and includes the circumstances that resulted in the record being created or the date and circumstances surrounding the event the record covers.

(2) When the OIG receives a request that does not ''reasonably describe'' the requested record with sufficient Category I information to permit the conduct of an organized nonrandom search, or sufficient Category II information to permit inference of the Category I elements needed to conduct such a search, the requester will be notified in writing of the defect and of the need for more specific identification of the records sought. The specificity letter will provide guidance in identifying the records sought and in reformulating the request to reduce the burden on the OIG in complying with the FOIA. The OIG is not obligated to act on requests until an adequate description is provided by the requester.

(3) When the OIG receives a request in which only personal identifiers, e.g., name and Social Security Account Number, are provided in connection with the request for records concerning the requester, only records retrievable by personal identifiers will be searched. The search for such records may be conducted under Privacy Act procedures. No record will be denied that is releasable under the FOIA.

(j) *Referrals.* (1) The OIG has the responsibility of protecting the identity of individuals who make protected disclosures of wrongdoing on the part of others, under the ''Whistleblower Protection Acts''. When a FOIA requester has identified himself/herself as the ''Whistleblower'' in the matter for which records are being sought, in accordance with §295.7(b)(3) of this part, or the FOIA/PA Division can reasonably determine that the FOIA requester is the ''Whistleblower'', the individual's identity will continue to be protected in all of the following circumstances involving referrals, except to the extent that such protection will impede the release of responsive records to the requester. In such event, the requester will be advised of the impedance and offered the option of allowing himself/herself to be identified solely for the purpose of obtaining maximum release of records responsive to the FOIA request. If the requester chooses to continue anonymity, the request will be processed only to the extent that will allow continued protection of the individual's identity.

(2) The OIG will refer a FOIA request to another DoD Component or to a Government agency outside the DoD when the OIG has no records responsive to the request, but believes the other DoD Component or outside agency may have, and the other DoD Component or outside agency has confirmed that it holds the record. When the other DoD Component or outside agency agrees to the referral, the requester will be advised of the referral and that the OIG has no responsive records, with the following exceptions:

(i) If it is determined by the other DoD Component or outside agency that the existence or nonexistence of the record itself is classified, the OIG will inform the requester only that the OIG has no responsive record and no referral will take place.

(ii) If the record falls under one or more of the ''Exclusions'' under the FOIA (see appendix B of this part), as determined by the other DoD Component or outside agency, the OIG will advise the requester only that the OIG has no responsive record and no referral will take place.

(3) The OIG will refer a record, or portions of a record that holds but that was originated by another DoD Component or outside agency, or for a record that contains substantial information that originated with another DoD Component or outside agency, to that Component or agency (unless the agency is not subject to the FOIA) for a release determination and/or direct response to the requester. In any such case, direct coordination will be effected and concurrence obtained from the other Component or agency prior to the referral. A copy of the record will be provided to

the Component or agency with the referral, and the requester will be notified of the referral, consistent with any security requirements or ''Exclusion'' provisions of the FOIA. The OIG will not, in any case, release or deny such records without prior consultation with the other DoD Component or outside agency. If the requester is the ''Whistleblower'', the record or portion of the record will be provided to the DoD Component or agency, with a request for a release determination and return of the record to the OIG for response to the requester.

(4) The OIG will refer a FOIA request for a classified record that it holds, but did not originate, to the originating DoD Component or outside agency (unless the agency is not subject to the FOIA). If the record originated with the OIG but the classification is derivative, i.e., contains classified information that originated elsewhere and was incorporated in the OIG record, the record will be referred to the originating authority with a recommendation for release; or, after consultation with the originating authority, with a request for a declassification review and/or release determination and return of the record. If the requester is the ''Whistleblower'', the record will be provided to the originating authority with a request for a release determination and return of the record to the OIG for response to the requester.

(5) The OIG may also refer a request for a record that was originated by the OIG for the use of another DoD Component or outside agency, to that Component or agency with a recommendation for release, after any necessary coordination. The requester will be notified of such action consistent with any security requirements or ''Exclusion'' provisions of the FOIA.

(6) A FOIA request for investigative, intelligence, or any other type of record on loan from another DoD Component or outside agency to the OIG for a specific purpose will be referred to the DoD Component or outside agency that provided the records, if the records are restricted from further release and so marked. However, if for investigative or intelligence purposes, the outside Component or agency desires anonymity as determined through coordination, the OIG will respond directly to the requester.

(7) A FOIA request for a record, or portions of a record, held by the OIG, that originated with a non-U.S. government agency that is not subject to the FOIA, will be responded to by the OIG.

(8) Notwithstanding anything to the contrary in this section, all requesters seeking National Security Council (NSC) or White House documents will be advised that they should write directly to the NSC or White House for such documents. Should the requester insist upon an OIG search for these records, the OIG will conduct an appropriate search pursuant to the FOIA. OIG/DoD documents in which the NSC or White House has a concurrent reviewing interest will be forwarded by the FOIA/PA Division to the Director, Freedom of Information and Security Review (DFOISR), Office of the Assistant Secretary of Defense (Public Affairs) (OASD(PA)), which shall effect coordination with the NSC or White House, and return the documents to the originating agency after NSC review and determination. The FOIA/PA Division will forward any documents found in OIG files that are responsive to the FOIA request to DFOISR, OASD(PA) for their coordination with the NSC or White House, and return to the OIG with a release determination for final processing of the request.

(9) On occasion, the OIG receives FOIA requests for General Accounting Office (GAO) documents containing OIG information. Even though the GAO is outside of the Executive Branch, and not subject to the FOIA, all FOIA requests for GAO documents containing DoD information received directly from the public, or on referral from the GAO, will be processed under the provisions of the FOIA.

(k) *Authentication of Records.* Records provided under this part will be authenticated, upon written request, to fulfill an official Government or other legal function. This service is in addition to that required under the FOIA and is not included in the FOIA fee schedule; therefore, a fee of $5.20 may be charged for each such authentication.

(l) *Records Management.* FOIA records shall be maintained and disposed of in

accordance with Inspector General Defense Manual (IGDM) 5015.2,[1] ''Records Management Program''.

(m) *Relationship Between the FOIA and the Privacy Act (PA).* Not all requesters are knowledgeable of the appropriate statutory authority to cite when requesting records. In some instances, they may cite neither Act, but will imply one or both Acts. For these reasons, the following guidelines are provided to ensure that requesters receive the greatest amount of access rights under both Acts:

(1) Where requesters seek records about themselves which are contained in a PA system of records and cite or imply the PA, the OIG will process their requests under the provisions of the PA.

(2) Where requesters seek records about themselves which are not contained in a PA system of records and cite or imply the PA, the requests will be processed under the provisions of the FOIA, since they have no access under the PA.

(3) Where requesters seek records about themselves that are contained in a PA system of records and cite or imply the FOIA or both Acts, the requests will be processed under the time limits of the FOIA and the exemptions and fees of the PA. This is appropriate since greater access will generally be received under the PA.

(4) Where requesters seek agency records (as opposed to personal records) and cite or imply the PA and FOIA, or where requesters cite or imply only the FOIA, the requests will be processed under the FOIA.

(5) Requesters will be advised in the final responses to their requests why a particular Act was used in processing their requests.

(n) *Index and ''(a)(2)'' Materials.* (1) No order, opinion, statement of policy, interpretation, staff manual or instruction (except as indicated below) issued after July 4, 1967, which is not indexed and either made available or published, may be relied upon, used, or cited as a precedent against any member of the public unless that individual has actual and timely notice of the contents of such materials. Such actual and timely notice may not be after-the-fact; i.e., after the individual has suffered some adverse effect. Materials identified as ''(a)(2)'' are:

(i) Final opinions, including concurring and dissenting opinions, and orders made in the adjudication of cases, as defined in 5 U.S.C. 551, that may be cited, used, or relied upon as precedents in future adjudications.

(ii) Statements of policy and interpretations that have been adopted by the agency and are not published in the FEDERAL REGISTER.

(iii) Administrative staff manuals and instructions, or portions thereof, that establish OIG policy or interpretations of policy that affect a member of the public. This provision does not apply to instructions for employees on tactics and techniques to be used in performing their duties, or to instructions relating only to the internal management of the OIG. Examples of manuals and instructions not normally made available are:

(A) Those issued for audit, investigation, and inspection purposes, or those that prescribe operational tactics, standards of performance, or criteria for defense, prosecution, or settlement of cases.

(B) Operations and maintenance manuals and technical information concerning munitions, equipment, systems, and foreign intelligence operations.

(2) Thus, materials considered to meet the preceding definition of the FOIA ''(a)(2)'' requirements will be made available for public inspection and copying upon written request to the address indicated in §295.7(b)(1) of this part, unless such materials have been published and are offered for sale or subscription. Upon receipt of the request, arrangements will be made at a time convenient to both the requester and the OIG, for the review and copying. If the publishing activity is out of stock of the published, for sale material and does not intend to reprint, then the preceding procedure will apply to the published material as well.

(3) When appropriate, the cost of copying any ''(a)(2)'' materials will be

[1] Copies may be obtained, if needed, from the Information and Operations Support Directorate, Publications Management Branch, room 420, 400 Army Navy Drive, Arlington, VA 22202–2884.

imposed upon the individual requesting the copy in accordance with chapter VI of DoD 5400.7–R (32 CFR part 286).

(4) The OIG will prepare an index of ''(a)(2)'' materials, or supplement thereto, arranged topically or by descriptive words rather than by case name or numbering system so that members of the public can readily locate material. Separate case name and numbering arrangements may be added for OIG convenience.

(5) The IG has determined that it is not practical nor feasible to prepare an index of the ''(a)(2)'' materials on a quarterly basis, nor to publish the annual ''IG Publications Index'' in the FEDERAL REGISTER because of the volume. This index is available to the public at no cost upon written request to: Acquisition and Resources Administration Directorate, Publications Management Branch, room 413, 400 Army Navy Drive, Arlington, Virginia 22202–2884. It may be necessary to deny all or portions of some documents listed in the index that fall within one or more exemptions of the FOIA.

(o) *Fees and Fee Waivers.* (1) Fees will be assessed under the FOIA as set forth in chapter VI of DoD 5400.7–R (32 CFR part 286).

(2) Requesters must indicate their willingness to pay fees in their initial FOIA request. If a waiver of fees is requested, a statement regarding their willingness to pay fees in the event a waiver or reduction of fees is denied is still required. Any requests not containing a statement regarding a willingness to pay assessed fees will not be processed and the requester will be so advised.

(3) Fees will not be required to be paid in advance of processing the request for release of the records requested except:

(i) When the requester is known to be in default of payment of fees incurred in connection with a previous request.

(ii) When the total amount of estimated fees assessable to the requester exceeds $250.00 and waiver is not appropriate, a ''good faith'' deposit of half of the amount of the estimated fees may be required before completing the processing of the request, or providing the requested records, in the case of a requester with no history of payment. Where the requester has a history of prompt payment, the OIG will notify the requester of the likely cost and obtain satisfactory assurance of full payment.

(4) When the OIG has completed all work on a request and the documents are ready for release, advance payment may be requested before forwarding the documents if there is no payment history on the requester. Where there is a history of prompt payment by the requester, the OIG will not hold documents ready for release pending payment.

(5) Fee waivers will be granted on a case-by-case basis when the OIG determines that waiver or reduction of the fees is in the public interest because furnishing the information is likely to contribute significantly to public understanding of the operations or activities of the OIG and the Department of Defense and is not primarily in the commercial interest of the requester. In any request for waiver of fees, the requester must provide sufficient information to enable the IDA to make a proper determination of whether or not the fees should be waived.

(6) In cases where the requester fails to provide sufficient persuasive information upon which to make a determination for waiver of the fees, the requester shall be so informed and given the opportunity to submit additional justification. Absent such justification, the requester may be required to pay fees appropriate to his/her category, if provision of the information is determined not to be in the public interest or benefit.

(7) Payments of fees must be by check or U.S. Postal money order made payable to the Treasurer of the United States. Cash payments cannot be accepted.

(p) *Appeals and Judicial Action.* (1) If the designated IDA declines to provide a requested record because the official considers it exempt from disclosure under one or more of the nine exemptions of the FOIA, that decision may be appealed by the requester to the designated Appellate Authority. The appeal should be submitted in writing by the requester within 60 calendar days after the date of the initial denial letter. In cases where incremental release

actions have been taken on an initial request, the time for the appeal will not begin until the date of the last denial of release letter.

(2) A ''no record'' finding may be considered to be adverse, and if so interpreted by the requester, may be appealed using the normal OIG appeal procedures. The OIG will conduct an additional search of files, based on the receipt of an appeal to a ''no record'' response, as a part of the appellate process.

(3) All final decisions rendered on appeals will be made to the requesters in writing by the Appellate Authority, after consultation with the Office of General Counsel (OGC) representative to the OIG, and other appropriate OIG elements.

(4) Final determinations on appeals normally shall be made within 20 working days after receipt. The appeal will be deemed to have been received when it reaches the FOIA/PA Division, for administrative processing on behalf of the Appellate Authority. Misdirected appeals are to be referred expeditiously to the FOIA/PA Division.

(5) A requester will be deemed to have exhausted his/her administrative remedies after he/she has been denied the requested record or waiver/reduction of fees, by the designated Appellate Authority, or when the OIG FOIA/PA Division fails to respond to the request within the time limits prescribed by the FOIA, DoD 5400.7–R (32 CFR part 286) and this part. The requester may then seek judicial action from a U.S. District Court in the district in which the requester resides, has a principal place of business, in the district in which the record is located, or in the District of Columbia.

(6) Records that are denied on appeal shall be retained for a period of six years, in accordance with IGDM 5015.2,[2] ''Records Management Manual,'' to meet the statute of limitations of claims requirements.

APPENDIX TO § 295.5

EXTRACT

The material contained herein is an Extract of information from (Name of Original Document), which has been determined to be in the public domain. The remaining material not provided herein may be requested under the provisions of the Freedom of Information Act.

§ 295.6 Responsibilities.

(a) The Assistant Inspector General (AIG) for Investigations is responsible for the overall implementation and administration of the FOIA program in the OIG, and for the designation of the IDAs.

(b) The Director, Investigative Support is designated as an IDA and is responsible for the overall operation of the FOIA program in the OIG.

(c) The Assistant Director, FOIA/PA Division, Investigative Support Directorate is designated as an IDA and will:

(1) Serve as the point of contact on all FOIA matters for the OIG.

(2) Coordinate and respond to all requests received from the public for records in accordance with the policy established and procedures set forth in this part, and in all applicable DoD directives, regulations and instructions.

(3) Coordinate requests received from the public for records to the extent considered necessary, with the DFOISR, OASD(PA), other DoD Components, other Federal agencies, and other OIG elements.

(4) Arrange for the collection of fees are prescribed by the policy as established in this part.

(5) Maintain the FOIA case files in accordance with IGD Manual (IGDM) 5015.2,[3] ''Records Management Program''.

(6) Recommend action to be taken on all appeals of fees, appeals of fee waiver denials, and appeals of denials to access of records requested, to the Appellate Authority.

(7) Review OIG publications to assure that those which meet the FOIA ''(a)(1)'' and ''(a)(2)'' requirements for publication in the FEDERAL REGISTER are prepared in proper form and transmitted promptly for publication in the FEDERAL REGISTER.

(8) Maintain copies of material required to be made available under the ''(a)(2)'' provisions of the FOIA for examination and copying by the public,

[2] See footnote 1 to § 295.5(1).

[3] See footnote 1 to § 295.5(1).

and provide the required FOIA Reading Room for use by the public in doing so.

(9) Establish a training program for OIG personnel who are involved in preparing responsive records for release to the public under the FOIA.

(10) Prepare the Annual Report on the FOIA for forwarding to DFOISR, OASD(PA) as required by 32 CFR part 286.

(d) The AIGs and the Director, IG Regional Office-Europe will:

(1) Comply with, and assure compliance by all of their subcomponents with, the policy established and the procedures set forth in this part.

(2) Appoint a Point of Contact (POC) to interact with the FOIA/PA Division on all FOIA matters, and notify the FOIA/PA Division of any changes in the appointment.

(3) Provide all records responsive to a request as directed by the FOIA/PA Division.

(4) Recommend release/denial action to be taken, indicate applicable exemptions, and provide appropriate rationales.

(e) The Freedom of Information Act Appellate Authority is designated by the Inspector General and will:

(1) Determine the action to be taken on all appeals made by the public of fees, fee waiver/reduction denials, and access denials in accordance with chapter V, section 3, of DoD 5400.7–R (32 CFR part 286).

(2) Coordinate all appellate decisions with the Office of General Counsel, Assistant General Counsel (Fiscal and Inspector General).

(f) The AIG for Administration and Information Management will:

(1) Prepare annually an index of IG publications, statements and documents pertaining to any matter issued, adopted, or promulgated and required to be made available to the public by publication or sale.

(2) Establish and implement any necessary procedures to effect disciplinary action recommended by the Special Counsel of the Merit Systems Protection Board in cases involving the arbitrary and capricious withholding of information and records requested under the FOIA as required by chapter V, section 4, of DoD 5400.7–R (32 CFR part 286).

§ 295.7 Procedures.

(a) *General.* The provisions of the FOIA are reserved for persons with private interests as opposed to Federal governmental agencies seeking official information. The procedures for making requests, whether as a private party or governmental representative, are set forth below.

(b) *Requests From Private Parties.* (1) Members of the public may make requests in writing for copies of records, or permission to examine or copy records, directly to the FOIA/PA Division addressed to: Assistant Director, FOIA/PA Division, OAIG for Investigations, 400 Army Navy Drive, Arlington, VA 22202–2884.

(2) Requests must identify each record sought with sufficient specificity to enable the custodian to locate the record with a reasonable amount of effort. Requesters should provide such information as where the record originated and by whom, its subject matter, its approximate date or timeframe, which element of the OIG is likely to have custodianship, or any other similar information that would assist in locating the record. Requests must also contain a statement regarding willingness to pay fees.

(3) A request from an individual who made an allegation of wrongdoing to the IG, or any protected disclosure under the ''Whistleblower Protection Acts,'' and who is seeking the results of any investigation or inquiry conducted into the allegation, should identify him/herself as the ''Whistleblower'' in the request. The request should indicate whether he/she wishes to continue anonymity, should be notarized to avoid the risk of losing the anonymity, and should contain a statement regarding willingness to pay fees.

(4) A request for a personal record or investigative record pertaining to the individual making the request, that is in a system of records whether nonexempt or exempted from mandatory release under the Privacy Act, must be notarized to avoid the risk of invasion of personal privacy. In any such request, the individual may designate another individual to act as his/her representative in making the request and in receiving the records on his/her behalf; however, the authorization must

be in writing, specifically name the representative and kinds of records authorized to be provided, and be notarized to avoid the risk of invasion of personal privacy.

(5) A request for a record that was obtained from a non-U.S. Government source, and that is subject to exemption (b)(4) under the FOIA, will be released to the individual or firm making the request without further exception, if:

(i) The individual or firm is clearly the submitter of the information and/or is clearly acting on behalf of the submitter in making the request.

(ii) The request contains a statement from a company official or other representative of the submitter clearly capable of certifying that the requester is acting on behalf of the submitter of the information in making the request; i.e., a Vice-President certifies on his/her company letterhead that XYZ Law Firm is acting on behalf of the company in requesting copies of documents submitted to the government by the company. A mere assertion by the requester that the requester is acting on behalf of the submitter in making the request will not be honored, if it cannot be readily verified through records available to the OIG.

(c) *Requests From Government Officials.* (1) Requests from officials of State, or local Governments for OIG records will be considered the same as any other requester, except where the request is for a personal record in a system of records subject to the Privacy Act, in which case the provisions of DoD 5400.11–R (32 CFR part 286a) apply.

(2) Requests from members of Congress, or their staffs, not seeking records on behalf of a Congressional Committee, Subcommittee, or either House sitting as a whole, will be considered the same as any other requester. Requests from members of Congress, or their staffs, made on behalf of their constituents will also be considered the same as any other requester.

(3) Requests from officials of foreign governments shall be considered the same as any other requester. Requests from officials of foreign governments that do not invoke the FOIA shall be referred to appropriate foreign disclosure channels and the requester so notified.

(d) *Misdirected Requests.* Requests misdirected to other OIG elements will be forwarded promptly to the FOIA/PA Division. The statutory period allowed for response to a request misdirected by the requester shall not begin until the request is received in the FOIA/PA Division. The OIG components and field elements receiving misdirected requests should advise the requester that the request is being forwarded to the office having the authority to act on and respond to the request.

(e) *Privileged Release to Officials.* (1) Subject to DoD 5200.1–R,[4] ''Information Security Program Regulation'', applicable to classified information, DoD Directive 5400.11 (32 CFR part 286a), applicable to personal privacy or other applicable law, records exempt from release under appendix B of this part may be authenticated and released, without requiring release to other FOIA requesters, in accordance with OIG rules to U.S. Government officials requesting them on behalf of Federal governmental bodies, whether legislative, executive, administrative, or judicial, as follows:

(i) To a Committee or Subcommittee of Congress, or to either House sitting as a whole in accordance with DoD Directive 5400.4,[5] ''Provision of Information to Congress,'' and this part.

(ii) To the Federal courts whenever ordered by officers of the court as necessary for the proper administration of justice

(iii) To other Federal agencies both executive and administrative as determined by the IG or the IG's designee.

(2) On all such releases, the officials receiving records under the above provisions will be informed in writing that the records are exempt from public release under the FOIA and are privileged. The OIG components will also advise the receiving officials of any special handling instructions.

(f) *Processing Requests.* (1) Upon receipt in the FOIA/PA Division, a request for records will be assigned a control number, logged, and reviewed

[4] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[5] See footnote 4 to § 295.7(e).

for adequacy and compliance with the procedures for submitting requests outlined in § 295.7(b).

(2) If the request does not meet the adequacy of description test, contain a statement regarding fees, or contain a notarized signature/authorization or a certification of submitter representation, if applicable; the request will be acknowledged as having been received and the requester will be notified of the defect and advised of the means necessary to correct the defect and comply with the procedures. If the requester does not correct the defect within the time allowed (generally 30 calendar days) in the defect notice, the following actions will be taken:

(i) Where the request does not meet the adequacy of description test, the request will be administratively closed and the requester so advised.

(ii) Where the request meets the adequacy of description test but fails to comply with the remaining procedural requirements, and the time allowed in the defect notice for compliance by the requester has elapsed, the request will be processed to the extent possible consistent with DoD 5400.7–R (32 CFR part 286) and this part.

(3) When it is determined that a request complies with all applicable procedures, the necessary search and collection of responsive records will be initiated through the Component(s) of the OIG likely to have custodianship of the sought records.

(4) Where the appropriate OIG Component has determined that no record responsive to the request exists, the POC for the OIG Component will so advise the FOIA/PA Division within the due date assigned to the POC. The requester will be notified in writing by the IDA, within 10 working days from the date of receipt of the request, that no responsive records exist; and, of the right and means by which to appeal the no record response as an adverse determination.

(5) When it is determined that the records sought are part of an ongoing audit, inspection, or investigation, the requester will be advised of such (subject to the ''Exclusions'' under the FOIA identified in appendix B, of this part). The requester will be informed of the estimated timeframe for completion of the ongoing audit, inspection, or investigation and asked if he/she wishes to withdraw the request and resubmit it upon completion of the ongoing process. If the requester chooses not to withdraw the request, the processing will be continued and an appropriate release determination will be made, consistent with the statutory provisions of the FOIA.

(6) When responsive records have been located, the POC for the OIG element having the records will forward the records to the FOIA/PA Division with a recommendation for release on SD Form 472, ''Request Information Sheet,'' along with a completed DD Form 2086. ''Record of Freedom of Information (FOI) Processing Cost.'' The records will be reviewed and an initial determination to release or deny will be made.

(g) *Initial Determinations.* (1) The initial determination of whether to make a record available upon request may be made only by the IDAs designated by the IG in this part. Further, the number of IDAs designated by the IG will be limited and based on a balance of the goals of centralization of authority to promote uniform decisions and decentralization to facilitate responding to each request within the time limitations of the FOIA.

(2) Other than statutory denials, there are six other reasons for not complying with a request for a record:

(i) The request is transferred to another DoD Component or Federal agency.

(ii) The request is withdrawn by the requester.

(iii) The information requested is not a record within the meaning of the FOIA and § 295.3(a) of this part.

(iv) A record has not been described with sufficient particularity to enable those that OIG to locate it by conducting a reasonable search.

(v) The requester has failed unreasonably to comply with the procedural requirements, including the payment of fees, imposed by 32 CFR part 286 and this part.

(vi) The OIG has determined through knowledge of its files and reasonable search efforts that it neither controls nor possesses the requested record.

(3) Initial determinations to release or deny a record normally will be made and the decision reported to the requester within 10 working days, provided that the requester has complied with the preliminary procedural requirements.

(4) When requests are denied in whole in part, the requester will be informed in writing of the reasons for the denial, the identity of the official making the denial, the right of appeal of the decision, and the identity and address of the official to whom an appeal may be made.

(5) The explanation of the substantive basis for a denial will include specific citation of the statutory exemption applied under provisions of the FOIA. Mere reference to a classification or to a ''For Official Use Only'' marking will not constitute a basis for invoking an exemption. When the initial denial is based in whole or in part on a security classification, the explanation will include a summary of the applicable criteria for the classification.

(h) *Denial Tests.* (1) To deny a requested record that is in the possession and control of the OIG, it must be determined that the record is included in one or more of the nine categories of records exempt from mandatory disclosure as provided by the FOIA and outlined in chapter III of DoD 5400.7–R (32 CFR part 286), and this part. No OIG record may be otherwise withheld from the public, whether in whole or in part, except as determined by the designated IDAs in accordance with FOIA exemptions.

(2) Although portions of some records may be denied, the remaining reasonably segregable portions will be released to the requester when it can be assumed that a skillful and knowledgeable person could not reconstruct the excised information. When a record is denied in whole, the IDA will advise the requester of that determination.

(i) *Extension of Time.* (1) In unusual circumstances, responsive records may be located by the office having custodianship over the record, but the records can not be made immediately available to the FOIA/PA Division, or the FOIA/PA Division can not make them immediately available to the requester. The unusual circumstances justifying the delay will be the result of the following:

(i) The requested record is located in whole or in part at another geographic location than that of the FOIA/PA Division.

(ii) The request requires the collection and/or evaluation of a substantial number of records.

(iii) Consultation is required with other DoD Components or agencies having substantial interest in the subject matter to determine whether the records requested are exempt from disclosure in whole or in part under provisions of the FOIA and this part or should be released as a matter of discretion.

(2) In any such event, efforts will be made to negotiate an informal extension in time with the requester by the FOIA/PA Division. If the requester chooses not to agree informally to an extension in time, a written explanation of the reasons for delay will be provided to the requester and the requester will be asked to await a substantive response by an anticipated date.

(j) *Fee Assessments.* (1) When it is determined that the fees assessable to a request undergoing final processing may exceed the limit established by the requester, or may be in excess of $250, the processing will be discontinued and the requester notified so that he/she may advise of his/her desire to continue.

(2) If a ''good faith'' deposit is required, the requester will be allowed a reasonable time (generally 30 calendar days) in which to provide payment. If the requester fails to provide the ''good faith'' deposit within the time allowed, the request will be closed and the requester so notified.

(3) In all other cases, the requester will be notified of any fees due at the time the requested records are provided to the requester, and allowed a reasonable time (generally 30 calendar days) in which to pay the fees.

(4) If the requester fails to pay the fees in the time allowed, a notice of nonpayment will be placed in the formal control system and no further FOIA requests from the requester will

be honored until the fees have been paid.

(k) *Records on Non-U.S. Government Sources.* (1) When it is determined that the records or data contained within the records responsive to a request were obtained from a non-U.S. Government source by the OIG, and the requester is not the submitter of the non-U.S. Government record nor acting as the submitter's representative; and it is further determined the source or submitter may have a valid objection to release of the material, the submitter will be promptly notified of the request and afforded a reasonable time (generally 30 calendar days) to present any objections to the release.

(2) This procedure is required for those FOIA requests for data not deemed clearly exempt from disclosure under exemption (b)(4). If, for example, the record or data was submitted by the non-U.S. Government source with the actual or presumptive knowledge of the source, and established that it would be made available to the public upon request, there is no requirement to notify the source.

(3) All objections will be evaluated. When a substantial issue has been raised, the OIG may seek additional information and afford the source and requester reasonable opportunities to present their arguments on the legal and substantive issues involved prior to making a determination.

(4) The OIG will not ordinarily exercise its discretionary authority to release information clearly meeting the exemption (b)(4) criteria. Further, the final decision to disclose information not deemed to clearly meet exemption (b)(4) criteria will be made by an official equivalent in rank or greater to the official who would make the decision to withhold that data under a FOIA appeal.

(5) When the source or submitter advises of the intent to seek a restraining order or to take court action to prevent release of the data, the requester will be notified and action will not be taken on the request until after the outcome of the court action is known. When the requester brings court action to compel disclosure, the source shall be promptly notified of this action.

(6) These procedures also apply to any non-U.S. Government record in the possession and control of the OIG from multi-national organizations, such as the North Atlantic Treaty Organization (NATO) and the North American Aerospace Defense Command (NORAD), or foreign governments. Coordination of such FOIA requests with foreign governments will be made through the Department of State by the FOIA/PA Division.

(l) *Coordination With Department of Justice.* (1) Where the custodian of an OIG element determines that records responsive to a FOIA request are pertinent to pending or potential litigation involving the United States, the FOIA/PA POC for the element shall promptly notify the FOIA/PA Division so that the necessary coordination can be effected with the Office of General Counsel (OGC) representative to the IG.

(2) The OGC representative shall effect all necessary coordination with the United States Attorney and/or Department of Justice prior to any release of such records.

(m) *Procedures for Appeals.* (1) A requester may appeal the initial decision to deny access to requested records, in writing, to the designated OIG Appellate Authority. The requester may also appeal a no record determination, any fees assessed and the denial of a request for waiver/reduction of fees. All such appeals should be made no later than 60 calendar days after the date of the initial denial letter or letter of advisement regarding fees.

(2) All appeals should provide sufficient information and justification upon which a determination may be made by the Appellate Authority as to whether to grant or deny the appeal; or, in the event of a ''no record determination'' sufficient information and/or justification upon which additional record searches may be based. A copy of the initial request and initial denial, and ''no record'' or fee advisement letter should be included.

(3) The FOIA/PA Division administers the appeals for the Appellate Authority. All appeals should be addressed to the Assistant Director, FOIA/PA Division, OAIG for investigations, 400 Army Navy Drive, Arlington, VA 22202–2884.

(4) Upon receipt in the FOIA/PA Division, the appeal will be assigned a control number, logged, and prepared for provision to the Appellate Authority for a final determination. Receipt will be acknowledged in writing within 10 working days and the requester advised of any additional time needed due to the unusual circumstances described in §295.7(i) of this part.

(5) If additional time is required, the final decision may be delayed for the number of working days (not to exceed 10) that were not used as additional time for responding to the initial request. If no additional time is required, the requester will be advised in writing of the final decision within 20 working days.

(6) If the appeal is approved in part or in whole, or responsive records located upon additional search, the requester will be informed and promptly provided any records determined to be releasable.

(7) If ''no records'' can be located in response to the appeal, the requester will be informed that no records were located, of the identity of the official making the final determination, and of the right to judicial review.

(8) If the appeal of the initial denial of responsive records is denied in part or in whole, the requester will be advised of the applicable statutory exemption or exemptions invoked under the provisions of the FOIA for the denial, the identity of the official making the final determination, that meaningful portions of any denied records were not reasonably segregable, and of the right to judicial review.

(9) When the final refusal is based in whole or in part on a security classification, the explanation shall include a determination that the record meets the cited criteria and rationale of the governing Executive Order, and that this determination is based on a declassification review, with an explanation of how that review confirmed the continuing validity of the security classification.

(10) Final refusal involving issues not previously resolved or that the OIG knows to be inconsistent with rulings of other DoD components ordinarily will not be made before consultation with the Assistant General Counsel (Fiscal and Inspector General), OGC, DoD.

(11) Tentative decisions to deny records that raise new or significant legal issues of potential significance to other agencies of the Government shall be provided to the Department of Justice, Attn: Office of Legal Policy, Office of Information and Policy, Washington, DC 20530 after coordination with the Assistant General Counsel (Fiscal and Inspector General), OGC, DoD.

§295.8 Annual report.

The FOIA Annual Report, assigned Report Control System DD-PA (A) 1365, will be prepared by the FOIA/PA Division for the preceding calendar year and submitted to the Assistant Secretary of Defense (PA) on or before February 1 of each year. The report will be compiled and formatted in accordance with chapter VII, DoD 5400.7–R (32 CFR part 286).

§295.9 Organization and mission.

(a) The organization of the OIG includes the Headquarters located in Arlington, Virginia, consisting of the Inspector General, Deputy Inspector General, the Offices of the Assistant Inspector General (AIG) for Analysis and Followup, the AIG for Audit Policy and Oversight, the AIG for Auditing with its subordinate field elements located throughout the Continental United States (CONUS), the AIG for investigations with its field elements located throughout the CONUS and Europe, the AIG for Administration and Information Management, the AIG for Departmental Inquiries, the AIG for Inspections, and the Director, IG Regional Office-Europe (IGROE) located in Wiesbaden, Germany. The IGROE has representatives assigned from the Offices of the AIG for Investigations, the AIG for Inspections, the AIG for Auditing and the AIG for Departmental Inquiries, who fulfill the missions of their respective components.

(b) The ''Organization and Staff Listing'' (Inspector General, Defense List (IGDL) 1400.7),[6] provides organization

[6] See footnote 1 to §295.5(i).

charts for the OIG elements and mailing addresses of all OIG operating locations and will be made available to the public upon written request.

(c) As an independent and objective office in the Department of Defense (DoD) the mission of the OIG is to:

(1) Conduct, supervise, monitor, and initiate audits, inspections and investigations relating to programs and operations of the DoD.

(2) Provide leadership and coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud and abuse in, such programs and operations.

(3) Provide a means for keeping the Secretary of Defense and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.

(4) Further information regarding the responsibilities and functions of the IG is encompassed in Public Law 95–452, the ''Inspector General Act of 1978,'' as amended and 32 CFR part 373.

APPENDIX A TO PART 295—FOR OFFICIAL USE ONLY (FOUO)

I. General Provisions

A. General

Information that has not been given a security classification pursuant to the criteria of an Executive Order, but which may be withheld from the public for one or more of the reasons cited in FOIA exemptions (b)(2) through (b)(9) shall be considered as being for official use only. No other material shall be considered or marked ''For Official Use Only'' (FOUO), and FOUO is not authorized as an anemic form of classification to protect national security interests.

B. Prior FOUO Application

The prior application of FOUO markings is not a conclusive basis for withholding a record that is requested under the FOIA. When such a record is requested, the information in it shall be evaluated to determine whether, under current circumstances, FOIA exemptions apply in withholding the record or portions of it. If any exemption or exemptions apply or applies, it may nonetheless be released when it is determined that no governmental interest will be jeopardized by its release.

C. Historical Papers

Records such as notes, working papers, and drafts retained as historical evidence of actions enjoy no special status apart from the exemptions under the FOIA.

D. Time To Mark Records

The marking of records at the time of their creation provides notice of FOUO content and facilitates review when a record is requested under the FOIA. Records requested under the FOIA that do not bear such markings, shall not be assumed to be releasable without examination for the presence of information that requires continued protection and qualifies as exempt from public release.

E. Distribution Statement

Information in a technical document that requires a distribution statement pursuant to DoD Directive 5230.24,[1] ''Distribution Statements on Technical Documents'', shall bear that statement and may be marked FOUO, as appropriate.

II. Markings

A. Location of Markings

(1) An unclassified document containing FOUO information shall be marked ''For Official Use Only'' at the bottom on the outside of the front cover (if any), on each page continuing FOUO information, and on the outside of the back cover (if any).

(2) Within a classified document, an individual page that contains both FOUO and classified information shall be marked at the top and bottom with the highest security classification of information appearing on the page.

(3) Within a classified document, an individual page that contains FOUO information but no classified information shall be marked ''For Official Use Only'' at the bottom of the page.

(4) Other records, such as, photographs, films, tapes, or slides, shall be marked ''For Official Use Only'' or ''FOUO'' in a manner that ensures that a recipient or viewer is aware of the status of the information therein.

(5) The FOUO material transmitted outside the Department of Defense requires application of an expanded marking to explain the significance of the FOUO marking. This may be accomplished by typing or stamping the following statement on the record prior to transfer:

This document contains information
EXEMPT FROM MANDATORY DISCLOSURE

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

under the FOIA. Exemptions . . . . . apply

III. Dissemination and Transmission

A. Release and Transmission Procedures

Until FOUO status is terminated, the release and transmission instructions that follow apply:

(1) The FOUO information may be disseminated within DoD Components and between officials of DoD Components and DoD contractors, consultants, and grantees to conduct official business for the Department of Defense. Recipients shall be made aware of the status of such information, and transmission shall be by means that preclude unauthorized public disclosure. Transmittal documents shall call attention to the presence of FOUO attachments.

(2) The DoD holders of FOUO information are authorized to convey such information to officials in other departments and agencies of the executive and judicial branches to fulfill a Government function, except to the extent prohibited by the Privacy Act. Records thus transmitted shall be marked ''For Official Use Only'', and the recipient shall be advised that the information has been exempted from public disclosure, pursuant to the FOIA, and that special handling instructions do or do not apply.

(3) Release of FOUO information to Members of Congress is governed by DoD Directive 5400.4,[2] ''Provision of Information to Congress''. Release to the GAO is governed by DoD Directive 7650.1,[3] ''General Accounting Office Access to Records''. Records released to the Congress or GAO should be reviewed to determine whether the information warrants FOUO status. If not, prior FOUO markings shall be removed or effaced. If withholding criteria are met, the records shall be marked FOUO and the recipient provided an explanation for such exemption and marking. Alternatively, the recipient may be requested, without marking the record, to protect against its public disclosure for reasons that are explained.

B. Transporting FOUO Information

Records containing FOUO information shall be transported in a manner that precludes disclosure of the contents. When not commingled with classified information, FOUO information may be sent via first-class mail or parcel post. Bulky shipments, such as distributions of FOUO Directives or testing materials, that otherwise qualify under postal regulations may be sent by fourth-class mail.

C. Electrically Transmitted Messages

Each part of electrically transmitted messages containing FOUO information shall be marked appropriately. Unclassified messages containing FOUO information shall contain the abbreviated ''FOUO'' before the beginning of the text. Such messages shall be transmitted in accordance with communications security procedures in ACP–121 (United States Supplement 1) for FOUO information.

IV. Safeguarding FOUO Information

A. During Duty Hours

During normal working hours, records determined to be FOUO shall be placed in an out-of-sight location if the work area is accessible to non-governmental personnel.

B. During Non-Duty Hours

At the close of business, FOUO records shall be stored so as to preclude unauthorized access. Filing such material with other unclassified records in unlocked files or desks, etc., is adequate when normal U.S. Government or government-contractor internal building security is provided during nonduty hours. When such internal security control is not exercised, locked buildings or rooms normally provide adequate after-hours protection. If such protection is not considered adequate, FOUO material shall be stored in locked receptacles such as file cabinets, desks, or bookcases. FOUO records that are subject to the provisions of Public Law 86–36, National Security Agency Act shall meet the safeguards outlined for that group of records.

V. Termination, Disposal and Unauthorized Disclosures

A. Termination

The originator or other component authority, e.g., initial denial and appellate authorities, shall terminate ''For Official Use Only'' markings or status when circumstances indicate that the information no longer requires protection from public disclosure. When FOUO status is terminated, all known holders shall be notified, to the extent practical. Upon notification, holders shall efface or remove the ''For Official Use Only'' markings, but records in file or storage need not be retrieved solely for that purpose.

B. Disposal

(1) Nonrecord copies of FOUO materials may be destroyed by tearing each copy into pieces to preclude reconstructing, and placing them in regular trash containers. When local circumstances or experience indicates that this destruction method is not sufficiently protective of FOUO information, local authorities may direct other methods but give due consideration to the additional

[2] See footnote 1 to section I.E. of this appendix.

[3] See footnote 1 to section I.E. of this appendix.

expense balanced against the degree of sensitivity of the type of FOUO information contained in the records.

(2) Record copies of FOUO documents shall be disposed of in accordance with the disposal standards established under 44 U.S.C. chapter 33, as implemented by Inspector General Defense Manual (IGDM) 5015.2,[4] ''Records Management Program''.

C. Unauthorized Disclosure

The unauthorized disclosure of FOUO records does not constitute an unauthorized disclosure of DoD information classified for security purposes. Appropriate administrative action shall be taken, however, to fix responsibility for unauthorized disclosure whenever feasible, and appropriate disciplinary action shall be taken against those responsible. Unauthorized disclosure of FOUO information that is protected by the Privacy Act may also result in civil and criminal sanctions against responsible persons. The DoD Component that originated the FOUO information shall be informed of its unauthorized disclosure.

APPENDIX B TO PART 295—EXEMPTIONS

I. General

The exemptions listed apply to categories of records that may be withheld in whole or in part from public disclosure, unless otherwise prescribed by law. A discretionary release (see also §295.5(e) of this part) to one requester may preclude the withholding of the same record under a FOIA exemption if the record is subsequently requested by someone else. In applying the exemptions, the identity of the requester and the purpose for which the record is sought are irrelevant with the exception that an exemption may not be invoked where the particular interest to be protected is the requester's interest. The examples provided of the types of records that may be exempted from release are not at all inclusive.

II. FOIA Exemptions

A. Exemption (b)(1).

Those properly and currently classified in the interest of national defense or foreign policy, as specifically authorized under the criteria established by executive order and implemented by regulations, such as DoD 5200.1–R[1] (32 CFR part 159a), ''Information Security Program Regulation''. Although material is not classified at the time of the FOIA request, a classification review may be undertaken to determine whether the information should be classified. The procedures in DoD 5200.1–R, section 2–204f, apply, In addition, this exemption shall be invoked when the following situations are apparent:

(1) The fact of the existence or nonexistence of a record would itself reveal classified information. In this situation, the OIG shall neither confirm nor deny the existence or nonexistence of the record being requested. A ''refusal to confirm or deny'' response will be used consistently, not only when a record exists, but also when a record does not exist. Otherwise, the pattern of using a ''no record'' response when a record does not exist will itself disclose national security information.

(2) Information that concerns one or more of the classification categories established by executive order and DoD 5200.1–R (32 CFR part 159a) shall be classified if its unauthorized disclosure, either by itself or in the context of other information, reasonably could be expected to cause damage to the national security.

B. Exemption (b)(2)

Those related solely to the internal personnel rules and practices of DoD or the OIG. This exemption has two profiles, *high (b)(2)* and *low (b)(2)*.

(1) Records qualifying under high (b)(2) are those containing or constituting statutes, rules, regulations, orders, manuals, directives, and instructions the release of which would allow circumvention of these records, thereby substantially hindering the effective performance of a significant function of the DoD or OIG. Examples include:

(a) Those operating rules, guidelines, and manuals, for DoD and OIG investigators, inspectors, auditors, or examiners that must remain privileged in order for the OIG to fulfill a legal requirement.

(b) Personnel and other administrative matters, such as examination questions and answers used in training courses or in the determination of the qualification of candidates for employment, entrance on duty, advancement, or promotion.

(c) Computer software meeting the standards of §295.3(c) of this part, the release of which would allow circumvention of a statute or DoD rules, regulations, orders, manuals, directives, or instructions. In this situation, the use of the software must be closely examined to ensure a circumvention possibility exists.

(2) Records qualifying under the low (b)(2) profile are those that are trivial and housekeeping in nature for which there is no legitimate public interest or benefit to be gained by release, and it would constitute an administrative burden to process the request

[4] Copies may be obtained, if needed, from the Information and Operations Support Directorate, Publications Management Branch, room 420, 400 Army Navy Drive, Arlington, VA 22202–2884.

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

in order to disclose the records. Examples include: rules of personnel's use of parking facilities or regulation of lunch hours, statements of policy as to sick leave, and trivial administrative data such as file numbers, mail routing stamps, initials, data processing notations, brief references to previous communications, and other like administrative markings.

C. Exemption (b)(3)

Those concerning matters that a statute specifically exempts from disclosure by terms that permit no discretion on the issue, or in accordance with criteria established by that statute for withholding or referring to particular types of matters to be withheld. Examples of statutes are:

(1) National Security Agency Act information exemption, Public Law 86–36, section 6.

(2) Patent Secrecy, 35 U.S.C. 181–188. Any records containing information relating to inventions that are the subject of patent applications on which Patent Secrecy Orders have been issued.

(3) Restricted Data and Formerly Restricted Data, 42 U.S.C. 2162.

(4) Communication intelligence, 18 U.S.C. 798.

(5) Authority to Withhold from Public Disclosure Certain Technical Data, 10 U.S.C. 130, and 32 CFR part 250.

(6) Confidentiality of Medical Quality Records: Qualified Immunity Participants, 10 U.S.C. 1102.

(7) Physical Protection of Special Nuclear Material: Limitation on Dissemination of Unclassified Information, 10 U.S.C. 128.

(8) Protection of Intelligence Sources and Methods, 50 U.S.C. 403(d)(3).

D. Exemption (b)(4)

Those containing trade secrets or commercial or financial information that the OIG receives from a person or organization outside the Government with the understanding that the information or record will be retained on a privileged or confidential basis in accordance with the customary handling of such records. Records within the exemption must contain trade secrets, or commercial or financial records, the disclosure of which is likely to cause substantial harm to the competitive position of the source providing the information; impair the Government's ability to obtain necessary information in the future; or impair some other legitimate Government interest. Examples include:

(1) Commercial or financial information received in confidence in connection with loans, bids, contracts, or proposals, as well as other information received in confidence or privileged, such as trade secrets, inventions, discoveries, or other proprietary data. See also 32 CFR part 286h, ''Release of Acquisition-Related Information''.

(2) Statistical data and commercial or financial information concerning contract performance, income, profits, losses, and expenditures, if offered and received in confidence from a contractor or potential contractor.

(3) Personal statements given in the course of inspections, investigations, or audits, when such statements are received in confidence from the individual and retained in confidence because they reveal trade secrets or commercial or financial information normally considered confidential or privileged.

(4) Financial data provided in confidence by private employers in connection with locality wage surveys that are used to fix and adjust pay schedules applicable to the prevailing wage rate of employees within the Department of Defense.

(5) Scientific and manufacturing processes or developments concerning technical or scientific data or other information submitted with an application for a research grant, or with a report while research is in progress.

(6) Technical or scientific data developed by a contractor or subcontractor exclusively at private expense, and technical or scientific data developed in part with Federal funds and in part at private expense, wherein the contractor or subcontractor has retained legitimate proprietary interest in such data in accordance with title 10, U.S.C. 2320–2321 and DoD Federal Acquisition Regulation Supplement (DFARS), subpart 27.4 (see section C.(5) of this appendix).

(7) Computer software meeting the conditions of §295.3(c), which is copyrighted under the Copyright Act of 1976 (17 U.S.C. 106), the disclosure of which would have an adverse impact on the potential market value of a copyrighted work.

E. Exemption (b)(5)

Except as provided in subsections (2) through (5), below, internal advice, recommendations, and subjective evaluations, as contrasted with factual matters, that are reflected in records pertaining to the decision-making process of an agency, whether within or among agencies (as defined in 5 U.S.C. 552(e)), DoD Components or OIG components. Also exempted are records pertaining to attorney-client privilege and the attorney work-product privilege.

(1) Examples include:

(a) The nonfactual portions of staff papers, to include after-action reports and situation reports containing staff evaluations, advice, opinions, or suggestions.

(b) Advice, suggestions, or evaluations prepared on behalf of the Department of Defense by individual consultants or by boards, committees, councils, groups, panels, conferences, commissions, task forces, or other similar groups that are formed for the purpose of obtaining advice and recommendations.

(c) Those non-factual portions or evaluations by DoD or OIG Components personnel of contractors and their products.

(d) Information of a speculative, tentative, or evaluative nature of such matters as proposed plans to procure, lease or otherwise acquire and dispose of materials, real estate, facilities or functions, when such information would provide undue or unfair competitive advantage to private personal interests or would impede legitimate Government functions.

(e) Trade secret or other confidential research development, or commercial information owned by the Government, where premature release is likely to affect the Government's negotiating position or other commercial interests.

(f) Records that are exchanged among agency personnel and within and among DoD Components or agencies as part of the preparation for anticipated administrative proceeding by an agency or litigation before any Federal, state, or military court, as well as records that qualify for the attorney-client privilege.

(g) Those portions of official reports of inspection, reports of the Inspector General, audits, investigations, or surveys pertaining to safety, security, or the internal management, administration, or operation of one or more DoD Components, when these records have traditionally been treated by the courts as privileged against disclosure in litigation.

(h) Computer software meeting the standards of §295.3(c), which is deliberative in nature, the disclosure of which would inhibit or chill the decision-making process. In this situation, the use of software must be closely examined to ensure its deliberative nature.

(i) Planning, programming, and budgetary information which is involved in the defense planning and resource allocation process.

(2) If any such intra or interagency record or reasonably segregable portion of such record hypothetically would be made available routinely through the ''discovery process'' in the course of litigation with the agency, i.e., the process by which litigants obtain information from each other that is relevant to the issues in a trial or hearing, then it should not be withheld from the general public even though discovery has not been sought in actual litigation. If, however, the information hypothetically would only be made available through the discovery process by special order of the court based on the particular needs of a litigant, balanced against the interests of the agency in maintaining its confidentiality, then the record or document need not be made available under this part. Consult with legal counsel to determine whether exemption 5 material would be routinely made available through the discovery process.

(3) Intra or interagency memoranda or letters that are factual, or those reasonably segregable portions that are factual, are routinely made available through ''discovery,'' and shall be made available to a requester, unless the factual material is otherwise exempt from release, inextricably intertwined with the exempt information, so fragmented as to be uninformative, or so redundant of information already available to the requester as to provide no new substantive information.

(4) A direction or order from a superior to a subordinate, though contained in an internal communication, generally cannot be withheld from a requester if it constitutes policy guidance or a decision, as distinguished from a discussion of preliminary matters or a request for information or advice that would compromise the decision-making process.

(5) An internal communication concerning a decision that subsequently has been made a matter of public record must be made available to a requester when the rationale for the decision is expressly adopted or incorporated by reference in the record containing the decision.

F. Exemption (b)(6)

Information in personnel and medical files, as well as similar personal information in other files, that, if disclosed to the requester would result in a clearly unwarranted invasion of personal privacy. Release of information about an individual contained in a Privacy Act System of records would constitute a clearly unwarranted invasion of privacy is prohibited, and could subject the releaser to civil and criminal penalties.

(1) Examples of other files containing personal information similar to that contained in personnel and medical files include:

(a) Those compiled to evaluate or adjudicate the suitability of candidates for civilian employment or membership in the Armed Forces, and the eligibility of individuals (civilian, military, or contractor employees) for security clearances, or for access to particularly sensitive classified information.

(b) Files containing reports, records, and other material pertaining to personnel matters in which administrative action, including disciplinary action, may be taken.

(2) Home addresses are normally not releasable without the consent of the individuals concerned. In addition, the release of lists of DoD military and civilian personnel's names and duty addresses who are assigned to units that are sensitive, routinely deployable, or stationed in foreign territories can constitute a clearly unwarranted invasion of personal privacy.

(a) Privacy interest. A privacy interest may exist in personal information even though the information has been disclosed at

some place and time. If personal information is not freely available from sources other than the Federal Government, a privacy interest exists in its nondisclosure. The fact that the Federal Government expended funds to prepare, index and maintain records on personal information, and the fact that a requester invokes FOIA to obtain these records indicates the information is not freely available.

(b) Published telephone directories, organizational charts, rosters and similar materials for personnel assigned to units that are sensitive, routinely deployable, or stationed in foreign territories are withholdable under this exemption.

(3) This exemption shall not be used in an attempt to protect the privacy of a deceased person, but it may be used to protect the privacy of the deceased person's family.

(4) Individuals' personnel, medical, or similar file may be withheld from them or their designated legal representative only to the extent consistent with DoD Directive 5400.11 (32 CFR part 286a).

(5) A clearly unwarranted invasion of the privacy of the persons identified in a personnel, medical or similar record may constitute a basis for deleting those reasonably segregable portions of that record, even when providing it to the subject of the record. When withholding personal information from the subject of the record, legal counsel should first be consulted.

G. Exemption (b)(7)

Records or information compiled for law enforcement purposes; i.e., civil, criminal, or military law, including the implementation of executive orders or regulations issued pursuant to law. This exemption may be invoked to prevent disclosure of documents not originally created for, but later gathered for law enforcement purposes.

(1) This exemption applies, however, only to the extent that production of such law enforcement records or information could result in the following:

(a) Could reasonably be expected to interfere with enforcement proceedings.

(b) Would deprive a person of the right to a fair trial or to an impartial adjudication.

(c) Could reasonably be expected to constitute an unwarranted invasion of personal privacy of a living person, including surviving family members of an individual identified in such a record.

(i) This exemption also applies when the fact of the existence or nonexistence of a responsive record would itself reveal personally private information and the public interest in disclosure is not sufficient to outweigh the privacy interest. In this situation, the OIG shall neither confirm nor deny the existence or nonexistence of the record being requested.

(ii) A ''refusal to confirm or deny'' response must be used consistently, not only when a record exists, but also when a record does not exist. Otherwise, the pattern of using a ''no records'' response when a record does not exist and a ''refusal to confirm or deny'' when a record does exist will itself disclose personally private information.

(iii) Refusal to confirm or deny should not be used when (1) the person whose personal privacy is in jeopardy has provided the requester with a waiver of his or her privacy rights; or (2) the person whose personal privacy is in jeopardy is deceased, and the OIG is aware of that fact.

(d) Could reasonably be expected to disclose the identity of a confidential source, including a source within the Department of Defense, a State, local, or foreign agency or authority, or any private institution which furnishes the information on a confidential basis.

(e) Could disclose information furnished from a confidential source and obtained by a criminal law enforcement authority in a criminal investigation or by an agency conducting a lawful national security intelligence investigation.

(f) Would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law.

(g) Could reasonably be expected to endanger the life or physical safety of any individual.

(2) Examples include:

(a) Statements of witnesses and other material developed during the course of the investigation and all materials prepared in connection with related government litigation or adjudicative proceedings.

(b) The identity of firms or individuals being investigated for alleged irregularities involving contracting with Department of Defense when no indictment has been obtained nor any civil action filed against them by the United States.

(c) Information obtained in confidence, expressed or implied, in the course of a criminal investigation by a criminal law enforcement agency or office within a DoD Component, or a lawful national security intelligence investigation conducted by an authorized agency or office within a DoD Component. National security intelligence investigations include background security investigations and those investigations conducted for the purpose of obtaining affirmative or counterintelligence information.

(3) The right of individual litigants to investigative records currently available by law (such as, the Jencks Act, 18 U.S.C. 3500) is not diminished.

(4) When the subject of an investigative record is the requester of the record, it may

be withheld only as authorized by DoD Directive 5400.11 (32 CFR part 286a).

(5) Exclusions. Excluded from the above exemptions are the following two situations as applicable to the Department of Defense and the OIG:

(a) Whenever a request is made which involves access to records or information compiled for law enforcement purposes, and the investigation or proceeding involves possible violation of criminal law where there is reason to believe that the subject of the investigation or proceeding is unaware of its pendency, and the disclosure of the existence of the records could reasonably be expected to interfere with enforcement proceedings, the OIG may, during only such times as that circumstance continues, treat the records or information as not subject to the FOIA. In such situation, the response to the requesters will state that no records were found.

(b) Whenever informant records maintained by a criminal law enforcement organization within the OIG under the informant's name or personal identifier are requested by a third party using the informant's name or personal identifier, the OIG may treat the records as not subject to the FOIA, unless the informant's status as an informant has been officially confirmed. If it is determined that the records are subject to exemption (b)(7), the response to the requester will state that no records were found.

H. Exemption (b)(8)

Those contained in or related to examination, operation or condition reports prepared by, on behalf of, or for the use of any agency responsible for the regulation or supervision of financial institutions.

I. Exemption (b)(9)

Those containing geological and geophysical information and data (including maps) concerning wells.

PART 296—NATIONAL RECONNAISSANCE OFFICE FREEDOM OF INFORMATION ACT PROGRAM REGULATION

Sec.

296.1 Purpose.
296.2 Definitions.
296.3 Indexes.
296.4 Procedures for request of records.
296.5 Appeals.
296.6 Reading room.

AUTHORITY: 5 U.S.C. 552, as amended.

SOURCE: 64 FR 71298, Dec. 21, 1999, unless otherwise noted.

§ 296.1 Purpose.

The purpose of this part is to provide policies and procedures for the National Reconnaissance Office (NRO) implementation of the Freedom of Information Act (5 U.S.C. 552 as amended) (FOIA), and to promote uniformity in the NRO FOIA program.

§ 296.2 Definitions.

The terms used in this part, with the exception of the following, are defined in 32 CFR part 286:

(a) *Freedom of Information Act appellate authority*. The Chief of Staff, NRO.

(b) *Initial denial authority*. The Chief, Information Access & Release Center NRO.

§ 296.3 Indexes.

(a) The NRO does not originate final orders, opinions, statements of policy, interpretations, staff manuals or instructions that affect a member of the public of the type covered by the indexing requirement of 5 U.S.C. 552(a)(2). The Director, NRO, has therefore determined, pursuant to pertinent statutory and executive order requirements, that it is unnecessary and impracticable to publish an index of the type required by 5 U.S.C. 552(a)(2), except the index noted in paragraph (b) of this section.

(b) A general index of FOIA-processed (a)(2) records shall be made available to the public, both in hard copy and electronically by December 31, 1999.

§ 296.4 Procedures for request of records.

(a) *Requests*. Requests for access to records of the National Reconnaissance Office may be filed by mail or FAX addressed to the Chief, Information Access and Release Center, National Reconnaissance Office, 14675 Lee Road, Chantilly, VA 20151–1715, FAX Number (703) 808–5082. Requests need not be made on any special form but must be by letter or FAX or other written statement identifying the request as a Freedom of Information Act request and setting forth sufficient information reasonably describing the requested record. All requests should contain a willingness to pay assessable FOIA fees.

(b) *Date of acceptance.* The requestor shall be promptly informed by letter of the date of acceptance of the request. The search conducted pursuant to that request shall be for records in existence as of and through the acceptance date.

(c) *Determination and notification.* When the requested record has been located and identified, the Initial Denial Authority shall determine whether the record is one which, consistent with statutory requirements, executive orders and appropriate directives, may be released or may contain information that is exempt under the provisions of 5 U.S.C. 552. Normally, the Initial Denial Authority shall notify the requestor of the determination within 20 working days of the receipt of the request.

(d) *Multi-track processing.* The NRO has 3 queues in which requests may be processed when a significant number of pending requests prevents a response within 20 working days, all based on the date of receipt, first-in first-out, and the amount of work, time, and volume involved in processing the requests.

(See subparagraph C1.5.4.2. of DoD 5400.7–R[1], Sept 1998). The queues are:

(1) *Simple.* Those requests which are easily handled and processed.

(2) *Complex.* Those requests which are complicated by multiple searches, coordinations, consultations, volume etc.

(3) *Expedited.* Expedited processing shall be granted to a requestor after the requestor asks for and demonstrates a compelling need for the information (paragraph C1.5.4.3. of DoD 5400.7–R)

(e) *Extension of response time.* In unusual circumstances when additional time is needed to respond, the Initial Denial Authority shall notify the requestor in writing of the reasons therefore, and an anticipated date, not to exceed 10 additional working days, on which a determination is expected to be dispatched. The Initial Denial Authority will normally send this notification within 20 working days from receipt of the request. Should it be determined that this 10 additional working days cannot be met, the requestor shall be notified and offered the opportunity to limit or narrow the scope of the request in order to facilitate faster processing, or to arrange an alternative time for processing the request (paragraph C1.5.2.6. of DoD 5400.7–R)

(f) *Fees*—(1) *General.* As a component of the Department of Defense, the applicable published Department rules and schedules with respect to the schedule of fees chargeable and waiver of fees will also be the policy of NRO. See 32 CFR 286.33.

(2) *Advance payments.* (i) Where a total fee to be assessed is estimated to exceed $250, advance payment of the estimated fee will be required before processing of the request, except where assurances of full payment are received from a requestor with a history of prompt payment. Where a requestor has previously failed to pay a fee within 30 calendar days of the date of the billing, the requestor will be required to pay the full amount owed, plus any applicable interest, or demonstrate that he or she has paid the fee, as well as make an advance payment of the full amount of any estimated fee before processing of a new or pending request continues.

(ii) For all other requests, advance payment, i.e., a payment made before work is commenced, will not be required. Payment for work already completed is not an advance payment. Responses will not be held pending receipt of fees from requestors with a history of prompt payment. Fees should be paid by certified check or postal money order forwarded to the Chief, Information Access and Release Center (IARC) and made payable to the Treasurer of the United States.

§ 296.5 Appeals.

Any person denied access to records, denied a fee waiver, involved in a dispute regarding fee estimates, or who considers a no record determination, or any determination to be adverse in nature, may, within 60 days after notification of such denial, file an appeal to the Freedom of Information Act Appellate Authority, National Reconnaissance Office. Such an appeal shall be in writing addressed to the Chief, Information Access and Release Center, National Reconnaissance Office, 14675 Lee

[1] Copies may be obtained via internet at *http://web7.whs.osd.mil/corrres/htm.*

Road, Chantilly, VA 20151–1715, should reference the initial denial, and shall contain the basis for disagreement with the initial denial. The Freedom of Information Act Appellate Authority shall normally make a final determination on an appeal within 20 working days after receipt of the appeal.

§ 296.6 Reading room.

(a) The NRO shall provide a reading room equipped with hard copy and electronic records as required in the ''Electronic Freedom of Information Act Amendments of 1996''. The NRO Reading Room is located at 14675 Lee Road, Chantilly VA, 20151–1715 and is open weekdays only from 8:00 am until 4:00 p.m. Requestors must call for an appointment twenty-four (24) hours in advance so that optimum customer service can be provided. (703) 808–5029. Fees will be charged for duplication of hard copy records at $.15 per page after the first 100 pages. Softcopy media provided to visitors is assessed as follows:

(1) 5.25″ Floppy diskette $0.50
(2) 3.5″ Floppy diskette $0.50
(3) CD-R Media $3.75
(4) Video Tape $4.00.

(b) The NRO FOIA Electronic Reading Room is located on the NRO Home Page: *www.nro.odci.gov*.

PART 298—DEFENSE INVESTIGATIVE SERVICE (DIS) FREEDOM OF INFORMATION ACT PROGRAM

Sec.
298.1 Purpose.
298.2 Organization.
298.3 Records maintained by DIS.
298.4 Procedures for release of DIS records.
298.5 Information requirements.

AUTHORITY: 5 U.S.C. 552.

SOURCE: 60 FR 20032, Apr. 24, 1995, unless otherwise noted.

§ 298.1 Purpose.

This part states the intent of the agency regarding policy and procedures for the public to obtain information from the Defense Investigative Service (DIS) under the Freedom of Information Act (FOIA).

§ 298.2 Organization.

(a) The DIS organization includes a Headquarters located in Alexandria, Virginia; four Regions and one operational area with subordinate operating locations throughout the Continental United States (CONUS), Alaska, Hawaii, and Puerto Rico; the Defense Industrial Security Clearance Office (DISCO), Columbus, Ohio; the Personnel Investigations Center (PIC) and National Computer Center (NCC) in Baltimore, Maryland; Office of Industrial Security International Europe (OISI-E), located in Brussels, Belgium with a subordinate office in Mannheim, Germany; Office of Industrial Security International Far East (OISI-FE) located at Camp Zama, Japan; and the Department of Defense Security Institute, located in Richmond, Virginia.

(b) A copy of the DIS Directory showing the addresses of all offices, is available to the public upon request and may be obtained by following the procedures outlined in § 298.4. The names and duty addresses of DIS personnel serving overseas are not released.

§ 298.3 Records maintained by DIS.

It is the policy of DIS to make publicly available all information which may be released under the Freedom of information Act (FOIA), consistent with its other responsibilities. In implementing this policy, DIS follows the procedures set forth in 32 CFR part 286. DIS maintains the following records which may be of interest to the public:

(a) The Defense Clearance and Investigations Index (DCII), which contains references to investigative records created and held by DoD Components. The records indexed are primarily those prepared by the investigative agencies of the DoD, covering criminal, fraud, counterintelligence, and personnel security information. This index also includes security clearance determinations made by the various components of the Department of Defense. Information in the DCII is not usually available to the general public, since general release would violate the privacy of individuals whose names are indexed therein.

(b) Records created as required by DoD Directive 5105.42, ''Defense Investigative Service (DA&M),'' (32 CFR part 361) including investigative and industrial security records.

(c) Publications referenced in ''DIS Directives Listing'' (DIS 00–1–L). A copy of DIS 00–1–L may be obtained upon request from the DIS Office of Information and Public Affairs (V0020), 1340 Braddock Place, Alexandria, VA 22314–1651. While this document will be provided for the convenience of possible users of the materials, such release does not constitute a determination that all or any of the publications listed affect the public or have been cleared for public release.

§ 298.4 Procedures for release of DIS records.

(a)(1) All requests will be submitted in writing to: Defense Investigative Service, Office of Information and Public Affairs (V0020), 1340 Braddock Place, Alexandria, Virginia 22314–1651.

(2) Requests directed to any agency activity (headquarters or field elements) will be forwarded to the Office of Information and Public Affairs.

(b) All requests shall contain the following information:

(1) As complete an identification as possible of the desired material including to the extent known, the title description, and date. 32 CFR part 286 does not authorize ''fishing expeditions.'' In the event a request is not reasonably described as defined in 32 CFR part 286, the requester will be notified by DIS of the defect.

(2) The request must contain the first name, middle name or initial, surname, date and place of birth, social security number, and, if applicable, military service number of the individual concerned, with respect to material concerning investigations of an individual.

(3) A statement as to whether the requester wishes to inspect the record or obtain a copy of it.

(4) A statement that all costs for search (in the case of ''other'' and ''commercial'' requesters), duplication (in case of all categories of requesters), and review (in the case of ''commercial requesters'') will be borne by the requester even if no records, or no releasable records, are found, if appropriate. See 32 CFR part 286 for information on fees and fee waivers.

(5) The full address (including ZIP code) of the requester.

(c) A notarized request by an individual requesting investigative or other personnel records may be required to avoid the risk of invasion of privacy. Requesters will be notified and furnished appropriate forms if this requirement is deemed necessary. In lieu of a notarized statement, an unsworn declaration in accordance with 28 U.S.C. 1746 may be required.

(d) When a request is incomplete or fails to include all of the information required, the requester will be contacted for additional information prior to beginning release procedures.

(e) DIS shall normally respond to request within 10 working days after receipt by the Office of Information and Public Affairs, unless an extension is required and the requester is notified in writing. If a significant number of requests prevents responding in 10 working days, requests, will be processed on a first-come, first-served basis to ensure equitable treatment to all requesters.

(f) When the release of information has been approved, a statement of costs computed in accordance with the DoD Fee Schedule (32 CFR part 286), or a statement waiving the fee, will be included in the notification of approval. Records approved for release will generally be mailed immediately following the receipt of fees. Fees may be waived or reduced in accordance with 32 CFR part 286. Remittances must be in the form of a personal check, bank draft, or postal money order. Remittances are to be made payable to the Treasurer of the United States. Certified documents may be requested for an official government or legal function, and will be provided at a rate established by 32 CFR part 286 for each authentication.

(g) When requests are denied in whole or in part in accordance with 32 CFR part 286, the requester will be advised of the identity of the official making the denial, the reason for the denial, the right of appeal of the decision, and the identity of the person to whom an appeal may be addressed.

(h) Facilities for the review or reproduction of records following approval of the request or appeal are available at the Defense Investigative Service,

Office of Information and Public Affairs, 1340 Braddock Place, Alexandria, Virginia 22314–1651. All other transactions will be conducted by mail.

(i) *Appeal of denial of DIS records and information.* (1) All appeals will be submitted in writing and reach the following appellate authority no later than 60 days after the date of the initial denial letter: Director, Defense Investigative Service (V0000), 1340 Braddock Place, Alexandria, Virginia 22314–1651.

(2) All appeals will contain at least the same identification of the records requested as the original request, and a copy of the letter denying the request, if available. Requesters will be given appeal rights when a search has been conducted and no records are located.

(3) All appeals will be reviewed by the Director, DIS, or the Special Assistant to the Director, DIS. Responses to appeals normally shall be made within 20 working days after receipt, unless an extension is required and the appellant is notified. When a request is approved on appeal, the procedures set forth in paragraph (f) of this section will be followed.

§ 298.5 Information requirements.

The DIS Office of Information and Public Affairs is responsible for preparation of the annual ''Freedom of Information Act Report.'' This report has been assigned control symbol PA (TRA&AN) 1365. No forms or publications are required by this part.

PART 299—NATIONAL SECURITY AGENCY/CENTRAL SECURITY SERVICE (NSA/CSS) FREEDOM OF INFORMATION ACT PROGRAM

Sec.

299.1 Purpose.
299.2 Definitions.
299.3 Policy.
299.4 Responsibilities.
299.5 Procedures.
299.6 Fees.
299.7 Exempt records.

AUTHORITY: 5 U.S.C. 552.

SOURCE: 68 FR 28132, May 23, 2003, unless otherwise noted.

§ 299.1 Purpose.

(a) This part implements 5 U.S.C. 552, as amended, and DoD 5400.7–R,[1] assigns responsibility for responding to written requests made pursuant to 5 U.S.C. 552; and provides for the review required to determine the appropriateness of classification pursuant to DoD 5200.1–R.[2]

(b) This part applies to all NSA/CSS elements, field activities and personnel, and governs the release or denial of any information under the terms of the Freedom of Information Act (FOIA).

§ 299.2 Definitions.

Terms used in this part, with the exception of the terms in § 299.4, are defined in DoD 5400.7–R. For ease of reference, however, some terms are defined in this section.

(a) *FOIA request.* (1) A written request for NSA/CSS records, that reasonably describes the records sought, made by any person, including a member of the public (U.S. or foreign citizen/entity), an organization or a business, but not including a Federal Agency or a fugitive from the law that either explicitly or implicitly invokes 5 U.S.C. 552, as amended, 5 U.S.C. 552a, as amended, DoD 5400.7–R, or NSA/CSS Freedom of Information Act Program, within the National Security Agency/Central Security Service. Requesters should also indicate a willingness to pay fees associated with the processing of their request or, in the alternative, why a waiver of fee may be appropriate.

(2) An FOIA request may be submitted by U.S. mail or its equivalent, by facsimile or electronically through the NSA FOIA Home Page on the Internet. The mailing address is FOIA/PA Services (DC321), National Security Agency, 9800 Savage Road STE 6248, Ft. George G. Meade, MD 20755–6248. The Web-based system contains a form to be completed by the requester, requiring name and postal mailing address. The URL is *http://www.nsa.gov/docs/efoia/.*

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[2] *See* footnote 1 to this section.

(3) When a request meeting the requirements stated in this section is received by the FOIA office and there is no remaining question about fees, that request is considered perfected.

(b) *Privacy Act (PA) request.* A written request submitted by a U.S. citizen or an alien admitted for permanent residence for access to or amendment of records on himself/herself which are contained in a PA system of records. For purposes of this part, PA request refers to a request for copies of records. Regardless of whether the requester cites the FOIA, PA or neither law, the request will be processed under both this part and NSA/CSS Regulation 10–35, Implementation of the Privacy Act of 1974.[3].

(c) *Agency records.* (1) The products of data compilation, such as all books, papers, maps, and photographs, machine readable materials, including those in electronic form or format (including e-mails), or other documentary materials, regardless of physical form or characteristics, made or received by an agency of the United States Government under Federal law in connection with the transaction of public business and in NSA/CSS's possession and control at the time the FOIA request is made. The term ''records'' does not include:

(i) Objects or articles such as structures, furniture, vehicles and equipment, whatever their historical value or value as evidence;

(ii) Intangible records such as an individual's memory or oral communication; and

(iii) Personal records of an individual not subject to agency creation or retention requirements, created and maintained primarily for the convenience of an agency employee, and not distributed to other agency employees for their official use.

(2) A record must exist and be in the possession and control of the NSA/CSS at the time of the request to be subject to this part. There is no obligation to create or compile a record or obtain a record not in the possession of the NSA/CSS to satisfy an FOIA request. The NSA/CSS may compile or create a new record when doing so would be less burdensome to the Agency than providing existing records and the requester does not object.

(3) Hard copy or electronic records that are subject to FOIA requests under 5 U.S.C. 552(a)(3) and are available through an established distribution system on the Internet, normally need not be processed under the FOIA. The Agency shall provide guidance to the requester on how to obtain the material outside of the FOIA process. If the requester insists that the request be processed under the FOIA, then it shall be so processed.

§ 299.3 Policy.

(a) Pursuant to written requests submitted in accordance with the FOIA, the NSA/CSS shall make records available to the public consistent with the Act and the need to protect government interests pursuant to subsection (b) of the Act. Oral requests for information shall not be accepted. Before the Agency responds to a request, the request must comply with the provisions of this part. In order that members of the public have timely access to unclassified information regarding NSA activities, requests for information that would not be withheld if requested under the FOIA or the Privacy Act (PA) may be honored through appropriate means without requiring the requester to invoke the FOIA or the PA. Although a record may require minimal redaction before its release, this fact alone shall not require the Agency to direct the requester to submit a formal FOIA or PA request for the record.

(b) Requests for electronic records shall be processed, and the records retrieved whenever retrieval can be achieved through reasonable efforts (in terms of both time and manpower) and these efforts would not significantly interfere with the operation of an automated information system. Reasonable efforts shall be undertaken to maintain records in forms of formats that render electronic records readily reproducible.

(c) The NSA/CSS does not originate final orders, opinions, statements of policy, interpretations, staff manuals, or instructions that affect members of

[3] Copies may be obtained through a FOIA request to the National Security Agency, Ft. George G. Meade, MD 20755–6248.

the public of the type generally covered by the indexing requirement of 5 U.S.C. 552. Therefore, it has been determined, pursuant to the pertinent statutory and executive order requirements, that it is unnecessary and impracticable to publish an index of the type required by 5 U.S.C. 552. However, should such material be identified, it will be indexed and placed in the library at the National Cryptologic Museum (NCM), which serves as the NSA/CSS FOIA reading room, and made available through the Internet. Copies of records which have been released under the FOIA and which NSA/CSS has determined are likely to become the subject of subsequent requests will be placed in the library of the NCM. In addition, these records are made available to the public through the Internet. An index of this material is available in hard copy in the museum library and on the Internet.

§ 299.4 Responsibilities.

(a) The Director's Chief of Staff (DC) is responsible for overseeing the administration of the FOIA, which includes responding to FOIA requests and for collecting fees from FOIA requesters.

(b) The Director of Policy (DC3), or the Deputy Director of Policy (D/DC3), if so designated, is the initial denial authority (IDA) and is responsible for:

(1) Receiving and staffing all initial, written requests for the release of information;

(2) Conducting the necessary reviews to determine the releasability of information pursuant to DoD 5200.1-R;

(3) Providing the requester with releasable material;

(4) Notifying the requester of any adverse determination, including informing the requester of his/her right to appeal an adverse determination to the appeal authority (*see* § 299.5(n));

(5) Assuring the timeliness of responses;

(6) Negotiating with the requester regarding satisfying his request (e.g., time extensions, modifications to the request);

(7) Authorizing extensions of time within Agency components (e.g., time needed to locate and/or review material);

(8) Assisting the Office of General Counsel (OGC) in judicial actions filed under 5 U.S.C. 552;

(9) Maintaining the FOIA reading room and the Internet home page; and

(10) Compiling the annual FOIA report.

(c) The Chief, Accounting and Financial Services (DF22) is responsible for:

(1) Sending initial and follow-up bills to FOIA requesters as instructed by the FOIA office, with a copy of all bills going to the FOIA office. In cases where an estimate of fees is provided to the requester prior to the processing of his/her request, no bill shall be sent. Although the FOIA office asks FOIA requesters to send payment to the FOIA office, for subsequent forwarding to Accounting and Financial Services, payment may be received directly in Accounting and Financial Services. Such payment may be identified by the payee as payment for a Freedom of Information Act request, by the letters ''FOIA,'' or as payment for XXXXX. (FOIA requesters are provided a case number to refer to in correspondence with NSA);

(2) Receiving and handling all checks or money orders remitted in payment for FOIA requests, crediting them to the proper account and notifying the FOIA office promptly of all payments received;

(3) Notifying the FOIA office promptly of any payments received directly from requesters even if no bill was initiated by Accounting and Financial Services; and

(4) Issuing a prompt reimbursement of overpaid fees to the requester upon being notified of such overpayment by the FOIA office.

(d) The Deputy Director, NSA/CSS, is the FOIA Appeal Authority required by 5 U.S.C. 552 for considering appeals of adverse determinations by the Director of Policy. In the absence of the Deputy Director, the Director's Chief of Staff serves as the Appeal Authority.

(e) The General Counsel (GC) or his designee is responsible for:

(1) Reviewing responses to FOIA requests to determine the legal sufficiency of actions taken by the Director of Policy, as required on a case-by-case basis;

(2) Reviewing the appeals of adverse determinations made by the Director of Policy. The GC will prepare an appropriate reply to such appeals and submit that reply to the NSA/CSS FOIA Appeal Authority for final decision; and

(3) Representing the Agency in all judicial actions relating to 5 U.S.C. 552 and providing support to the Department of Justice.

(f) The Chief of Installation and Logistics (I&L) shall establish procedures to ensure that:

(1) All inquiries for information pursuant to 5 U.S.C. 552 are delivered promptly to the Director of Policy; and

(2) Any appeal of an adverse determination is delivered promptly and directly to the NSA/CSS Appeal Authority staff.

(g) The Directorates, Associate Directorates, and Field Elements shall:

(1) Establish procedures to ensure that any inquiries for information pursuant to 5 U.S.C. 552 are referred immediately and directly to the Director of Policy. Field Elements should forward, electronically, any requests received to the DIRNSA/CHCSS, ATTN: DC3; and

(2) Designate a senior official and an alternate to act as a focal point to assist the Director of Policy in determining estimated and actual cost data, in conducting searches reasonably calculated to retrieve responsive records and assessing whether information can be released or should be withheld.

(h) Military and civilian personnel assigned or attached to or employed by the NSA/CSS who receive a Freedom of Information Act request shall deliver it immediately to the Director of Policy. Individuals who are contacted by personnel at other government agencies and asked to assist in reviewing material for release under the FOIA must direct the other agency employee to the NSA/CSS FOIA office promptly.

§ 299.5 Procedures.

(a) Requests for copies of records of the NSA/CSS shall be delivered to the Director of Policy immediately upon receipt once the request is identified as a Freedom of Information Act or Privacy Act requestor appears to be intended as such a request.

(b) The Director of Policy, or Deputy Director of Policy, if so designated, shall endeavor to respond to a direct request to NSA/CSS within 20 working days of receipt. If the request fails to meet the minimum requirements of a perfected FOIA request, the FOIA office shall advise the requester of how to perfect the request. The 20 working day time limit applies upon receipt of the perfected request. In the event the Director of Policy cannot respond within 20 working days due to unusual circumstances, the chief of the FOIA office shall advise the requester of the reason for the delay and negotiate a completion date with the requester.

(c) Direct requests to NSA/CSS shall be processed in the order in which they are received. Requests referred to NSA/CSS by other government agencies shall be placed in the processing queue according to the date the requester's letter was received by the referring agency if that date is known, in accordance with Department of Justice Guidelines. If it is not known when the referring agency received the request, it shall be placed in the queue according to the date of the requester's letter.

(d) The FOIA office shall maintain six queues (''super easy,'' ''sensitive/personal easy,'' ''non-personal easy,'' ''sensitive/personal voluminous,'' ''non-personal complex,'' and ''expedite'') for the processing of records in chronological order. The processing queues are defined as follows:

(1) *Super easy queue.* The super easy queue is for requests for which no responsive records are located or for material that requires minimal specialized review.

(2) *Sensitive/personal easy queue.* The sensitive/personal easy queue contains FOIA and PA records that contain sensitive personal information, typically relating to the requester or requester's relatives, and that do not require a lengthy review. These requests are processed by DC321 staff members who specialize in handling sensitive personal information.

(3) *Non-personal easy queue.* The non-personal easy queue contains all other types of NSA records not relating to

the requester, that often contain classified information that may require coordinated review among NSA components, and that do not require a lengthy review. These requests are processed by DC321 staff members who specialize in complex classification Issues.

(4) *Sensitive/personal voluminous queue.* The sensitive/personal voluminous queue contains FOIA and PA records that contain sensitive personal information, typically relating to the request or the requester's relatives, and that require a lengthy review because of the high volume of responsive records. These records may also contain classified information that may require coordinated review in several NSA components. These requests are processed by DC321 staff members who specialize in handling sensitive personal information.

(5) *Non-personal complex queue.* The non-personal complex queue contains FOIA records not relating to the requester that require a lengthy review because of the high volume and/or complexity of responsive records. These records contain classified, often technical information that requires coordinated review among many specialized NSA components, as well as consultation with other government agencies. These requests are processed by DC321 staff members who specialize in complex classification issues.

(6) *Expedite queue.* Cases meeting the criteria for expeditious processing as defined in paragraph (f) of this section shall be processed in turn within that queue by the appropriate processing team.

(e) Requesters shall be informed immediately if no responsive records are located. Following a search for and retrieval of responsive material, the initial processing team shall determine which queue in which to place the material, based on the criteria in paragraph (d)(1) through (6) of this section and shall so advise the requester. If the material requires minimal specialized review (super easy), the initial processing team shall review, redact if required, and provide the non-exempt responsive material to the requester immediately. All other material shall be processed by the appropriate specialized processing team on a first-in, first-out basis within its queue. These procedures are followed so that a requester shall not be required to wait a long period of time to learn that the Agency has no records responsive to his request or to obtain records that require minimal review. For statistical reporting purposes for the Annual Report, super easy, sensitive/personal easy, and non-personal easy cases shall be counted as ''Easy'' cases, and sensitive/personal voluminous and non-personal complex cases shall be counted as ''Hard'' cases.

(f) Expedited processing shall be granted to a requester if he/she requests such treatment and demonstrates a compelling need for the information. A demonstration of compelling need by a requester shall be made by a statement certified by the requester to be true and correct to the best of his/her knowledge. A compelling need is defined as follows:

(1) The failure to obtain the records on an expedited basis could reasonably be expected to pose an imminent threat to the life or physical safety of an individual.

(2) The information is urgently needed by an individual primarily engaged in disseminating information to inform the public about actual or alleged Federal Government activity. Urgently needed means that the information has a particular value that will be lost if not disseminated quickly.

(3) A request may also be expedited, upon receipt of a statement certified by the requester to be true and correct to the best of his/her knowledge, for the following reasons:

(i) There would be an imminent loss of substantial due process rights.

(ii) There is a humanitarian need for the material. Humanitarian need means that disclosing the information will promote the welfare and interests of mankind.

(4) Requests which meet the criteria for expedited treatment as defined in paragraph (f)(3) of this section will be placed in the expedite queue behind requests which are expedited because of a compelling need (*see* paragraphs (f)(1) and (2) of this section).

(5) A decision on whether to grant expedited treatment shall be made within

10 calendar days of receipt. The requester shall be notified whether his/her request meets the criteria for expedited processing within that time frame. If a request for expedited processing has been granted, a substantive response shall be provided within 20 working days of the date of the decision to expedite. If a substantive response cannot be provided within 20 working days, a response shall be provided as soon as practicable and the chief of the FOIA office shall negotiate a completion date with the requester, taking into account the number of cases preceding it in the expedite queue and the complexity of the responsive material.

(g) If the Director of Policy, in consultation with the GC, determines that the fact of the existence or non-existence of requested material is a matter that is exempt from disclosure, the requester shall be so advised.

(h) If the FOIA office determines that NSA/CSS may have information of the type requested, the office shall contact each Directorate or Associate Directorate reasonably expected to hold responsive records.

(i) The FOIA office shall assign the requester to the appropriate fee category under 5 U.S.C. 552, as amended, and DoD 5400.7–R, and, if a requester seeks a waiver of fees, the FOIA office shall, after determining the applicable fee category, determine whether to waive fees pursuant to DoD 5400.7–R. (See also § 299.6.) If fees are to be assessed in accordance with the provisions of 5 U.S.C. 552 and DoD 5400.7–R, the Directorate or Associate Directorate shall prepare an estimate of the cost required to locate, retrieve and, in the case of commercial requesters, review the records. Cost estimates shall include only direct search, duplication costs and review time (for commercial requesters) as defined in DoD 5400.7–R.

(1) If the cost estimate does not exceed $25.00, the component shall search for and forward to the FOIA office the documents responsive to the request. Fees $25.00 and under shall be waived.

(2) If the costs are estimated to exceed $25.00, the component shall provide an estimate to the FOIA office without conducting the search. The chief of the FOIA office shall advise the requester of the costs to determine a willingness to pay the fees. A requester's willingness to pay fees shall be satisfactory when the estimated fee does not exceed $250.00 and the requester has a history of prompt payment. A history of prompt payment means payment within 30 calendar days of the date of billing. If fees are expected to exceed $250.00, the requester shall be required to submit payment before processing is continued if the requester does not have a history of prompt payment. All payments shall be made by certified check or money order made payable to the Treasurer of the United States.

(3) When a requester has previously failed to pay a fee charged within a timely fashion (*i.e.*, within 30 calendar days from the date of billing) payment is required before a search is initiated or before review is begun. When a requester has no payment history, an advance payment may be required of the requester after the case has been completed, but prior to providing the final response.

(4) If a requester has failed to pay fees after three bills have been sent, additional requests from that requester and/or the organization or company he/she represents will not be honored until all costs and interest are paid.

(j) Upon receipt of a statement of willingness to pay assessable fees or the payment from the requester, the FOIA office shall notify the NSA/CSS component to search for the appropriate documents.

(1) The component conducting the search shall advise the FOIA office of the types of files searched (e.g., electronic records/e-mail, video/audio tapes, paper), the means by which the search was conducted (e.g., subject or chronological files, files retrievable by name or personal identifier) and any key words used in an electronic search.

(2) If the search does not locate the requested records, the Director of Policy shall so advise the requester and offer appeal rights.

(3) If the search locates the requested records, the holding organization shall furnish copies of these records immediately to the FOIA office. The Director of Policy shall make a determination as to the releasability of the

records in consultation with the GC, the Legislative Affairs Office (if any information relates to members of Congress or their staffs) and other Agency components, as appropriate. This determination shall also state, with particularity, that a search reasonably calculated to locate responsive records was conducted and that all reasonably segregable, non-exempt information was released. The located records will be handled as follows:

(i) All exempt records or portions thereof shall be withheld and the requester so advised along with the statutory basis for the denial; the volume of material being denied, unless advising of the volume would harm an interest protected by exemption (see 5 U.S.C. 552); and the procedure for filing an appeal of the denial.

(ii) All segregable, non-exempt records or portions thereof shall be forwarded promptly to the requester.

(k) Records or portions thereof originated by other agencies or information of primary interest to other agencies found in NSA/CSS records shall be handled as follows:

(1) The originating agency's FOIA Authority shall be provided with a copy of the request and the stated records.

(2) The requester shall be advised of the referral, except when notification would reveal exempt information.

(l) Records of portions thereof originated by a commercial or business submitter and containing information that is arguably confidential commercial or financial information as defined in Executive Order 12600 (52 FR 23781, 3 CFR, 1987 Comp., p. 235) shall be handled as follows:

(1) The commercial or business submitter shall be provided with a copy of the records as NSA/CSS proposes to release them, and the submitter shall be given an opportunity to inform the FOIA office about its objections to disclosure in writing.

(2) The Director of Policy or his/her designee shall review the submitter's objections to disclosure and, if DC3 decides to release records or portions thereof to the requester, provide the submitter with an opportunity to enjoin the release of such information.

(m) Records may be located responsive to an FOIA request which contain portions not responsive to the subject of the request. The non-responsive portions shall be processed as follows:

(1) If the information is easily identified as releasable, the non-responsive portions shall be provided to the requester.

(2) If additional review or coordination with other NSA/CSS elements or other government agencies or entities is required to determine the releasability of the information, and the processing of the material would be facilitated by excluding those portions from review, the requester should be consulted regarding the need to process those portions. If the requester states that he is interested in the document in its entirety, including those portions not responsive to the subject of his request, the entire document shall be considered responsive and reviewed accordingly.

(3) If the conditions as stated in paragraph (m)(2) of this section pertain, but it is not a simple matter to contact and/or reach an agreement with the requester, the non-responsive portions shall be marked to differentiate the removal of non-responsive material from the removal of exempt portions. The requester shall be advised that portions were removed as non-responsive. In addition, he/she shall be given an indication of the manner in which those portions would be treated if responsive (e.g., the information would be protected by exemptions, would require extensive review/consultation). Such a response is not considered an adverse determination. If the requester informs the FOIA office of his interest in receiving the non-responsive portions, the request shall be placed in the same location within the processing queue as the original request and those portions of the documents shall be processed.

(4) If the requester states in his initial request that he/she wants all non-responsive portions contained within documents containing responsive information, then the documents shall be processed in their entirety.

(n) Any person advised of an adverse determination shall be notified of the right to submit an appeal postmarked

within 60 days of the date of the response letter and that the appeal must be addressed to the NSA/CSS FOIA Appeal Authority, National Security Agency, Ft. George G. Meade, MD 20755–6248. The following actions are considered adverse determinations:

(1) Denial of records or portions of records;

(2) Inability of NSA/CSS to locate records;

(3) Denial of a request for the waiver or reduction of fees;

(4) Placement of requester in a specific fee category;

(5) Amount of estimate of processing costs;

(6) Determination that the subject of a request is not within the purview of NSA/CSS and that a search for records shall not be conducted;

(7) Denial of a requester for expeditious treatment; and

(8) Non-agreement regarding completion date of request.

(o) The GC or his designee shall process appeals and make a recommendation to the Appeal Authority.

(1) Upon receipt of an appeal regarding the denial of information or the inability of the Agency to locate records, the GC or his designee shall provide a legal review of the denial and/or the adequacy of the search for responsive material, and make other recommendations as appropriate.

(2) If the Appeal Authority determines that additional information may be released, the information shall be made available to the requester within 20 working days from receipt of the appeal. The conditions for responding to an appeal for which expedited treatment is sought by the requester are the same as those for expedited treatment on the initial processing of a request. (*See* paragraph (f) of this section.)

(3) If the Appeal Authority determines that the denial was proper, the requester must be advised within 20 days after receipt of the appeal that the appeal is denied. The requester likewise shall be advised of the basis for the denial and the provisions for judicial review of the Agency's appellate determination.

(4) If a new search for records is conducted and produces additional material, the additional records shall be forwarded to the Director of Policy, as the IDA, for review. Following his/her review, the Director of Policy shall return the material to the GC with his/her recommendation for release or withholding. The GC shall provide a legal review of the material, and the Appeal Authority shall make the release determination. Upon denial or release of additional information, the Appeal Authority shall advise the requester that more material was located and that the IDA and the Appeal Authority each conducted an independent review of the documents. In the case of denial, the requester shall be advised of the basis of the denial and the right to seek judicial review of the Agency's action.

(5) When a requester appeals the absence of a response to a request within the statutory time limits, the GC shall process the absence of a response as it would denial of access to records. The Appeal Authority shall advise the requester of the right to seek judicial review.

(6) Appeals shall be processed using the same multi-track system as initial requests. If an appeal cannot be responded to within 20 working days, the requirement to obtain an extension from the requester is the same as with initial requests. The time to respond to an appeal, however, may be extended by the number of working days (not to exceed 10) that were not used as additional time for responding to the initial request. That is, if the initial request is processed within 20 working days so that the extra 10 days of processing which an agency can negotiate with the requester are not used, the response to the appeal may be delayed for that 10 days (or any unused portion of the 10 days).

§ 299.6 Fees.

(a) Upon receipt of a request, DC3 shall evaluate the request to determine the fee category or status of the requester, as well as the appropriateness of a waiver or reduction of fees if requested. There are no fees associated with a Privacy Act request, except as stated in NSA/CSS Regulation 10–35, Implementation of the Privacy Act of 1974. If fees are assessable, a search

cost estimate shall be sent to the Directorate(s) and Associate Directorate(s) expected to maintain responsive records. If DC3 assigns a fee category to a requester which differs from that claimed by the requester or determines that a waiver or reduction of fees is not appropriate, DC3 shall notify the requester of this discrepancy and of the estimated cost of processing the request. The requester shall be given 60 days to provide additional substantiation for the fee status claimed or for a fee waiver or reduction. The requester shall be advised that his/her request shall not be processed until the discrepancy over the fee category, fee waiver or reduction, or both are resolved. He/she shall also be advised of his/her right to appeal/DC3's determination. A fee waiver or reduction shall be granted or denied in accordance with DoD 5400.7–R and based on information provided by the requester. If the requester does not respond to DC3's initial notification of the discrepancy in fee assessment within the 60 days, DC3's determination about that requester's fee status shall be final.

(b) Fees shall reflect only direct search, review (in the case of commercial requesters) and duplication costs, recovery of which are permitted by 5 U.S.C. 552. Fees shall not be used to discourage requesters.

(c) No minimum fee may be charged. Fees under $25.00 shall be waived.

(d) Fees shall be based on estimates provided by appropriate organizational focal points. Upon completion of the processing of the request and computation of all assessable fees, the request shall be handled as follows:

(1) If the earlier cost estimate was under $250.00 and the requester has not yet paid and has no payment history, the requester shall be notified of the actual cost and shall be sent a bill under separate cover. Upon receipt of payment, processing results and non-exempt information shall be provided to the requester.

(2) In cases where the requester paid prior to processing, if the actual costs exceed the estimated costs, the requester shall be notified of the remaining fees due. Processing results and non-exempt information shall be provided to the requester upon payment of the amount in excess or, if less than $250.00, receipt of the requester's agreement to pay. If the requester refuses to pay the amount in excess, processing of the request will be terminated with notice to the requester.

(3) In cases where the requester paid prior to processing, if the actual costs are less than estimated fees which have been collected from the requester, processing results and the non-exempt information shall be provided to the requester, and the FOIA office shall advise Accounting and Financial Services of the need to refund funds to the requester.

(e) Fees for manual searches, review time and personnel costs associated with computer searches shall be computed according to the following schedule:

Type	Grade	Hourly rate
(1) Clerical	E9/GS8 and below	$20
(2) Professional	O1–O6/GS9–GS15	44
(3) Executive	O7/SCE/SLE/SLP	75
(4) Contractor		44

(f) Fees for machine time involved in computer searches shall be based on the direct cost of retrieving information from the computer, including associated input/output costs.

(g) Search costs for audiovisual documentary material shall be computed as for any other record. Duplication costs shall be the actual, direct cost of reproducing the material, including the wage of the person doing the work. Audiovisual materials provided to a requester need not be in reproducible format or quality.

(h) Duplication fees shall be assessed according to the following schedule:

Type	Cost per page
(1) Office Copy	$.15
(2) Microfiche	.25
(3) Printed Material	.02

§ 299.7 Exempt records.

(a) Records meeting the exemption criteria of 5 U.S.C. 552 need not be published in the FEDERAL REGISTER, made available in a reading room, or provided in response to requests made under 5 U.S.C. 552.

(b) The first seven of the following nine FOIA exemptions may be used by the NSA/CSS to withhold information in whole or in part from public disclosure when there is a sound legal basis for protecting the information. Discretionary releases shall be made following careful Agency consideration of the interests involved.

(1) Records specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy and which are in fact properly classified pursuant to such Executive Order.

(2) Records relating solely to the internal personnel rules and practices of an agency.

(3) Records which concern matters that a statute specifically exempts from disclosure, so long as the statutory exemptions permit no discretion on what matters are exempt; or matters which meet criteria established for withholding by the statute, or which are particularly referred to by the statute as being matters to be withheld. Examples of such statutes are:

(i) The National Security Agency Act of 1959 (Public Law 86–36 Section 6);

(ii) 18 U.S.C. 798;

(iii) 50 U.S.C. 403–3(c)(6);

(iv) 10 U.S.C. 130; and

(v) 10 U.S.C. 2305(g).

(4) Records containing trade secrets and commercial or financial information obtained from a person and privileged or confidential.

(5) Interagency or intra-agency memoranda or letters that would not be available by law to a party other than an agency in litigation with the agency.

(6) Personnel and medical files and similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

(7) Investigatory records compiled for law enforcement purposes, but only to the extent that the production of such records:

(i) Could reasonably be expected to interfere with enforcement proceedings;

(ii) Would deprive a person of the right to a fair trial or to an impartial adjudication;

(iii) Could reasonably be expected to constitute an unwarranted invasion of personal privacy of a living person, including surviving family members of an individual identified in such a record;

(iv) Could reasonably be expected to disclose the identity of a confidential source, including a source within NSA/CSS, state, local, or foreign agency or authority, or any private institution which furnishes the information on a confidential basis, or could disclose information furnished from a confidential source and obtained by a criminal law enforcement authority in a criminal investigation or by an agency conducting a lawful national security intelligence investigation;

(v) Would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law; and

(vi) Could reasonably be expected to endanger the life or physical safety of any individual.

(8) Records contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions.

(9) Geological and geophysical information and data, including maps, concerning wells.

(c) Information which has not been given a security classification pursuant to the criteria of an Executive Order, but which may be withheld from the public for one or more of FOIA exemptions 2 through 9 cited in paragraphs (b)(2) through (b)(9) of this section, shall be considered ''UNCLASSIFIED// FOR OFFICIAL USE ONLY'' (U// FOUO). No other material shall be considered or marked U//FOUO. The marking of appropriate records with the U// FOUO designation at the time of their creation provides notice of U//FOUO content and shall facilitate review when a record is requested under the FOIA. However, records requested under the FOIA which do not bear the

U//FOUO designation shall not be assumed to be releaseable without examination for the presence of information that requires continued protection and qualifies as exempt from public release.

SUBCHAPTER O—PRIVACY PROGRAM

PART 310—DOD PRIVACY PROGRAM

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AUTHORITY: Pub. L. 93–579, 88 Stat. 1896 (5 U.S.C. 552a).

SOURCE: 72 FR 18758, Apr. 13, 2007, unless otherwise noted.

Subpart A—DoD Policy

§ 310.1 Reissuance.

This part consolidates into a single location (32 CFR part 310) Department of Defense (DoD) policies and procedures for implementing the Privacy Act of 1974, as amended (5 U.S.C. 552a) by authorizing the development, publication and maintenance of the DoD Privacy Program set forth by DoD Directive 5400.11[1] and 5400.11–R,[2] both entitled: ''DoD Privacy Program.''

§ 310.2 Purpose.

This part:

(a) Updates policies and responsibilities of the DoD Privacy Program under 5 U.S.C. 552a and OMB Circular A–130.

(b) Authorizes the Defense Privacy Board, the Defense Privacy Board Legal Committee, and the Defense Data Integrity Board.

(c) Continues to authorize the publication of DoD 5400.11–R.

(d) Continues to delegate authorities and responsibilities for the effective administration of the DoD Privacy Program.

§ 310.3 Applicability and scope.

This part:

(a) Applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense (IG, DoD), the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereinafter referred to collectively as ''the DoD Components'').

(b) Shall be made applicable to DoD contractors who are operating a system of records on behalf of a DoD Component, to include any of the activities, such as collecting and disseminating records, associated with maintaining a system of records.

(c) This part does not apply to:

(1) Requests for information made under the Freedom of Information Act. They are processed in accordance with DoD 5400.7–R.[3]

(2) Requests for information from systems of records controlled by the Office of Personnel Management (OPM), although maintained by a DoD Component. These are processed in accordance with policies established by OPM ''Privacy Procedures for Personnel Records'' (5 CFR 297).

(3) Requests for personal information from the General Accounting Office. These are processed in accordance with DoD Directive 7650.1.[4]

(4) Requests for personal information from Congress. These are processed in accordance with DoD Directive 5400.4 except those specific provisions in Subpart E—Disclosure of Personal Information to Other Agencies and Third Parties.

§ 310.4 Definitions.

(a) *Access*. The review of a record or a copy of a record or parts thereof in a system of records by any individual.

(b) *Agency*. For the purposes of disclosing records subject to the Privacy Act among the DoD Components, the Department of Defense is a considered a single agency. For all other purposes to include requests for access and amendment, denial of access or amendment, appeals from denials, and record keeping as relating to release of records to non-DoD Agencies, each DoD Component is considered an agency within the meaning of the Privacy Act.

(c) *Computer Matching Program*. The computerized comparison of two or more automated systems of records or a system of records with non-Federal records. Manual comparison of systems of records or a system of records with non-Federal records are not covered.

(d) *Confidential source*. A person or organization who has furnished information to the Federal Government under an express promise, if made on or after September 27, 1975, that the person's or the organization's identity shall be held in confidence or under an implied promise of such confidentiality if this

[1] Copies may be obtained at *http://www.dtic.mil/whs/directives.*

[2] See footnote 1 to § 310.1.

[3] See footnote 1 to § 310.3(c)(1).

[4] See footnote 1 to § 310.3(c)(1).

implied promise was made on or before September 26, 1975.

(e) *Disclosure.* The transfer of any personal information from a system of records by any means of communication (such as oral, written, electronic, mechanical, or actual review) to any person, private entity, or Government Agency, other than the subject of the record, the subject's designated agent or the subject's legal guardian.

(f) *Federal benefit program.* A program administered or funded by the Federal Government, or by any agent or State on behalf of the Federal Government, providing cash or in-kind assistance in the form of payments, grants, loans, or loan guarantees to individuals.

(g) *Federal personnel.* Officers and employees of the Government of the United States, members of the uniformed services (including members of the Reserve Components), individuals entitled to receive immediate or deferred retirement benefits under any retirement program of the United States (including survivor benefits).

(h) *Individual.* A living person who is a citizen of the United States or an alien lawfully admitted for permanent residence. The parent of a minor or the legal guardian of any individual also may act on behalf of an individual. Members of the United States Armed Forces are ''individuals.'' Corporations, partnerships, sole proprietorships, professional groups, businesses, whether incorporated or unincorporated, and other commercial entities are not ''individuals'' when acting in an entrepreneurial capacity with the Department of Defense but are ''individuals'' otherwise (e.g., security clearances, entitlement to DoD privileges or benefits, etc.).

(i) *Individual access.* Access to information pertaining to the individual by the individual or his or her designated agent or legal guardian.

(j) *Lost, stolen, or compromised information.* Actual or possible loss of control, unauthorized disclosure, or unauthorized access of personal information where persons other than authorized users gain access or potential access to such information for an other than authorized purpose where one or more individuals will be adversely affected. Such incidents also are known as *breaches.*

(k) *Maintain.* To maintain, collect, use, or disseminate records contained in a system of records.

(l) *Non-Federal agency.* Any state or local government, or agency thereof, which receives records contained in a system of records from a source agency for use in a computer matching program.

(m) *Official use.* Within the context of this part, this term is used when officials and employees of a DoD Component have a demonstrated a need for the record or the information contained therein in the performance of their official duties, subject to DoD 5200.1–R.[5]

(n) *Personal information.* Information about an individual that identifies, links, relates, or is unique to, or describes him or her, e.g., a social security number; age; military rank; civilian grade; marital status; race; salary; home/office phone numbers; other demographic, biometric, personnel, medical, and financial information, etc. Such information also is known as *personally identifiable information* (i.e., information which can be used to distinguish or trace an individual's identity, such as their name, social security number, date and place of birth, mother's maiden name, biometric records, including any other personal information which is linked or linkable to a specified individual).

(o) *Privacy Act request.* A request from an individual for notification as to the existence of, access to, or amendment of records pertaining to that individual. These records must be maintained in a system of records.

(p) *Member of the public.* Any individual or party acting in a private capacity to include Federal employees or military personnel.

(q) *Recipient agency.* Any agency, or contractor thereof, receiving records contained in a system of records from a source agency for use in a computer matching program.

(r) *Record.* Any item, collection, or grouping of information, whatever the storage media (e.g., paper, electronic,

[5] See footnote 1 to § 310.1.

etc.), about an individual that is maintained by a DoD Component, including, but not limited to, his or her education, financial transactions, medical history, criminal or employment history, and that contains his or her name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a finger or voice print or a photograph.

(s) *Risk assessment*. An analysis considering information sensitivity, vulnerabilities, and cost in safeguarding personal information processed or stored in the facility or activity.

(t) *Routine use*. The disclosure of a record outside the Department of Defense for a use that is compatible with the purpose for which the information was collected and maintained by the Department of Defense. The routine use must be included in the published system notice for the system of records involved.

(u) *Source agency*. Any agency which discloses records contained in a system of records to be used in a computer matching program, or any state or local government, or agency thereof, which discloses records to be used in a computer matching program.

(v) *Statistical record*. A record maintained only for statistical research or reporting purposes and not used in whole or in part in making determinations about specific individuals.

(w) *System of records*. A group of records under the control of a DoD Component from which personal information about an individual is retrieved by the name of the individual or by some other identifying number, symbol, or other identifying particular assigned, that is unique to the individual.

§ 310.5 Policy.

It is DoD policy that:

(a) The privacy of an individual is a personal and fundamental right that shall be respected and protected.

(1) The Department's need to collect, maintain, use, or disseminate personal information about individuals for purposes of discharging its statutory responsibilities shall be balanced against the right of the individual to be protected against unwarranted invasions of their privacy.

(2) The legal rights of individuals, as guaranteed by Federal law, regulation, and policy, shall be protected when collecting, maintaining, using, or disseminating personal information about individuals.

(3) DoD personnel, to include contractors, have an affirmative responsibility to protect an individual's privacy when collecting, maintaining, using, or disseminating personal information about an individual.

(4) Departmental legislative, regulatory, or other policy proposals shall be evaluated to ensure that privacy implications, including those relating to the collection, maintenance, use, or dissemination of personal information, are assessed, to include, when required and consistent with the Privacy Provision of the E-Government Act of 2002 (44 U.S.C. 3501, Note), the preparation of a Privacy Impact Assessment.

(b) Personal information shall be collected, maintained, used, or disclosed to ensure that:

(1) It shall be relevant and necessary to accomplish a lawful DoD purpose required to be accomplished by statute or Executive order.

(2) It shall be collected to the greatest extent practicable directly from the individual.

(3) The individual shall be informed as to why the information is being collected, the authority for collection, what uses will be made of it, whether disclosure is mandatory or voluntary, and the consequences of not providing that information.

(4) It shall be relevant, timely, complete, and accurate for its intended use; and

(5) Appropriate administrative, technical, and physical safeguards shall be established, based on the media (e.g., paper, electronic, etc.) involved, to ensure the security of the records and to prevent compromise or misuse during storage, transfer, or use, including working at authorized alternative worksites.

(c) No record shall be maintained on how an individual exercises rights guaranteed by the First Amendment to the Constitution, except as follows:

(1) When specifically authorized by statute;

(2) When expressly authorized by the individual on whom the record is maintained; or

(3) When the record is pertinent to and within the scope of an authorized law enforcement activity.

(d) Notices shall be published in the FEDERAL REGISTER and reports shall be submitted to Congress and the Office of Management and Budget, in accordance with, and as required by, 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R, as to the existence and character of any system of records being established or revised by the DoD Components. Information shall not be collected, maintained, used, or disseminated until the required publication and review requirements, as set forth in 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R, are satisfied.

(e) Individuals shall be permitted, to the extent authorized by 5 U.S.C. 552a and DoD 5400.11–R, to:

(1) Determine what records pertaining to them are contained in a system of records.

(2) Gain access to such records and obtain a copy of those records or a part thereof.

(3) Correct or amend such records once it has been determined that the records are not accurate, relevant, timely, or complete.

(4) Appeal a denial of access or a request for amendment.

(f) Disclosure of records pertaining to an individual from a system of records shall be prohibited except with the consent of the individual or as otherwise authorized by 5 U.S.C. 552a, DoD 5400.11–R, and DoD 5400.7–R. When disclosures are made, the individual shall be permitted, to the extent authorized by references 5 U.S.C. 552a and/or DoD 5400.11–R, to seek an accounting of such disclosures from the DoD Component making the release.

(g) Disclosure of records pertaining to personnel of the National Security Agency, the Defense Intelligence Agency, the National Reconnaissance Office, and the National Geospatial-Intelligence Agency shall be prohibited to the extent authorized by Public Law 86–36 (1959) and 10 U.S.C. 424. Disclosure of records pertaining to personnel of overseas, sensitive, or routinely deployable units shall be prohibited to the extent authorized by 10 U.S.C. 130b. Disclosure of medical records is prohibited except as authorized by DoD 6025.18–R.[6]

(h) Computer matching programs between the DoD Components and the Federal, State, or local governmental agencies shall be conducted in accordance with the requirements of 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R.

(i) DoD personnel and system managers shall conduct themselves consistent with established rules of conduct 310.8 so that personal information to be stored in a system of records only shall be collected, maintained, used, and disseminated as is authorized by this part, 5 U.S.C. 552a and DoD 5400.11–R.

(j) DoD personnel, including but not limited to family members, retirees, contractor employees, and volunteers, shall be notified, in a timely manner, consistent with the requirements of DoD 5400.11–R, if their personal information, whether or not included in a system of records, is lost, stolen, or compromised.

(k) DoD Field Activities shall receive Privacy Program support from the Director, Washington Headquarters Services.

§ 310.6 Responsibilities.

(a) The Director of Administration and Management, Office of the Secretary of Defense, shall:

(1) Serve as the Senior Privacy Official for the Department of Defense.

(2) Provide policy guidance for, and coordinate and oversee administration of, the DoD Privacy Program to ensure compliance with policies and procedures in 5 U.S.C. 552a and OMB Circular A–130.

(3) Publish DoD 5400.11–R and other guidance, including Defense Privacy Board Advisory Opinions, to ensure timely and uniform implementation of the DoD Privacy Program.

(4) Serve as the Chair to the Defense Privacy Board and the Defense Data Integrity Board (see § 310.9).

(5) Supervise and oversee the activities of the Defense Privacy Office (see § 310.9).

[6] See footnote 1 to § 310.1.

(b) The Director, WHS, under the DA&M, shall provide Privacy Program support for DoD Field Activities.

(c) The General Counsel of the Department of Defense shall:

(1) Provide advice and assistance on all legal matters arising out of, or incident to, the administration of the DoD Privacy Program.

(2) Review and be the final approval authority on all advisory opinions issued by the Defense Privacy Board or the Defense Privacy Board Legal Committee.

(3) Serve as a member of the Defense Privacy Board, the Defense Data Integrity Board, and the Defense Privacy Board Legal Committee (310.9).

(d) The Secretaries of the Military Departments and the Heads of the Other DoD Components, except as noted in § 310.5(k), shall:

(1) Provide adequate funding and personnel to establish and support an effective DoD Privacy Program, to include the appointment of a senior official to serve as the principal point of contact (POC) for DoD Privacy Program matters.

(2) Establish procedures, as well as rules of conduct, necessary to implement this part and DoD 5400.11–R to ensure compliance with the requirements of 5 U.S.C. 552a and OMB Circular A–130.

(3) Conduct training, consistent with the requirements of DoD 5400.11–R, on the provisions of this part, 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R, for assigned, employed and detailed, to include contractor, personnel and individuals having primary responsibility for implementing the DoD Privacy Program.

(4) Ensure all Component legislative proposals, policies, or programs having privacy implications, such as the DoD Privacy Impact Assessment Program, are evaluated to ensure consistency with the information privacy principles of this part and DoD 5400.11–R.

(5) Assess the impact of technology on the privacy of personal information and, when feasible, adopt privacy-enhancing technology both to preserve and protect personal information contained in Component systems of records and to permit auditing of compliance with the requirements of this part and DoD 5400.11–R.

(6) Ensure the DoD Privacy Program periodically shall be reviewed by the Inspectors General or other officials, who shall have specialized knowledge of the DoD Privacy Program.

(7) Submit reports, consistent with the requirements of DoD 5400.11–R, as mandated by 5 U.S.C. 552a and OMB Circular A–130, and DoD Directive 5500.1, and as otherwise directed by the DPO.

(e) The Secretaries of the Military Departments shall provide support to the Combatant Commands, as identified in DoD Directive 5100.3,[7] in the administration of the DoD Privacy Program.

§ 310.7 Information requirements.

The reporting requirements in § 310.6(d)(7) are assigned Report Control Symbol DD–DA&M(A)1379.

§ 310.8 Rules of conduct.

(a) DoD personnel shall:

(1) Take such actions, as considered appropriate, to ensure that personal information contained in a system of records, to which they have access to or are using incident to the conduct of official business, shall be protected so that the security and confidentiality of the information shall be preserved.

(2) Not disclose any personal information contained in any system of records except as authorized by DoD 5400.11–R or other applicable law or regulation. Personnel willfully making such a disclosure when knowing that disclosure is prohibited are subject to possible criminal penalties and/or administrative sanctions.

(3) Report any unauthorized disclosures of personal information from a system of records or the maintenance of any system of records that are not authorized by this part to the applicable Privacy POC for his or her DoD Component.

(b) DoD System Managers for each system of records shall:

(1) Ensure that all personnel who either shall have access to the system of records or who shall develop or supervise procedures for handling records in

[7] See footnote 1 to § 310.1.

the system of records shall be aware of their responsibilities and are properly trained to safeguard personal information being collected and maintained under the DoD Privacy Program.

(2) Prepare promptly any required new, amended, or altered system notices for the system of records and submit them through their DoD Component Privacy POC to the DPO for publication in the FEDERAL REGISTER.

(3) Not maintain any official files on individuals which are retrieved by name or other personal identifier without first ensuring that a notice for the system of records shall have been published in the FEDERAL REGISTER. Any official who willfully maintains a system of records without meeting the publication requirements, as prescribed by 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R, is subject to possible criminal penalties and/or administrative sanctions.

§ 310.9 Privacy boards and office, composition and responsibilities.

(a) *The Defense Privacy Board*—(1) *Membership.* The Board shall consist of the DA&M, OSD, who shall serve as the Chair; the Director of the DPO, DA&M, who shall serve as the Executive Secretary and as a member; the representatives designated by the Secretaries of the Military Departments; and the following officials or their designees: the Deputy Under Secretary of Defense for Program Integration (DUSD(PI)); the Assistant Secretary of Defense for Health Affairs; the Assistant Secretary of Defense for Networks and Information Integration (ASD) (NII)/Chief Information Officer (CIO); the Director, Executive Services and Communications Directorate, WHS; the GC, DoD; and the Director for Information Technology Management Directorate (ITMD), WHS. The designees also may be the principal POC for the DoD Component for privacy matters.

(2) *Responsibilities.* (i) The Board shall have oversight responsibility for implementation of the DoD Privacy Program. It shall ensure the policies, practices, and procedures of that Program are premised on the requirements of 5 U.S.C. 552a and OMB Circular A–130, as well as other pertinent authority, and the Privacy Programs of the DoD Component are consistent with, and in furtherance of, the DoD Privacy Program.

(ii) The Board shall serve as the primary DoD policy forum for matters involving the DoD Privacy Program, meeting as necessary, to address issues of common concern so as to ensure uniform and consistent policy shall be adopted and followed by the DoD Components. The Board shall issue advisory opinions as necessary on the DoD Privacy Program so as to promote uniform and consistent application of 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R.

(iii) Perform such other duties as determined by the Chair or the Board.

(b) *The Defense Data Integrity Board*—(1) *Membership.* The Board shall consist of the DA&M, OSD, who shall serve as the Chair; the Director of the DPO, DA&M, who shall serve as the Executive Secretary; and the following officials or their designees: the representatives designated by the Secretaries of the Military Departments; the DUSD(PI); the (ASD) (NII)/CIO; the GC, DoD; the Inspector General, DoD; the ITMD, WHS; and the Director, Defense Manpower Data Center. The designees also may be the principal points of contact for the DoD Component for privacy matters.

(2) *Responsibilities.* (i) The Board shall oversee and coordinate, consistent with the requirements of 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R, all computer matching programs involving personal records contained in system of records maintained by the DoD Components.

(ii) The Board shall review and approve all computer matching agreements between the Department of Defense and the other Federal, State or local governmental agencies, as well as memoranda of understanding when the match is internal to the Department of Defense, to ensure, under 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R, appropriate procedural and due process requirements shall have been established before engaging in computer matching activities.

(c) *The Defense Privacy Board Legal Committee*—(1) *Membership.* The Committee shall consist of the Director, DPO, DA&M, who shall serve as the Chair and the Executive Secretary; the

GC, DoD, or designee; and civilian and/or military counsel from each of the DoD Components. The General Counsels (GCs) and The Judge Advocates General of the Military Departments shall determine who shall provide representation for their respective Department to the Committee. This does not preclude representation from each office. The GCs of the other DoD Components shall provide legal representation to the Committee. Other DoD civilian or military counsel may be appointed by the Executive Secretary, after coordination with the DoD Component concerned, to serve on the Committee on those occasions when specialized knowledge or expertise shall be required.

(2) *Responsibilities.* (i) The Committee shall serve as the primary legal forum for addressing and resolving all legal issues arising out of or incident to the operation of the DoD Privacy Program.

(ii) The Committee shall consider legal questions regarding the applicability of 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R and questions arising out of or as a result of other statutory and regulatory authority, to include the impact of judicial decisions, on the DoD Privacy Program. The Committee shall provide advisory opinions to the Defense Privacy Board and, on request, to the DoD Components.

(d) *The DPO*—(1) *Membership.* It shall consist of a Director and a staff. The Director also shall serve as the Executive Secretary and a member of the Defense Privacy Board; as the Executive Secretary to the Defense Data Integrity Board; and as the Chair and the Executive Secretary to the Defense Privacy Board Legal Committee.

(2) *Responsibilities.* (i) Manage activities in support of the Privacy Program oversight responsibilities of the DA&M.

(ii) Provide operational and administrative support to the Defense Privacy Board, the Defense Data Integrity Board, and the Defense Privacy Board Legal Committee.

(iii) Direct the day-to-day activities of the DoD Privacy Program.

(iv) Provide guidance and assistance to the DoD Components in their implementation and execution of the DoD Privacy Program.

(v) Review DoD legislative, regulatory, and other policy proposals which implicate information privacy issues relating to the Department's collection, maintenance, use, or dissemination of personal information, to include any testimony and comments having such implications under DoD Directive 5500.1.

(vi) Review proposed new, altered, and amended systems of records, to include submission of required notices for publication in the FEDERAL REGISTER and, when required, providing advance notification to the OMB and the Congress, consistent with 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R.

(vii) Review proposed DoD Component privacy rulemaking, to include submission of the rule to the Office of the Federal Register for publication and providing to the OMB and the Congress reports, consistent with 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R.

(viii) Develop, coordinate, and maintain all DoD computer matching agreements, to include the submission of required match notices for publication in the FEDERAL REGISTER and the provision of advance notification to the OMB and the Congress, consistent with 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R.

(ix) Provide advice and support to the DoD Components to ensure:

(A) All information requirements developed to collect or maintain personal data conform to DoD Privacy Program standards;

(B) Appropriate procedures and safeguards shall be developed, implemented, and maintained to protect personal information when it is stored in either a manual and/or automated system of records or transferred by electronic or non-electronic means; and

(C) Specific procedures and safeguards shall be developed and implemented when personal data is collected and maintained for research purposes.

(x) Serve as the principal POC for coordination of privacy and related matters with the OMB and other Federal, State, and local governmental agencies.

(xi) Compile and submit the ''Biennial Matching Activity Report'' to the OMB as required by OMB Circular A–

130 and DoD 5400.11–R, and the Quarterly and Annual Federal Information Security Management Agency (FISMA) Privacy Reports, as required by 44 U.S.C. 3544(c), such other reports as may be required.

(xii) Update and maintain this part and DoD 5400.11–R.

Subpart B—Systems of Records

§ 310.10 General.

(a) *System of Records.* To be subject to the provisions of this part, a ''system of records'' must:

(1) Consist of ''records'' (as defined in 310.4(r)) that are retrieved by the name of an individual or some other personal identifier; and

(2) Be under the control of a DoD Component.

(b) *Retrieval practices.* (1) Records in a group of records that MAY be retrieved by a name or personal identifier are not covered by this part even if the records contain personal data and are under control of a DoD Component. The records MUST be retrieved by name or other personal identifier to become a system of records for the purpose of this part.

(i) When records are contained in an automated (Information Technology) system that is capable of being manipulated to retrieve information about an individual, this does not automatically transform the system into a system of records as defined in this part.

(ii) In determining whether an automated system is a system of records that is subject to this part, retrieval policies and practices shall be evaluated. If DoD Component policy is to retrieve personal information by the name or other unique personal identifier, it is a system of records. If DoD Component policy prohibits retrieval by name or other identifier, but the actual practice of the Component is to retrieve information by name or identifier, even if done infrequently, it is a system of records.

(2) If records are retrieved by name or personal identifier, a system notice must be submitted in accordance with § 310.33.

(3) If records are not retrieved by name or personal identifier but then are rearranged in such a manner that they are retrieved by name or personal identifier, a new systems notice must be submitted in accordance with § 310.33.

(4) If records in a system of records are rearranged so that retrieval is no longer by name or other personal identifier, the records are no longer subject to this part and the system notice for the records shall be deleted in accordance with § 310.34.

(c) *Relevance and necessity.* Information or records about an individual shall only be maintained in a system of records that is relevant and necessary to accomplish a DoD Component purpose required by a Federal statute or an Executive Order.

(d) *Authority to establish systems of records.* Identify the specific statute or the Executive Order that authorizes maintaining personal information in each system of records. The existence of a statute or Executive Order mandating the maintenance of a system of records does not abrogate the responsibility to ensure that the information in the system of records is relevant and necessary. If a statute or Executive Order does not expressly direct the creation of a system of records, but the establishment of a system of records is necessary in order to discharge the requirements of the statute or Executive Order, the statute or Executive Order shall be cited as authority.

(e) *Exercise of First Amendment rights.* (1) Do not maintain any records describing how an individual exercises his or her rights guaranteed by the First Amendment of the U.S. Constitution except when:

(i) Expressly authorized by Federal statute;

(ii) Expressly authorized by the individual; or

(iii) Maintenance of the information is pertinent to and within the scope of an authorized law enforcement activity.

(2) First Amendment rights include, but are not limited to, freedom of religion, freedom of political beliefs, freedom of speech, freedom of the press, the right to assemble, and the right to petition.

(f) *System Manager's evaluation.* (1) Evaluate the information to be included in each new system before establishing the system and evaluate periodically the information contained in each existing system of records for relevancy and necessity. Such a review shall also occur when a system notice alteration or amendment is prepared (see § 310.33 and § 310.34).

(2) Consider the following:

(i) The relationship of each item of information retained and collected to the purpose for which the system is maintained;

(ii) The specific impact on the purpose or mission of not collecting each category of information contained in the system;

(iii) The possibility of meeting the informational requirements through use of information not individually identifiable or through other techniques, such as sampling;

(iv) The length of time each item of personal information must be retained;

(v) The cost of maintaining the information; and

(vi) The necessity and relevancy of the information to the purpose for which it was collected.

(g) *Discontinued information requirements.* (1) Stop collecting immediately any category or item of personal information for which retention is no longer justified. Also delete this information from existing records, when feasible.

(2) Do not destroy any records that must be retained in accordance with disposal authorizations established under 44 U.S.C. 3303a, Examination by Archivist of Lists and Schedules of Records Lacking Preservation Value; Disposal of Records.''

§ 310.11 Standards of accuracy.

(a) *Accuracy of information maintained.* Maintain all personal information used or may be used to make any determination about an individual with such accuracy, relevance, timeliness, and completeness as is reasonably necessary to ensure fairness to the individual in making any such determination.

(b) *Accuracy determinations before dissemination.* Before disseminating any personal information from a system of records to any person outside the Department of Defense, other than a Federal Agency, make reasonable efforts to ensure the information to be disclosed is accurate, relevant, timely, and complete for the purpose it is being maintained (see § 310.21(d)).

§ 310.12 Government contractors.

(a) *Applicability to government contractors.* (1) When a DoD Component contract requires the operation or maintenance of a system of records or a portion of a system of records or requires the performance of any activities associated with maintaining a system of records, including the collection, use, and dissemination of records, the record system or the portion of the record system affected are considered to be maintained by the DoD Component and are subject to this part. The Component is responsible for applying the requirements of this part to the contractor. The contractor and its employees are to be considered employees of the DoD Component for purposes of the criminal provisions of 5 U.S.C 552a(i) during the performance of the contract. Consistent with the Federal Acquisition Regulation (FAR), Part 24.1, contracts requiring the maintenance or operation of a system of records or the portion of a system of records shall include in the solicitation and resulting contract such terms as are prescribed by the FAR.

(2) If the contractor must use, have access to, or disseminate individually identifiable information subject to this part in order to perform any part of a contract, and the information would have been collected, maintained, used, or disseminated by the DoD Component but for the award of the contract, these contractor activities are subject to this part.

(3) The restriction in paragraphs (a)(1) and (2) of this section do not apply to records:

(i) Established and maintained to assist in making internal contractor management decisions, such as records maintained by the contractor for use in managing the contract;

(ii) Maintained as internal contractor employee records even when used in conjunction with providing goods and services to the Department of Defense; or

(iii) Maintained as training records by an educational organization contracted by a DoD Component to provide training when the records of the contract students are similar to and commingled with training records of other students (for example, admission forms, transcripts, academic counseling and similar records).

(iv) Maintained by a consumer reporting agency to which records have been disclosed under contract in accordance with the Federal Claims Collection Act of 1966, 31 U.S.C. 3711(e).

(v) Maintained by the contractor incident to normal business practices and operations.

(4) The DoD Components shall publish instructions that:

(i) Furnish DoD Privacy Program guidance to their personnel who solicit, award, or administer Government contracts;

(ii) Inform prospective contractors of their responsibilities, and provide training as appropriate, regarding the DoD Privacy Program; and

(iii) Establish an internal system of contractor performance review to ensure compliance with the DoD Privacy Program.

(b) *Contracting procedures.* The Defense Acquisition Regulations Council shall develop the specific policies and procedures to be followed when soliciting bids, awarding contracts or administering contracts that are subject to this part.

(c) *Contractor compliance.* Through the various contract surveillance programs, ensure contractors comply with the procedures established in accordance with §310.12(b).

(d) *Disclosure of records to contractors.* Disclosure of records contained in a system of records by a DoD Component to a contractor for use in the performance of a DoD contract is considered a disclosure within the Department of Defense (see §310.21(b)). The contractor is considered the agent of the contracting DoD Component and to be maintaining and receiving the records for that Component.

§310.13 Safeguarding personal information.

(a) *General responsibilities.* DoD Components shall establish appropriate administrative, technical and physical safeguards to ensure that the records in each system of records are protected from unauthorized access, alteration, or disclosure and that their confidentiality is preserved and protected. Records shall be protected against reasonably anticipated threats or hazards that could result in substantial harm, embarrassment, inconvenience, or unfairness to any individual about whom information is kept.

(b) *Minimum standards.* (1) Tailor system safeguards to conform to the type of records in the system, the sensitivity of the personal information stored, the storage medium used and, to a degree, the number of records maintained.

(2) Treat all unclassified records that contain personal information that normally would be withheld from the public under Freedom of Information Exemption Numbers 6 and 7 of 286.12, subpart C of 32 CFR part 286 (''DoD Freedom of Information Act Program'') as ''For Official Use Only,'' and safeguard them accordingly, in accordance with DoD 5200.1–R even if they are not actually marked ''For Official Use Only.''

(3) Personal information that does not meet the criteria discussed in paragraph (b)(2) of this section shall be accorded protection commensurate with the nature and type of information involved.

(4) Special administrative, physical, and technical procedures are required to protect data that is stored or processed in an information technology system to protect against threats unique to an automated environment (see appendix A).

(5) Tailor safeguards specifically to the vulnerabilities of the system.

(c) *Records disposal.* (1) Dispose of records containing personal data so as to prevent inadvertent compromise. Disposal methods are those approved by the Component or the National Institute of Standards and Technology. For paper records, disposal methods, such as tearing, burning, melting, chemical decomposition, pulping, pulverizing, shredding, or mutilation are acceptable. For electronic records, and media, disposal methods, such as overwriting, degaussing, disintegration,

pulverization, burning, melting, incineration, shredding or sanding, are acceptable.

(2) Disposal methods are considered adequate if the personal data is rendered unrecognizable or beyond reconstruction.

§ 310.14 Notification when information is lost, stolen, or compromised.

(a) If records containing personal information are lost, stolen, or compromised, the potential exists that the records may be used for unlawful purposes, such as identity theft, fraud, stalking, etc. The personal impact on the affected individual may be severe if the records are misused. To assist the individual, the Component shall promptly notify the individual of any loss, theft, or compromise (See also, § 310.50 for reporting of the breach to Senior Component Official for Privacy and the Defense Privacy Office).

(1) The notification shall be made whenever a breach occurs that involves personal information pertaining to a service member, civilian employee (appropriated or non-appropriated fund), military retiree, family member, DoD contractor, other persons that are affiliated with the Component (e.g., volunteer), and/or any other member of the public on whom information is maintained by the Component or by a contractor on behalf of the Component.

(2) The notification shall be made as soon as possible, but not later than 10 working days after the loss, theft, or compromise is discovered and the identities of the individuals ascertained.

(i) The 10 day period begins to run after the Component is able to determine the identities of the individuals whose records were lost.

(ii) If the Component is only able to identify some but not all of the affected individuals, notification shall be given to those that can be identified with follow-up notifications made to those subsequently identified.

(iii) If the Component cannot readily identify the affected individuals or will not be able to identify the individuals, the Component shall provide a generalized notice to the potentially impacted population by whatever means the Component believes is most likely to reach the affected individuals.

(3) When personal information is maintained by a DoD contractor on behalf of the Component, the contractor shall notify the Component immediately upon discovery that a loss, theft or compromise has occurred.

(i) The Component shall determine whether the Component or the contractor shall make the required notification.

(ii) If the contractor is to notify the impacted population, it shall submit the notification letters to the Component for review and approval. The Component shall coordinate with the Contractor to ensure the letters meet the requirements of § 310.14.

(4) Subject to paragraph (a)(2) of this section, the Component shall inform the Deputy Secretary of Defense of the reasons why notice was not provided to the individuals or the affected population within the 10-day period.

(i) If for good cause (e.g., law enforcement authorities request delayed notification as immediate notification will jeopardize investigative efforts), notice can be delayed, but the delay shall only be for a reasonable period of time. In determining what constitutes a reasonable period of delay, the potential harm to the individual must be weighed against the necessity for delayed notification.

(ii) The required notification shall be prepared and forwarded to the Senior Component Official for Privacy who shall forward it to the Defense Privacy Office. The Defense Privacy Office, in coordination with the Office of the Under Secretary of Defense for Personnel and Readiness, shall forward the notice to the Deputy Secretary.

(5) The notice to the individual, at a minimum, shall include the following:

(i) The individuals shall be advised of what specific data was involved. It is insufficient to simply state that personal information has been lost. Where names, social security numbers, and dates of birth are involved, it is critical that the individual be advised that these data elements potentially have been compromised.

(ii) The individual shall be informed of the facts and circumstances surrounding the loss, theft, or compromise. The description of the loss should be sufficiently detailed so that

the individual clearly understands how the compromise occurred.

(iii) The individual shall be informed of what protective actions the Component is taking or the individual can take to mitigate against potential future harm. The Component should refer the individual to the Federal Trade Commission's public Web site on identity theft at *http://www.consumer.gov/idtheft/con_steps.htm.* The site provides valuable information as to what steps individuals can take to protect themselves if their identities potentially have been or are stolen.

(iv) A sample notification letter is at appendix B.

(b) The notification shall be made whether or not the personal information is contained in a system of records (See § 310.10(a)).

Subpart C—Collecting Personal Information

§ 310.15 General considerations.

(a) *Collect directly from the individual.* Collect to the greatest extent practicable personal information directly from the individual to whom it pertains if the information may result in adverse determination about an individual's rights, privileges, or benefits under any Federal program.

(b) *Collecting social security numbers (SSNs).* (1) It is unlawful for any Federal, State, or local governmental agency to deny an individual any right, benefit, or privilege provided by law because the individual refuses to provide his or her SSN. However, if a Federal statute requires the SSN be furnished or if the SSN is furnished to a DoD Component maintaining a system of records in existence that was established and in operation before January 1, 1975, and the SSN was required under a statute or regulation adopted prior to this date for purposes of verifying the identity of an individual, this restriction does not apply.

(2) When an individual is requested to provide his or her SSN, he or she must be told:

(i) What uses will be made of the SSN;

(ii) The statute, regulation, or rule authorizing the solicitation of the SSN; and

(iii) Whether providing the SSN is voluntary or mandatory.

(3) Include in any systems notice for any system of records that contains SSNs a statement indicating the authority for maintaining the SSN.

(4) E.O. 9397,''Numbering System for Federal Accounts Relating to Individual Persons'', November 30, 1943, authorizes solicitation and use of SSNs as a numerical identifier for Federal personnel that are identified in most Federal record systems. However, it does not constitute authority for mandatory disclosure of the SSN.

(5) Upon entrance into military service or civilian employment with the Department of Defense, individuals are asked to provide their SSNs. The SSN becomes the service or employment number for the individual and is used to establish personnel, financial, medical, and other official records. The notification in paragraph (b)(2) of this section shall be provided the individual when originally soliciting his or her SSN. The notification is not required if an individual is requested to furnish his SSN for identification purposes and the SSN is solely used to verify the SSN that is contained in the records. However, if the SSN is solicited and retained for any purposes other than verifying the existing SSN in the records, the requesting official shall provide the individual the notification required by paragraph (b)(2) of this section.

(6) Components shall ensure that the SSN is only collected when there is a demonstrated need for collection. If collection is not essential for the purposes for which the record or records are being maintained, it should not be solicited.

(7) DoD Components shall continually review their use of the SSN to determine whether such use can be eliminated, restricted, or concealed in Component business processes, systems and paper and electronic forms. While use of the SSN may be essential for program integrity and national security when information about an individual is disclosed outside the DoD, it may not be as critical when the information is being used for internal Departmental purposes.

(c) *Collecting personal information from third parties.* When information being solicited is of an objective nature and is not subject to being altered, the information should first be collected from the individual. But it may not be practicable to collect personal information first from the individual in all cases. Some examples of this are:

(1) Verification of information through third-party sources for security or employment suitability determinations;

(2) Seeking third-party opinions such as supervisor comments as to job knowledge, duty performance, or other opinion-type evaluations;

(3) When obtaining information first from the individual may impede rather than advance an investigative inquiry into the actions of the individual; and

(4) Contacting a third party at the request of the individual to furnish certain information such as exact periods of employment, termination dates, copies of records, or similar information.

(d) *Privacy Act Statements.* (1) When an individual is requested to furnish personal information about himself or herself for inclusion in a system of records, a Privacy Act Statement is required regardless of the medium used to collect the information (forms, personal interviews, telephonic interviews, or other methods). The Privacy Act Statement consists of the elements set forth in paragraph (d)(2)of this section. The statement enables the individual to make an informed decision whether to provide the information requested. If the personal information solicited is not to be incorporated into a system of records, the statement need not be given. However, personal information obtained without a Privacy Act Statement shall not be incorporated into any system of records. When soliciting SSNs for any purpose, see paragraph (b)(2) of this section.

(2) The Privacy Act Statement shall include:

(i) The Federal statute or Executive Order that authorizes collection of the requested information (See § 310.10(d)).

(ii) The principal purpose or purposes for which the information is to be used;

(iii) The routine uses that will be made of the information (See § 310.22(d));

(iv) Whether providing the information is voluntary or mandatory (See paragraph (e) of this section); and

(v) The effects on the individual if he or she chooses not to provide the requested information.

(3) The Privacy Act Statement shall be concise, current, and easily understood.

(4) The Privacy Act statement may appear as a public notice (sign or poster), conspicuously displayed in the area where the information is collected, such as at check-cashing facilities or identification photograph facilities (but see § 310.16(a)).

(5) The individual normally is not required to sign the Privacy Act Statement.

(6) The individual shall be provided a written copy of the Privacy Act Statement upon request. This must be done regardless of the method chosen to furnish the initial advisement.

(e) *Mandatory as opposed to voluntary disclosures.* Include in the Privacy Act Statement specifically whether furnishing the requested personal data is mandatory or voluntary. A requirement to furnish personal data is mandatory only when the DoD Component is authorized to impose a penalty on the individual for failure to provide the requested information. If a penalty cannot be imposed, disclosing the information is always voluntary.

§ 310.16 Forms.

(a) *DoD Forms.* (1) DoD Instruction 7750.7[8] provides guidance for preparing Privacy Act Statements for use with forms (see also paragraph (b) of this section).

(2) When forms are used to collect personal information, the Privacy Act Statement shall appear as follows (listed in the order of preference):

(i) In the body of the form, preferably just below the title so that the reader will be advised of the contents of the statement before he or she begins to complete the form;

[8] See footnote 1 to § 310.1.

(ii) On the reverse side of the form with an appropriate annotation under the title giving its location;

(iii) On a tear-off sheet attached to the form; or

(iv) As a separate supplement to the form.

(b) *Forms issued by non-DoD activities.* (1) Forms subject to the Privacy Act issued by other Federal Agencies must have a Privacy Act Statement. Always ensure the statement prepared by the originating Agency is adequate for the purpose for which the form shall be used by the DoD activity. If the Privacy Act Statement provided is inadequate, the DoD Component concerned shall prepare a new statement or a supplement to the existing statement before using the form.

(2) Forms issued by agencies not subject to the Privacy Act (State, municipal, and other local agencies) do not contain Privacy Act Statements. Before using a form prepared by such agencies to collect personal data subject to this part, an appropriate Privacy Act Statement must be added.

Subpart D—Access by Individuals

§ 310.17 Individual access to personal information.

(a) *Individual access.* (1) The access provisions of this part are intended for use by individuals who seek access to records about themselves that are maintained in a system of records. Release of personal information to individuals under this part is not considered public release of the information.

(2) Make available to the individual to whom the record pertains all of the personal information contained in the system of records except where access may be denied pursuant to an exemption claimed for the system (see subpart F to this part). However, when the access provisions of this subpart are not available to the individual due to a claimed exemption, the request shall be processed to provide information that is disclosable pursuant to the DoD Freedom of Information Act program (see 32 CFR, part 286).

(b) *Individual requests for access.* Individuals shall address requests for access to personal information in a system of records to the system manager or to the office designated in the DoD Component procedural rules or the system notice.

(c) *Verification of identity.* (1) Before granting access to personal data, an individual may be required to provide reasonable proof of his or her identity.

(2) Identity verification procedures shall not:

(i) Be so complicated as to discourage unnecessarily individuals from seeking access to information about themselves; or

(ii) Be required of an individual seeking access to records that normally would be available under the DoD Freedom of Information Act Program (see 32 CFR, part 286).

(iii) When an individual seeks personal access to records pertaining to themselves in person, proof of identity is normally provided by documents that an individual ordinarily possesses, such as employee and military identification cards, driver's license, other licenses, permits or passes used for routine identification purposes.

(iv) When access is requested by mail, identity verification may consist of the individual providing certain minimum identifying data, such as full name, date and place of birth, or such other personal information necessary to locate the record sought and information that is ordinarily only known to the individual. If the information sought is of a sensitive nature, additional identifying data may be required. An unsworn declaration under penalty of perjury (28 U.S.C. 1746, ''Unsworn Declaration under Penalty of Perjury'') or notarized signatures are acceptable as a means of proving the identity of the individual.

(A) If an unsworn declaration is executed within the United States, its territories, possessions, or commonwealths, it shall read ''I declare (or certify, verify, or state) under penalty of perjury that the foregoing is true and correct. Executed on (date). (Signature).''

(B) If an unsworn declaration is executed outside the United States, it shall read ''I declare (or certify, verify, or state) under penalty of perjury under the laws of the United States of America that the foregoing is true and

correct. Executed on (date). (Signature).''

(v) If an individual wishes to be accompanied by a third party when seeking access to his or her records or to have the records released directly to a third party, the individual may be required to furnish a signed access authorization granting the third-party access.

(vi) An individual shall not be refused access to his or her record solely because he or she refuses to divulge his or her SSN unless the SSN is the only method by which retrieval can be made. (See §310.15(b).)

(vii) The individual is not required to explain or justify his or her need for access to any record under this part.

(viii) Only a denial authority may deny access and the denial must be in writing and contain the information required by 310.18.

(d) *Granting individual access to records.* (1) Grant the individual access to the original record or an exact copy of the original record without any changes or deletions, except when deletions have been made in accordance with paragraph (e) of this Section. For the purpose of granting access, a record that has been amended under §310.19(b)is considered to be the original. See paragraph (e) of this Section for the policy regarding the use of summaries and extracts.

(2) Provide exact copies of the record when furnishing the individual copies of records under this part.

(3) Explain in terms understood by the requestor any record or portion of a record that is not clear.

(e) *Illegible, incomplete, or partially exempt records.* (1) Do not deny an individual access to a record or a copy of a record solely because the physical condition or format of the record does not make it readily available (for example, deteriorated state or on magnetic tape). Either prepare an extract or recopy the document exactly.

(2) If a portion of the record contains information that is exempt from access, an extract or summary containing all of the information in the record that is releasable shall be prepared.

(3) When the physical condition of the record or its state makes it necessary to prepare an extract for release, ensure the extract can be understood by the requester.

(4) Explain to the requester all deletions or changes to the records.

(f) *Access to medical records.* (1) Access to medical records is not only governed by the access provisions of this part but also by the access provisions of DoD 6025.18–R. The Privacy Act, as implemented by this part, however, provides greater access to an individual's medical record than that authorized by DoD 6025.18–R.

(2) Medical records in a system of records shall be disclosed to the individual to whom they pertain, even if a minor, but when it is believed that access to such records could have an adverse effect on the mental or physical health of the individual or may result in harm to a third party, the following special procedures apply.

(i) If a determination is made in consultation with a medical doctor that release of the medical information may be harmful to the mental or physical health of the individual or to a third party, the Component shall:

(A) Send the record to a physician named by the individual; and

(B) In the transmittal letter to the physician explain why access by the individual without proper professional supervision could be harmful (unless it is obvious from the record).

(ii) The Component shall not require the physician to request the records for the individual.

(3) If the individual refuses or fails to designate a physician, the record shall not be provided. Such refusal of access is not considered a denial under the Privacy Act (see paragraph (a) of §310.18).

(4) If records are provided the designated physician, but the physician declines or refuses to provide the records to the individual, the DoD Component is under an affirmative duty to take action to deliver the records to the individual by whatever means deemed appropriate. Such action should be taken expeditiously especially if there has been a significant delay between the time the records were furnished the physician and the decision by the physician not to release the records.

(5) Access to a minor's medical records may be granted to his or her parents or legal guardians. However, access is subject to the restrictions as set forth at paragraph C9.7.3 of DoD 6025.18–R.

(6) All members of the Military Services and all married persons are not considered minors regardless of age, and the parents of these individual do not have access to their medical records without written consent of the individual.

(g) *Access to information compiled in anticipation of civil action (see § 310.27).*

(h) *Non-Agency records.* (1) Certain documents under the physical control of DoD personnel and used to assist them in performing official functions, are not considered ''Agency records'' within the meaning of this part. Uncirculated personal notes and records that are not disseminated or circulated to any person or organization (for example, personal telephone lists or memory aids) that are retained or discarded at the author's discretion and over which the Component exercises no direct control are not considered Agency records. However, if personnel are officially directed or encouraged, either in writing or orally, to maintain such records, they may become ''Agency records,'' and may be subject to this part.

(2) The personal uncirculated handwritten notes of unit leaders, office supervisors, or military supervisory personnel concerning subordinates are not systems of records within the meaning of this part. Such notes are an extension of the individual's memory. These notes, however, must be maintained and discarded at the discretion of the individual supervisor and not circulated to others. Any established requirement to maintain such notes (such as, written or oral directives, regulations, or command policy) may transform these notes into ''Agency records'' and they then must be made a part of a system of records. If the notes are circulated, they must be made a part of a system of records. Any action that gives personal notes the appearance of official Agency records is prohibited, unless the notes have been incorporated into a system of records.

(i) *Relationship between the Privacy Act (5 U.S.C. 552a) and the FOIA (5 U.S.C. 552).* Not all requesters are knowledgeable of the appropriate statutory authority to cite when requesting records. In some instances, they may cite neither Act, but will imply one or both Acts. The below guidelines are provided to ensure requesters are given the maximum amount of information as authorized under both statutes.

(1) Process requests for individual access as follows:

(i) If the records are required to be released under the Privacy Act, the FOIA (32 CFR part 286) does not bar release even if a FOIA exemption could be invoked if the request had been processed solely under FOIA. Conversely, if the records are required to be released under the FOIA, the Privacy Act does not bar disclosure.

(ii) Requesters who seek records about themselves contained in a Privacy Act system of records, and who cite or imply only the Privacy Act, will have their records processed under the provisions of this part and the FOIA (32 CFR part 286). If the system of records is exempt from the access provisions of this part, and if the records, or any portion thereof, are exempt under the FOIA, the requester shall be advised and informed of the appropriate Privacy and FOIA exemption. Only if the records can be denied under both statutes may the Department withhold the records from the individual. Appeals shall be processed under both Acts.

(iii) Requesters who seek records about themselves that are not contained in a Privacy Act system of records, and who cite or imply only the Privacy Act, will have their requests processed under the provisions of the FOIA (32 CFR part 286), because the access provisions of this part do not apply. Appeals shall be processed under the FOIA.

(iv) Requesters who seek records about themselves that are contained in a Privacy Act system of records, and who cite or imply the FOIA or both Acts, will have their requests processed under the provisions of this part and the FOIA (32 CFR part 286). If the system of records is exempt from the access provisions of this part, and if the records, or any portion thereof, are exempt under the FOIA, the requester

shall be advised and informed of the appropriate Privacy and FOIA exemption. Appeals shall be processed under both Acts.

(v) Requesters who seek records about themselves that are not contained in a Privacy Act system of records, and who cite or imply the Privacy Act and FOIA, will have their requests processed under the FOIA (32 CFR part 286), because the access provisions of this part do not apply. Appeals shall be processed under the FOIA.

(2) Do not deny individuals' access to personal information concerning themselves that would otherwise be releasable to them under either Act solely because they fail to cite or imply either Act or cite the wrong Act or part.

(3) Explain to the requester which Act(s) was(were) used when granting or denying access under either Act.

(j) *Time limits.* DoD Components normally shall acknowledge requests for access within 10 working days after receipt and provide access within 30 working days.

(k) *Privacy case file.* Establish a Privacy Act case file when required. (See paragraph (p) of §310.19.)

§310.18 Denial of individual access.

(a) *Denying individual access.* (1) An individual may be denied access to a record pertaining to him or her only if the record:

(i) Was compiled in reasonable anticipation of a civil action or proceeding (see §310.27).

(ii) Is in a system of records that has been exempted from the access provisions of this part under one of the permitted exemptions. (See §310.28 and §310.29.)

(iii) Contains classified information that has been exempted from the access provision of this part under the blanket exemption for such material claimed for all DoD records systems. (See §310.26(c).).

(iv) Is contained in a system of records for which access may be denied under some other Federal statute that excludes the record from coverage of the Privacy Act (5 U.S.C. 552a).

(2) Where a basis for denial exists, do not deny the record, or portions of the record, if denial does not serve a legitimate governmental purpose.

(b) *Other reasons to refuse access:*

(1) An individual may be refused access if:

(i) The record is not described well enough to enable it to be located with a reasonable amount of effort on the part of an employee familiar with the file; or

(ii) Access is sought by an individual who fails or refuses to comply with the established procedural requirements, including refusing to name a physician to receive medical records when required (see paragraph (f) of §310.17) or to pay fees (see §310.20).

(2) Always explain to the individual the specific reason access has been refused and how he or she may obtain access.

(c) *Notifying the individual.* Formal denials of access must be in writing and include as a minimum:

(1) The name, title or position, and signature of a designated Component denial authority.

(2) The date of the denial.

(3) The specific reason for the denial, including specific citation to the appropriate sections of the Privacy Act (5 U.S.C. 552a) or other statutes, this part, DoD Component instructions, or CFR authorizing the denial;

(4) Notice to the individual of his or her right to appeal the denial through the Component appeal procedure within 60 calendar days; and

(5) The title or position and address of the Privacy Act appeals official for the Component.

(d) *DoD Component appeal procedures.* Establish internal appeal procedures that, as a minimum, provide for:

(1) Review by the Head of the Component or his or her designee of any appeal by an individual from a denial of access to Component records.

(2) Formal written notification to the individual by the appeal authority that shall:

(i) If the denial is sustained totally or in part, include as a minimum:

(A) The exact reason for denying the appeal to include specific citation to the provisions of the Act or other statute, this part, Component instructions or the CFR upon which the determination is based;

(B) The date of the appeal determination;

(C) The name, title, and signature of the appeal authority; and

(D) A statement informing the applicant of his or her right to seek judicial relief.

(ii) If the appeal is granted, notify the individual and provide access to the material to which access has been granted.

(3) The written appeal notification granting or denying access is the final Component action as regards access.

(4) The individual shall file any appeal from denial of access within no less than 60 calendar days of receipt of the denial notification.

(5) Process all appeals within 30 days of receipt unless the appeal authority determines that a fair and equitable review cannot be made within that period. Notify the applicant in writing if additional time is required for the appellate review. The notification must include the reasons for the delay and state when the individual may expect an answer to the appeal.

(e) *Denial of appeals by failure to act.* A requester may consider his or her appeal formally denied if the appeal authority fails:

(1) To act on the appeal within 30 days;

(2) To provide the requester with a notice of extension within 30 days; or

(3) To act within the time limits established in the Component's notice of extension (see paragraph (d)(5) of this section).

(f) *Denying access to OPM records held by the DoD Components.* (1) The records in all systems of records maintained in accordance with the OPM Government-wide system notices are technically only in the temporary custody of the Department of Defense.

(2) All requests for access to these records must be processed in accordance with 5 CFR part 297 as well as applicable Component procedures.

(3) When a DoD Component refuses to grant access to a record in an OPM system, the Component shall advise the individual that his or her appeal must be directed to the Assistant Director for Workforce Information, Personnel Systems and Oversight Group, U.S. Office of Personnel Management, 1900 E Street, NW., Washington, DC, in accordance with the procedures of 5 CFR part 297.

§ 310.19 Amendment of records.

(a) *Individual review and correction.* Individuals are encouraged to review the personal information being maintained about them by the DoD Components periodically and to avail themselves of the procedures established by this part and other Regulations to update their records.

(b) *Amending records.* (1) An individual may request the amendment of any record contained in a system of records pertaining to him or her unless the system of records has been exempted specifically from the amendment procedures of this part under paragraph (b) of § 310.26. Normally, amendments under this part are limited to correcting factual matters and not matters of official judgment, such as performance ratings, promotion potential, and job performance appraisals.

(2) While a Component may require that the request for amendment be in writing, this requirement shall not be used to discourage individuals from requesting valid amendments or to burden needlessly the amendment process.

(3) A request for amendment must include:

(i) A description of the item or items to be amended;

(ii) The specific reason for the amendment;

(iii) The type of amendment action sought (deletion, correction, or addition); and

(iv) Copies of available documentary evidence supporting the request.

(c) *Burden of proof.* The applicant must support adequately his or her claim.

(d) *Identification of requesters.* (1) Individuals may be required to provide identification to ensure that they are indeed seeking to amend a record pertaining to themselves and not, inadvertently or intentionally, the record of others.

(2) The identification procedures shall not be used to discourage legitimate requests or to burden needlessly or delay the amendment process. (See paragraph (c) of § 310.17.)

(e) *Limits on attacking evidence previously submitted.* (1) The amendment process is not intended to permit the alteration of records presented in the course of judicial or quasi-judicial proceedings. Any amendments or changes to these records normally are made through the specific procedures established for the amendment of such records.

(2) Nothing in the amendment process is intended or designed to permit a collateral attack upon what has already been the subject of a judicial or quasi-judicial determination. However, while the individual may not attack the accuracy of the judicial or quasi-judicial determination under this part, he or she may challenge the accuracy of the recording of that action.

(f) *Sufficiency of a request to amend.* Consider the following factors when evaluating the sufficiency of a request to amend:

(1) The accuracy of the information; and

(2) The relevancy, timeliness, completeness, and necessity of the recorded information.

(g) *Time limits.* (1) Provide written acknowledgement of a request to amend within 10 working days of its receipt by the appropriate systems manager. There is no need to acknowledge a request if the action is completed within 10 working days and the individual is so informed.

(2) The letter of acknowledgement shall clearly identify the request and advise the individual when he or she may expect to be notified of the completed action.

(3) Only under the most exceptional circumstances shall more than 30 days be required to reach a decision on a request to amend. Document fully and explain in the Privacy Act case file (see paragraph (p) of this section) any such decision that takes more than 30 days to resolve.

(h) *Agreement to amend.* If the decision is made to grant all or part of the request for amendment, amend the record accordingly and notify the requester.

(i) *Notification of previous recipients.* (1) Notify all previous recipients of the record, as reflected in the disclosure accounting records, that an amendment has been made and the substance of the amendment. Recipients who are known to be no longer retaining the information need not be advised of the amendment. All DoD Components and Federal agencies known to be retaining the record or information, even if not reflected in a disclosure record, shall be notified of the amendment. Advise the requester of these notifications.

(2) Honor all requests by the requester to notify specific Federal agencies of the amendment action.

(j) *Denying amendment.* If the request for amendment is denied in whole or in part, promptly advise the individual in writing of the decision to include:

(1) The specific reason and authority for not amending;

(2) Notification that he or she may seek further independent review of the decision by the Head of the DoD Component or his or her designee;

(3) The procedures for appealing the decision citing the position and address of the official to whom the appeal shall be addressed; and

(4) Where he or she can receive assistance in filing the appeal.

(k) *DoD Component appeal procedures.* Establish procedures to ensure the prompt, complete, and independent review of each amendment denial upon appeal by the individual. These procedures must ensure:

(1) The appeal with all supporting materials both that furnished the individual and that contained in Component records is provided to the reviewing official; and

(2) If the appeal is denied completely or in part, the individual is notified in writing by the reviewing official that:

(i) The appeal has been denied and the specific reason and authority for the denial;

(ii) The individual may file a statement of disagreement with the appropriate authority and the procedures for filing this statement;

(iii) If filed properly, the statement of disagreement shall be included in the records, furnished to all future recipients of the records, and provided to all prior recipients of the disputed records who are known to hold the record; and

(iv) The individual may seek a judicial review of the decision not to amend.

(3) If the record is amended, ensure:

(i) The requester is notified promptly of the decision;

(ii) All prior known recipients of the records who are known to be retaining the record are notified of the decision and the specific nature of the amendment (see (l) of this section); and

(iii) The requester is notified which DoD Components and Federal agencies have been told of the amendment.

(4) Process all appeals within 30 days unless the appeal authority determines that a fair review cannot be made within this time limit. If additional time is required for the appeal, notify the requester, in writing, of the delay, the reason for the delay, and when he or she may expect a final decision on the appeal. Document fully all requirements for additional time in the Privacy Case File. (See paragraph (p) of this section.)

(l) *Denying amendment of OPM records held by the DoD Components.* (1) The records in all systems of records controlled by the OPM Government-wide system notices are technically only temporarily in the custody of the Department of Defense.

(2) All requests for amendment of these records must be processed in accordance with 5 CFR part 297. The Component denial authority may deny a request. However, when an amendment request is denied, the DoD Component shall advise the individual that his or her appeal must be directed to the Assistant Director for Workforce Information, Personnel Systems and Oversight Group, U.S. Office of Personnel Management, 1900 E Street, Washington, DC 20415 in accordance with the procedures of 5 CFR 297.

(m) *Statements of disagreement submitted by individuals.* (1) If the appellate authority refuses to amend the record as requested, the individual may submit a concise statement of disagreement setting forth his or her reasons for disagreeing with the decision not to amend.

(2) If an individual chooses to file a statement of disagreement, annotate the record to indicate that the statement has been filed (see paragraph (n) of this section).

(3) Furnish copies of the statement of disagreement to all DoD Components and Federal agencies that have been provided copies of the disputed information and who may be maintaining the information.

(n) *Maintaining statements of disagreement.* (1) When possible, incorporate the statement of disagreement into the record.

(2) If the statement cannot be made a part of the record, establish procedures to ensure that it is apparent from the records a statement of disagreement has been filed and maintain the statement so that it can be obtained readily when the disputed information is used or disclosed.

(3) Automated record systems that are not programmed to accept statements of disagreement shall be annotated or coded so they clearly indicate that a statement of disagreement is on file, and clearly identify the statement with the disputed information in the system.

(4) Provide a copy of the statement of disagreement whenever the disputed information is disclosed for any purpose.

(o) *The DoD Component statement of reasons for refusing to amend.* (1) A statement of reasons for refusing to amend may be included with any record for which a statement of disagreement is filed.

(2) Include in this statement only the reasons furnished to the individual for not amending the record. Do not comment on or respond to comments contained in the statement of disagreement. Normally, both statements are filed together.

(3) When disclosing information for which a statement of reasons has been filed, a copy of the statement may be released whenever the record and the statement of disagreement are disclosed.

(p) *Privacy case files.* (1) Establish a separate Privacy case file to retain the documentation received and generated during the amendment or access process.

(2) The Privacy case file shall contain as a minimum:

(i) The request for amendment and access.

(ii) Copies of the DoD Component's reply granting or denying the request;

(iii) Any appeals from the individual;

(iv) Copies of the action regarding the appeal with supporting documentation that is not in the basic file; and

(v) Any other correspondence generated in processing the appeal, to include coordination documentation.

(3) Only the items listed in paragraphs (p)(4) and (p)(5) of this section may be included in the system of records challenged for amendment or for which access is sought. Do not retain copies of the original record in the basic record system if the request for amendment is granted and the record has been amended.

(4) The following items relating to an amendment request may be included in the disputed record system:

(i) Copies of the amended record.

(ii) Copies of the individual's statement of disagreement (see paragraph (m) of this section).

(iii) Copies of the Component's statement of reasons for refusing to amend (see paragraph (o) of this section).

(iv) Supporting documentation submitted by the individual.

(5) The following items relating to an access request may be included in the basic records system:

(i) Copies of the request;

(ii) Copies of the Component's action granting total or partial access. (NOTE: A separate Privacy case file need not be created in such cases.)

(iii) Copies of the Component's action denying access.

(iv) Copies of any appeals filed.

(v) Copies of the reply to the appeal.

(6) Privacy case files shall not be furnished or disclosed to anyone for use in making any determination about the individual other than determinations made under this part.

§ 310.20 Reproduction fees.

(a) *Assessing fees.* (1) Charge the individual only the direct cost of reproduction.

(2) Do not charge reproduction fees if copying is:

(i) The only means to make the record available to the individual (for example, a copy of the record must be made to delete classified information); or

(ii) For the convenience of the DoD Component (for example, the Component has no reading room where an individual may review the record, or reproduction is done to keep the original in the Component's file).

(iii) No fees shall be charged when the record may be obtained without charge under any other Regulation, Directive, or statute.

(iv) Do not use fees to discourage requests.

(b) *No minimum fees authorized.* Use fees only to recoup direct reproduction costs associated with granting access. Minimum fees for duplication are not authorized and there is no automatic charge for processing a request.

(c) *Prohibited fees.* Do not charge or collect fees for:

(1) Search and retrieval of records;

(2) Review of records to determine releasability;

(3) Copying records for the DoD Component convenience or when the individual has not specifically requested a copy;

(4) Transportation of records and personnel; or

(5) Normal postage.

(d) *Waiver of fees.* (1) Normally, fees are waived automatically if the direct costs of a given request are less than $30. This fee waiver provision does not apply when a waiver has been granted to the individual before, and later requests appear to be an extension or duplication of that original request. A DoD Component may, however, set aside this automatic fee waiver provision when, on the basis of good evidence, it determines the waiver of fees is not in the public interest.

(2) Decisions to waive or reduce fees that exceed the automatic waiver threshold shall be made on a case-by-case basis.

(e) *Fees for members of Congress.* Do not charge members of Congress for copying records furnished even when the records are requested under the Privacy Act on behalf of a constituent (See § 310.22(i)). When replying to a constituent inquiry and the fees involved are substantial, consider suggesting to the Congressman that the constituent can obtain the information directly by

writing to the appropriate offices and paying the costs. When practical, suggest to the Congressman that the record can be examined at no cost if the constituent wishes to visit the custodian of the record.

(f) *Reproduction fees computation.* Compute fees using the appropriate portions of the fee schedule in 32 CFR part 286.

Subpart E—Disclosure of Personal Information to Other Agencies and Third Parties

§ 310.21 Conditions of disclosure.

(a) *Disclosures to third parties.* (1) The Privacy Act only compels disclosure of records from a system of records to the individuals to whom they pertain unless the records are contained in a system for which an exemption to the access provisions of this part has been claimed.

(2) Requests by other individuals (third parties) for the records of individuals that are contained in a system of records shall be processed under 32 CFR part 286 except for requests by the parents of a minor or the legal guardian of an individual for access to the records pertaining to the minor or individual.

(b) *Disclosures among the DoD Components.* For the purposes of disclosure and disclosure accounting, the Department of Defense is considered a single agency (see § 310.22(a)).

(c) *Disclosures outside the Department of Defense.* Do not disclose personal information from a system of records outside the Department of Defense unless:

(1) The record has been requested by the individual to whom it pertains.

(2) The written consent of the individual to whom the record pertains has been obtained for release of the record to the requesting Agency, activity, or individual; or

(3) The release is authorized pursuant to one of the specific non-consensual conditions of disclosure as set forth in § 310.22.

(d) *Validation before disclosure.* Except for releases made in accordance with 32 CFR part 286, the following steps shall be taken before disclosing any records to any recipient outside the Department of Defense, other than a Federal agency or the individual to whom it pertains:

(1) Ensure the records are accurate, timely, complete, and relevant for agency purposes;

(2) Contact the individual, if reasonably available, to verify the accuracy, timeliness, completeness, and relevancy of the information, if this cannot be determined from the record; or

(3) If the information is not current and the individual is not reasonably available, advise the recipient that the information is believed accurate as of a specific date and any other known factors bearing on its accuracy and relevancy.

§ 310.22 Non-consensual conditions of disclosure.

(a) *Disclosures within the Department of Defense.* (1) Records pertaining to an individual may be disclosed to a DoD official or employee provided:

(i) The requester has a need for the record in the performance of his or her assigned duties. The requester shall articulate in sufficient detail why the records are required so the custodian of the records may make an informed decision regarding their release;

(ii) The intended use of the record generally relates to the purpose for which the record is maintained; and

(iii) Only those records as are minimally required to accomplish the intended use are disclosed. The entire record is not released if only a part of the record will be responsive to the request.

(2) Rank, position, or title alone does not authorize access to personal information about others.

(b) *Disclosures required by the FOIA.* (1) All records must be disclosed if their release is required by FOIA (5 U.S.C. 552), as implemented by 32 CFR part 286. The FOIA requires records be made available to the public unless withholding is authorized pursuant to one of nine exemptions or one of three law enforcement exclusions under the Act.

(i) The DoD Component must be in receipt of a FOIA request and a determination made that the records are not

withholdable pursuant to a FOIA exemption or exclusion before the records may be disclosed.

(ii) Records that have traditionally been released to the public by the Components may be disclosed whether or not a FOIA request has been received.

(2) The standard for exempting most personal records, such as personnel, medical, and similar records, is FOIA Exemption 6 (32 CFR part 286.12(e)). Under that exemption, records can be withheld when disclosure, if other than to the individual about whom the information pertains, would result in a clearly unwarranted invasion of the individual's personal privacy.

(3) The standard for exempting personal records compiled for law enforcement purposes, including personnel security investigation records, is FOIA Exemption 7(C) (32 CFR part 286.12(g)). Under that exemption, records can be withheld when disclosure, if other than to the individual about whom the information pertains, would result in an unwarranted invasion of the individual's personal privacy.

(4) If records or information are exempt from disclosure pursuant to the standards set forth in paragraphs (b)(2) and/or (b)(3) of this section, and the records are contained in a system of records (See §310.10(a) of subpart B, the Privacy Act (5 U.S.C. 552a) prohibits release.

(5) *Personal information that is normally releasable*—(i) *DoD civilian employees.* (A) Some examples of personal information regarding DoD civilian employees that normally may be released without a clearly unwarranted invasion of personal privacy include:

(*1*) Name.

(*2*) Present and past position titles.

(*3*) Present and past grades.

(*4*) Present and past annual salary rates.

(*5*) Present and past duty stations.

(*6*) Office and duty telephone numbers.

(*7*) Position descriptions.

(B) All disclosures of personal information regarding Federal civilian employees shall be made in accordance with OPM release policies (see 5 CFR part 293.311).

(ii) *Military members.* (A) While it is not possible to identify categorically information that must be released or withheld from military personnel records in every instance, the following items of personal information regarding military members normally may be disclosed without a clearly unwarranted invasion of their personal privacy:

(*1*) Full name.

(*2*) Rank.

(*3*) Date of rank.

(*4*) Gross salary.

(*5*) Past duty assignments.

(*6*) Present duty assignment.

(*7*) Future assignments that are officially established.

(*8*) Office or duty telephone numbers.

(*9*) Source of commission.

(*10*) Promotion sequence number.

(*11*) Awards and decorations.

(*12*) Attendance at professional military schools.

(*13*) Duty status at any given time.

(*14*) Home of record (identification of the state only).

(*15*) Length of military service.

(*16*) Basic Pay Entry Date.

(*17*) Official Photo.

(B) All disclosures of personal information regarding military members shall be made in accordance with 32 CFR part 286.

(iii) *Civilian employees not under the authority of OPM.* (A) While it is not possible to identify categorically those items of personal information that must be released regarding civilian employees not subject to 5 CFR parts 293, 294, and 297, such as nonappropriated fund employees, normally the following items may be released without a clearly unwarranted invasion of personal privacy:

(*1*) Full name.

(*2*) Grade or position.

(*3*) Date of grade.

(*4*) Gross salary.

(*5*) Present and past assignments.

(*6*) Future assignments, if officially established.

(*7*) Office or duty telephone numbers.

(B) All releases of personal information regarding civilian personnel in this category shall be made in accordance with 32 CFR part 286.

(6) When military or civilian personnel are assigned, detailed, or employed by the National Security Agency, the Defense Intelligence Agency,

the National Reconnaissance Office, or the National Geospatial-Intelligence agency, information about such personnel may only be disclosed as authorized by Public Law 86–36 (''National Security Agency-Officers and Employees'') and 10 U.S.C 424 (''Disclosure of Organizational and Personnel Information: Exemption for Specified Intelligence Agencies''). When military and civilian personnel are assigned, detailed or employed by an overseas unit, a sensitive unit, or to a routinely deployable unit, information about such personnel may only be disclosed as authorized by 10 U.S.C. 130b (''Personnel in Overseas, Sensitive, or Routinely Deployed Units: Nondisclosure of Personally Identifying Information'').

(7) Information about military or civilian personnel that otherwise may be disclosable consistent with §310.22(b)(5) may not be releasable if a requester seeks listings of personnel currently or recently assigned/detailed/employed within a particular component, unit, organization or office with the Department of Defense if the disclosure of such a list would pose a privacy or security threat.

(c) *Disclosures for established routine uses.* (1) Records may be disclosed outside the Department of Defense pursuant to a routine use that has been established for the system of records that contains the records.

(2) A routine use shall:

(i) Be compatible with the purpose for which the record was collected;

(ii) Identify the persons or organizations to whom the record may be released;

(iii) Identify specifically the intended uses of the information by the persons or organization; and

(iv) Have been published in the FEDERAL REGISTER (see §310.32(i)).

(3) If a Federal statute or an E.O. of the President directs records contained in a system of records be disclosed outside the Department of Defense, the statute or E.O. serves as authority for the establishment of a routine use.

(4) New or altered routine uses must be published in the FEDERAL REGISTER at least 30 days before any records may be disclosed pursuant to the terms of the routine use (see subpart G of this part).

(5) In addition to the specific routine uses established for each of the individual system notices, blanket routine uses have been established (see appendix 3) that are applicable to all DoD system of records. However, in order for the blanket routine uses to apply to a specific system of records, the system notice shall expressly state that the blanket routine uses apply. These blanket routine uses are published only at the beginning of the listing of system notices for each Component in the FEDERAL REGISTER.

(d) *Disclosures to the Bureau of the Census.* Records in DoD systems of records may be disclosed without the consent of the individuals to whom they pertain to the Bureau of the Census for purposes of planning or carrying out a census survey or related activities pursuant to the provisions of 13 U.S.C. 6 (''Information from other Federal Departments and Agencies'').

(e) *Disclosures for statistical research or reporting.* (1) Records may be disclosed for statistical research or reporting but only after the intended recipient provides, in writing, the purpose for which the records are sought and assurances that the records will be used only for statistical research or reporting purposes.

(2) The records shall be transferred to the requester in a form that is not individually identifiable. DoD Components disclosing records under this provision are required to assure information being disclosed cannot reasonably be used in any way to make determinations about individuals.

(3) The records will not be used, in whole or in part, to make any determination about the rights, benefits, or entitlements of specific individuals.

(4) The written statement by the requester shall be made part of the Component's accounting of disclosures (See paragraph (a) of 310.25).

(f) *Disclosures to the National Archives and Records Administration (NARA), General Services Administration (GSA).* (1) Records may be disclosed to the NARA if they:

(i) Have historical or other value to warrant continued preservation; or

(ii) For evaluation by the Archivist of the United States, or his or her designee, to determine if a record has such historical or other value.

(2) Records transferred to a Federal Records Center (FRC) for safekeeping and storage do not fall within this category. These records are owned by the Component and remain under the control of the transferring Component. FRC personnel are considered agents of the Component that retains control over the records. No disclosure accounting is required for the transfer of records to the FRCs.

(g) *Disclosures for law enforcement purposes.* (1) Records may be disclosed to another Agency or an instrumentality of any Governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity, provided:

(i) The civil or criminal law enforcement activity is authorized by law;

(ii) The head of the law enforcement activity or a designee has made a written request specifying the particular records desired and the law enforcement purpose (such as criminal investigations, enforcement of a civil law, or a similar purpose) for which the record is sought; and

(iii) There is no Federal statute that prohibits the disclosure of the records.

(2) Blanket requests for any and all records pertaining to an individual shall not be honored absent justification.

(3) When a record is released to a law enforcement activity under this subparagraph, the disclosure accounting (see § 310.25) for the release shall not be made available to the individual to whom the record pertains if the law enforcement activity requests that the disclosure not be disclosed.

(4) The blanket routine use for law enforcement (appendix C, section A) applies to all DoD Component systems notices (see paragraph (b)(6) of this section). This permits Components, on their own initiative, to report indications of violations of law found in a system of records to a law enforcement activity.

(5) Disclosures may be made to Federal, State, or local, but not foreign law enforcement agencies. Disclosures to Foreign law enforcement agencies may be made if a routine use has been established for the system of records from which the records are to be released.

(h) *Emergency disclosures.* (1) Records may be disclosed if disclosure is made under compelling circumstances affecting the health or safety of any individual. The affected individual need not be the subject of the record disclosed.

(2) When such a disclosure is made, the Component shall notify the individual who is the subject of the record. Notification sent to the last known address of the individual as known to the Component is sufficient.

(3) The specific data to be disclosed is at the discretion of the Component.

(4) Emergency medical information may be released by telephone.

(i) *Disclosures to Congress.* (1) Records may be disclosed to either House of the Congress or to any committee, joint committee or subcommittee of Congress if the release pertains to a matter within the jurisdiction of the committee. Disclosure is only authorized when in response to an official request on behalf of either House, committee, subcommittee, or joint committee.

(2) Requests from members of Congress who are seeking records in their individual capacity or on behalf of a constituent.

(i) Requests made in their individual capacity. Request for records shall be processed under the provisions of DoD 5400.7–R.

(ii) Requests made on behalf of constituents.

(A) The blanket routine use for ''Congressional Inquiries'' (see appendix C, section D) applies to all systems. When an individual requests the assistance of the Congressional member, the blanket routine use permits the disclosure of records pertaining to the individual without the express written consent of the individual.

(B) If necessary, accept constituent letters requesting a member of Congress to investigate a matter pertaining to the individual as written authorization to provide access to the records to the congressional member or his or her staff.

(C) When a Congressional inquiry indicates that the request is being made

on the basis of a request from the individual to whom the record pertains, consent can be inferred even if the constituent request is not provided the Component. The verbal statement by a Congressional staff member is acceptable to establish that a request has been received by the Member of Congress from the person to whom the records pertain.

(D) If the constituent inquiry is being made on behalf of someone other than the individual to whom the record pertains, the Member of Congress shall be provided only that information releasable under DoD 5400.7–R. Advise the Congressional member that the written consent of the individual to whom the record pertains is required before any additional information may be disclosed. Do not contact individuals to obtain their consents for release to Congressional members unless a Congressional office specifically requests that this be done.

(E) Nothing in paragraph (i)(2)(ii)(A) of this section prohibits a Component, when appropriate, from providing the record directly to the individual and notifying the Congressional office that this has been done without providing the record to the Congressional member.

(3) See paragraph (e) of §310.20 for the policy on assessing fees for Members of Congress.

(4) Make a disclosure accounting each time a record is disclosed to either House of Congress, to any committee, joint committee, or subcommittee of Congress, or to any congressional member.

(j) *Disclosures to the General Accountability Office.* Records may be disclosed to the Comptroller General, or any of his authorized representatives, in the course of the performance of the duties of the General Accountability Office.

(k) *Disclosures under court orders.* (1) Records may be disclosed without the consent of the person to whom they pertain under a court order signed by a judge of a court of competent jurisdiction.

(2) When a record is disclosed under this provision, make reasonable efforts to notify the individual to whom the record pertains, if the legal process is a matter of public record.

(3) If the process is not a matter of public record at the time it is issued, seek information as to when the process is to be made public and make reasonable efforts to notify the individual at that time.

(4) Notification sent to the last known address of the individual as reflected in the records is considered a reasonable effort to notify.

(5) Make a disclosure accounting each time a record is disclosed under a court order or compulsory legal process.

(l) *Disclosures to consumer reporting agencies.* (1) Certain personal information may be disclosed to consumer reporting agencies as provided in the Federal Claims Collection Act (31 U.S.C. 3711(e)).

(2) Under the provisions of paragraph (l)(1) of this section, the following information may be disclosed to a consumer reporting agency:

(i) Name, address, taxpayer identification number (SSN), and other information necessary to establish the identity of the individual.

(ii) The amount, status, and history of the claim.

(iii) The Agency or program under which the claim arose.

(3) The Federal Claims Collection Act (31 U.S.C. 3711(e)) requires the system notice for the system of records from which the information will be disclosed, indicates that the information may be disclosed to a consumer reporting agency.

§310.23 Disclosures to commercial enterprises.

(a) *General policy.* (1) Make releases of personal information to commercial enterprises under the criteria established by 32 CFR part 286.

(2) The relationship of commercial enterprises to their clients or customers and to the Department of Defense is not changed by this part.

(3) The DoD policy on personal indebtedness for military personnel is contained 32 CFR part 112, ''Indebtedness of Military Personnel,'' and for civilian employees in 5 CFR part 735.

(b) *Release of personal information.* (1) Any information that must be released under 32 CFR part 286, the ''DoD Freedom of Information Act Program,''

may be released to a commercial enterprise without the individual's consent (see paragraph (b) of § 310.22).

(2) Commercial enterprises may present a signed consent statement setting forth specific conditions for release of personal information. Statements such as the following, if signed by the individual, are considered valid:

I hereby authorize the Department of Defense to verify my Social Security Number or other identifying information and to disclose my home address and telephone number to authorized representatives of (name of commercial enterprise) so that they may use this information in connection with my commercial dealings with that enterprise. All information furnished shall be used in connection with my financial relationship with (name of commercial enterprise).

(3) When a statement of consent as outlined in paragraph (b)(2) of this section is presented, provide the requested information if its release is not prohibited by some other regulation or statute.

(4) Blanket statements of consent that do not identify the Department of Defense or any of its Components, or that do not specify exactly the type of information to be released, may be honored if it is clear the individual in signing the consent statement intended to obtain a personal benefit (for example, a loan to buy a house) and was aware of the type of information that would be sought. Care should be exercised in these situations to release only the minimum amount of personal information essential to obtain the benefit sought.

(5) Do not honor requests from commercial enterprises for official evaluation of personal characteristics, such as evaluation of personal financial habits.

§ 310.24 Disclosures to the public from medical records.

(a) Disclosures from medical records are not only governed by the requirement of this part but also by the disclosure provisions of DoD 6025.18–R.''

(b) Any medical records that are subject to both this part and DoD 6025.18–R may only be disclosed if disclosure is authorized under both. If disclosure is permitted under this part (e.g., pursuant to a routine use), but the disclosure is not authorized under DoD 6025.18-R, disclosure is not authorized. If a disclosure is authorized under DoD 6025.18–R (e.g., releases outside the Department of Defense), but the disclosure is not authorized under this part, disclosure is not authorized.

§ 310.25 Disclosure accounting.

(a) *Disclosure accountings.* (1) Keep an accurate record of all disclosures made from any system of records except disclosures:

(i) To DoD personnel for use in the performance of their official duties; or

(ii) Under 5 U.S.C. 552, the FOIA.

(2) In all other cases a disclosure accounting is required even if the individual has consented to the disclosure of the information.

(3) Disclosure accountings:

(i) Permit individuals to determine to whom information has been disclosed;

(ii) Enable the activity to notify past recipients of disputed or corrected information (§ 310.19(i)); and

(iii) Provide a method of determining compliance with paragraph (c) of § 310.21.

(b) *Contents of disclosure accountings.* As a minimum, disclosure accounting shall contain:

(1) The date of the disclosure.

(2) A description of the information released.

(3) The purpose of the disclosure.

(4) The name and address of the person or Agency to whom the disclosure was made.

(c) *Methods of disclosure accounting.* Use any system of disclosure accounting that shall provide readily the necessary disclosure information (see paragraph (a)(3) of this section).

(d) *Accounting for mass disclosures.* When numerous similar records are released, identify the category of records disclosed and include the data required by paragraph (b) of this section in a form that can be used to construct an accounting disclosure record for individual records if required (see paragraph (a)(3) of this section).

(e) *Disposition of disclosure accounting records.* Retain disclosure accounting records for 5 years after the disclosure or the life of the record, whichever is longer.

(f) *Furnishing disclosure accountings to the individual.* (1) Make available to the individual to whom the record pertains all disclosure accountings except when:

(i) The disclosure has been made to a law enforcement activity under paragraph (g) of § 310.22 and the law enforcement activity has requested that disclosure not be made; or

(ii) The system of records has been exempted from the requirement to furnish the disclosure accounting under the provisions of § 310.26(b).

(2) If disclosure accountings are not maintained with the record and the individual requests access to the accounting, prepare a listing of all disclosures (see paragraph (b) of this section) and provide this to the individual upon request.

Subpart F—Exemptions

§ 310.26 Use and establishment of exemptions.

(a) *Types of exemptions.* (1) There are three types of exemptions permitted by the Privacy Act (5 U.S.C. 552a).

(i) An access exemption that exempts records compiled in reasonable anticipation of a civil action or proceeding from the access provisions of the Act.

(ii) General exemptions that authorize the exemption of a system of records from all but certain specifically identified provisions of the Act (see appendix D).

(iii) Specific exemptions that allow a system of records to be exempted only from certain designated provisions of the Act (see appendix D).

(2) Nothing in the Act permits exemption of any system of records from all provisions of the Act.

(b) *Establishing exemptions.* (1) The access exemption is self-executing. It does not require an implementing rule to be effective.

(2) Neither a general nor a specific exemption is established automatically for any system of records. The Heads of the DoD Components maintaining the system of records must make a determination whether the system is one for which an exemption properly may be claimed and then propose and establish an exemption rule for the system. No system of records within the Department of Defense shall be considered exempted until the Head of the Component has approved the exemption and an exemption rule has been published as a final rule in the FEDERAL REGISTER (See § 310.30(e).)

(3) Only the Head of the DoD Component or an authorized designee may claim an exemption for a system of records.

(4) A system of records is considered exempt only from those provision of the Privacy Act (5 U.S.C. 552a) that are identified specifically in the Component exemption rule for the system and that are authorized by the Privacy Act.

(5) To establish an exemption rule, see § 310.31.

(c) *Blanket exemption for classified material.* (1) Component rules shall include a blanket exemption under 5 U.S.C. 552a(k)(1) of the Privacy Act from the access provisions (5 U.S.C. 552a(d)) and the notification of access procedures (5 U.S.C. 522a(e)(4)(H)) of the Act for all classified material in any systems of records maintained.

(2) Do not claim specifically an exemption under section 552a(k)(1) of the Privacy Act for any system of records. The blanket exemption affords protection to all classified material in all system of records maintained.

(d) *Provisions from which exemptions may be claimed.* The Head of a DoD Component may claim an exemption from any provision of the Act from which an exemption is allowed (see appendix D).

(e) *Use of exemptions.* (1) Use exemptions only for the specific purposes set forth in the exemption rules (see paragraph (b) of § 310.31).

(2) Use exemptions only when they are in the best interest of the Government and limit them to the specific portions of the records requiring protection.

(3) Do not use an exemption to deny an individual access to any record to which he or she would have access under 32 CFR part 286.

(f) *Exempt records in non-exempt systems.* (1) Exempt records temporarily in the custody of another Component are considered the property of the originating Component. Access to these records is controlled by the system notices and rules of the originating Component.

(2) Exempt records that have been incorporated into a nonexempt system of records are still exempt but only to the extent to which the provisions of the Act for which an exemption has been claimed are identified and an exemption claimed for the system of records from which the record is obtained and only when the purposes underlying the exemption for the record are still valid and necessary to protect the contents of the record.

(3) If a record is accidentally misfiled into a system of records, the system notice and rules for the system in which it should actually be filed shall govern.

§ 310.27 Access exemption.

(a) An individual is not entitled to access information that is compiled in reasonable anticipation of a civil action or proceeding.

(b) The term ''civil action or proceeding'' is intended to include court proceedings, preliminary judicial steps, and quasi-judicial administrative hearings or proceedings (i.e., adversarial proceedings that are subject to rules of evidence).

(c) Any information prepared in anticipation of such actions or proceedings, to include information prepared to advise the DoD Component officials of the possible legal or other consequences of a given course of action, is protected.

(d) The exemption is similar to the attorney work-product privilege except that it applies even when the information is prepared by nonattorneys.

(e) The exemption does not apply to information compiled in anticipation of criminal actions or proceedings.

§ 310.28 General exemption.

(a) *Use of specific exemptions.* A DoD Component is not authorized to claim the exemption for records maintained by the Central Intelligence Agency established by 5 U.S.C. 552a(j)(1) of the Privacy Act.

(b) The general exemption established by 5 U.S.C. 552a(j)(2) of the Privacy Act may be claimed to protect investigative records created and maintained by law-enforcement activities of a DoD Component.

(c) To qualify for the (j)(2) exemption, the system of records must be maintained by a DoD Component, or element thereof, that performs as its principal function any activity pertaining to the enforcement of criminal laws, such as the U.S. Army Criminal Investigation Command, the Naval Investigative Service, the Air Force Office of Special Investigations, and military police activities. However, where DoD offices perform multiple functions, but have an investigative component, such as the DoD Inspector General Defense Criminal Investigative Service or Criminal Law Divisions of Staff Judge Advocates Offices, the exemption may be claimed. Law enforcement includes police efforts to detect, prevent, control, or reduce crime, to apprehend or identify criminals; and the activities of military trial counsel, correction, probation, pardon, or parole authorities.

(d) Information that may be protected under the (j)(2) exemption includes:

(1) Records compiled for the purpose of identifying criminal offenders and alleged offenders consisting only of identifying data and notations of arrests, the nature and disposition of criminal charges, sentencing, confinement, release, parole, and probation status (so-called criminal history records);

(2) Reports and other records compiled during criminal investigations, including supporting documentation.

(3) Other records compiled at any stage of the criminal law enforcement process from arrest or indictment through the final release from parole supervision, such as pre-sentence and parole reports.

(e) The (j)(2) exemption does not apply to:

(1) Investigative records prepared or maintained by activities without primary law-enforcement missions. It may not be claimed by any activity that does not have law enforcement as its principal function except as indicated in paragraph (c) of this section.

(2) Investigative records compiled by any activity concerning employee suitability, eligibility, qualification, or for individual access to classified material

regardless of the principal mission of the compiling DoD Component.

§ 310.29 Specific exemptions.

(a) *Use of specific exemptions.* The specific exemption established by 5 U.S.C. 552a(k) of the Privacy Act may be claimed to protect records that meet the following criteria (parenthetical references are to the appropriate subsection of the Act:

(1) *(k)(1).* Information subject to 5 U.S.C. 552(b)(1), (DoD 5200.1-R) (see also paragraph (c) of this section).

(2) *(k)(2).* Investigatory information compiled for law-enforcement purposes, other than information that is covered by the general exemption (see § 310.28). If an individual is denied any right, privilege or benefit he or she is otherwise entitled by Federal law or for which he or she would otherwise be eligible as a result of the maintenance of the information, the individual shall be provided access to the information except to the extent that disclosure would reveal the identity of a confidential source. This exemption provides limited protection of investigative reports maintained in a system of records used in personnel or administrative actions.

(i) The information must be compiled for some investigative law enforcement purpose, such as a criminal investigation by a DoD office, whose principal function is not law enforcement, or a civil investigation.

(ii) The exemption does not apply to investigations conducted solely for the purpose of a routine background investigation (see paragraph (a)(5) of this section), but will apply if the investigation is for the purpose of investigating DoD personnel who are suspected of violating statutory or regulatory authority.

(iii) The exemption can continue to be claimed even after the investigation has concluded and there is no future likelihood of further enforcement proceedings.

(3) *(k)(3).* Records maintained in connection with providing protective services to the President and other individuals under 18 U.S.C. 3056, ''Powers, Authorities, and Duties of United States Secret Service.''

(4) *(k)(4).* Records maintained solely for statistical research or program evaluation purposes and that are not used to make decisions on the rights, benefits, or entitlement of an individual except for census records that may be disclosed under 13 U.S.C. 6, ''Information for other Federal Departments and Agencies.

(5) *(k)(5).* Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, military service, Federal contracts, or access to classified information, but only to the extent such material would reveal the identity of a confidential source.

(i) This exemption permits protection of confidential sources used in background investigations, employment inquiries, and similar inquiries that are for personnel screening to determine suitability, eligibility, or qualifications.

(ii) This exemption is applicable not only to investigations conducted prior to the hiring of an employee, but it also applies to investigations conducted to determine continued employment suitability or eligibility.

(6) *(k)(6).* Testing or examination material used solely to determine individual qualifications for appointment or promotion in the Federal or military service, if the disclosure would compromise the objectivity or fairness of the test or examination process.

(7) *(k)(7).* Evaluation material used to determine potential for promotion in the Military Services, but only to the extent that the disclosure of such material would reveal the identity of a confidential source.

(b) *Promises of confidentiality.* (1) Only the identity of sources that have been given an express promise of confidentiality may be protected from disclosure under paragraphs (a)(1), (5), and (7) of this section. However, the identity of sources who were given implied promises of confidentiality in inquiries conducted before September 27, 1975, also may be protected from disclosure.

(2) Ensure promises of confidentiality are not automatically given but are used sparingly. Establish appropriate procedures and identify fully categories of individuals who may make

such promises. Promises of confidentiality shall be made only when they are essential to obtain the information sought (see 5 CFR part 736).

(c) *Access to records for which specific exemptions are claimed.* Deny the individual access only to those portions of the records for which the claimed exemption applies.

Subpart G—Publication Requirements

§ 310.30 Federal Register publication.

(a) *What must be published in the* FEDERAL REGISTER.

(1) Four types of documents relating to the Privacy Program must be published in the FEDERAL REGISTER:

(i) DoD Component Privacy Procedural rules;

(ii) DoD Component exemption rules; and

(iii) System notices.

(iv) Match notices (See subpart L to this part).

(2) See DoD 5025.1–M,[9] ''Directive Systems Procedures'' and Administrative Instruction (AI) No. 102,[10] ''Office of the Secretary of Defense Federal Register System'' for information pertaining to the preparation of documents for publication in the FEDERAL REGISTER.

(b) *The effect of publication in the Federal Register.* Publication of a document in the FEDERAL REGISTER constitutes official public notice of the existence and content of the document.

(c) *DoD Component rules.* (1) Component Privacy Program procedures and Component exemption rules are subject to the rulemaking procedures prescribed in AI 102.

(2) System notices are not subject to formal rulemaking and are published in the FEDERAL REGISTER as ''Notices,'' not rules.

(3) Privacy procedural and exemption rules are incorporated automatically into the CFR. System notices are not published in the CFR.

(d) *Submission of rules for publication.* (1) Submit to the DPO, ODA&M, all proposed rules implementing this part in proper format (see DoD 5025.1–M and AI 102) for publication in the FEDERAL REGISTER.

(2) This part has been published as a final rule in the FEDERAL REGISTER. Therefore, incorporate it into your Component rules rather than by republication (see AI 102).

(3) DoD Component procedural rules that simply implement this Regulation need only be published as final rules in the FEDERAL REGISTER (see DoD 5025.1–M and AI 102). If the Component procedural rule supplements this part in any manner, they must be published as a proposed rule before being published as a final rule.

(4) Amendments to Component rules are submitted like the basic rules.

(5) The DPO submits the rules and amendments thereto to the FEDERAL REGISTER for publication.

(e) *Submission of exemption rules for publication.* (1) No system of records within the Department of Defense shall be considered exempt from any provision of this part until the exemption and the exemption rule for the system has been published as a final rule in the FEDERAL REGISTER.

(2) Submit exemption rules in proper format to the DPO. All exemption rules are coordinated with the DoD Office of General Counsel. After coordination, the DPO shall submit the rules to the FEDERAL REGISTER for publication.

(3) Exemption rules require publication both as proposed rules and final rules (see AI 102).

(4) § 310.31(b) discusses the content of an exemption rule.

(5) Submit amendments to exemption rules in the same manner used for establishing these rules.

(f) *Submission of system notices for publication.* (1) System notices are not subject to formal rulemaking procedures. However, the Privacy Act (5 U.S.C. 552a) requires a system notice be published in the FEDERAL REGISTER of the existence and character of a new or altered system of records. Until publication of the notice, DoD Components shall not begin to operate the system of records (i.e., collect and use the information). The notice procedures require:

(i) The system notice describes what kinds of records are in the system, on whom they are maintained, what uses

[9] See footnote 1 to § 310.1.

[10] See footnote 1 to § 310.1.

are made of the records, and how an individual may access, or contest, the records contained in the system.

(ii) The public be given 30 days to comment on any proposed routine uses before any disclosures are made pursuant to the routine use; and

(iii) The notice contain the date on which the system shall become effective.

(2) Submit system notices to the DPO in the FEDERAL REGISTER format (see AI 102 and appendix E to this part). The DPO transmits the notices to the FEDERAL REGISTER for publication.

(3) §310.32 discusses the specific elements required in a system notice.

§310.31 Exemption rules.

(a) *General procedures.* Subpart F of this part provides the general guidance for establishing exemptions for systems of records.

(b) *Contents of exemption rules.* (1) Each exemption rule submitted for publication must contain the following:

(i) The record system identifier and title of the system for which the exemption is claimed. (See §310.32(b) and (c));

(ii) The specific sections of the Privacy Act under which the exemption for the system is claimed (for example, 5 U.S.C. 552a(j)(2), 5 U.S.C. 552a(k)(3); or 5 U.S.C. 552a(k)(7);

(iii) The specific sections of the Privacy Act from which the system is to be exempted (for example, 5 U.S.C. 552a(c)(3), or 5 U.S.C. 552a(d)(1)–(5)) (see appendix D)); and

(iv) The specific reasons why an exemption is being claimed from each section of the Act identified.

(2) Do not claim an exemption for classified material for individual systems of records. The blanket exemption applies. (See paragraph (c) of §310.26.)

§310.32 System notices.

(a) *Contents of the system notices.* (1) The following data captions are included in each system notice:

(i) Systems identifier. (see paragraph (b) of this section).

(ii) System name. (see paragraph (c) of this section).

(iii) System location. (see paragraph (d) of this section).

(iv) Categories of individuals covered by the system. (see paragraph (e) of this section).

(v) Categories of records in the system. (see paragraph (f) of this section).

(vi) Authority for maintenance of the system. (see paragraph (g) of this section).

(vii) Purpose(s). (see paragraph (h) of this section).

(viii) Routine uses of records maintained in the system, including categories of users and the purposes of such uses. (see paragraph (i) of this section).

(ix) Disclosure to Consumer Reporting Agencies. This element is optional but required when disclosing to consumer reporting agencies (See paragraph (l) of §310.22.)

(x) Policies and practices for storing, retrieving, accessing, retaining, and disposing of records in the system. (see paragraph (j) of this section).

(xi) Systems manager(s) and address. (see paragraph (k) of this section).

(xii) Notification procedure. (see paragraph (l) of this section).

(xiii) Record access procedures. (see paragraph (m) of this section).

(xiv) Contesting records procedures. (see paragraph (n) of this section).

(xv) Record source categories. (see paragraph (o) of this section).

(xvi) Exemptions claimed for the system. (see paragraph (p) of this section).

(2) The captions listed in paragraph (a)(1) of this Section have been mandated by the Office of Federal Register and must be used exactly as presented.

(3) A sample system notice is shown in appendix E of this part.

(b) *System identifier.* The system identifier must appear on all system notices and is limited to 21 positions, unless an exception is granted by the DPO, including Component code, file number and symbols, punctuation, and spacing.

(c) *System name.* (1) The name of the system reasonably identifies the general purpose of the system and, if possible, the general categories of individuals involved.

(2) Use acronyms only parenthetically following the title or any portion

thereof, such as, ''Joint Uniform Military Pay System (JUMPS).'' Do not use acronyms not commonly known unless they are preceded by an explanation.

(3) The system name may not exceed 55 character positions, unless an exception is granted by the DPO, including punctuation and spacing.

(4) The system name should not be the name of the database or the IT system if the name does not meet the criteria in paragraph (c)(1) of this section.

(d) *System location.* (1) For systems maintained in a single location provide the exact office name, organizational identity, and address.

(2) For geographically or organizationally decentralized systems, specify each level of organization or element that maintains a segment of the system, to include their mailing address, or indicate the official mailing addresses are published as an Appendix to the Component's compilation of system of records notices, or provide an address where a complete listing of locations can be obtained.

(3) Use the standard U.S. Postal Service two-letter State abbreviation symbols and 9-digit Zip Codes for all domestic addresses.

(e) *Categories of individuals covered by the system.* (1) Set forth the specific categories of individuals to whom records in the system pertain in clear, easily understood, non-technical terms.

(2) Avoid the use of broad over-general descriptions, such as ''all Army personnel'' or ''all military personnel'' unless this actually reflects the category of individuals involved.

(f) *Categories of records in the system.* (1) Describe in clear, non-technical terms the types of records maintained in the system.

(2) Only documents actually maintained in the system of records shall be described, not source documents that are used only to collect data and then destroyed.

(g) *Authority for maintenance of system.* (1) Cite the specific provision of the Federal statute or E.O. that authorizes the maintenance of the system.

(2) Include with citations for statutes the popular names, when appropriate (for example, Section 2103 of title 51, United States Code, ''Tea-Tasters Licensing Act''), and for E.O.s, the official title (for example, E.O. No. 9397, ''Numbering System for Federal Accounts Relating to Individual Persons'').

(3) If direct statutory authority or an Executive Order does not exist, indirect statutory authority may be cited if the authority requires the operation or administration of a program, the execution of which will require the collection and maintenance of a system of records.

(4) If direct or indirect authority does not exist, the Department of Defense, as well as the Army, Navy, and Air Force general ''housekeeping'' statutes (i.e., 5 U.S.C. 301 (''Departmental Regulations''), 10 U.S.C. 3013 (''Secretary of the Army''), 5013 (''Secretary of the Navy''), and 8013 (''Secretary of the Air Force'') may be cited if the Secretary, or those offices to which responsibility has been delegated, are required to collect and maintain systems of records in order to discharge assigned responsibilities. If the housekeeping statute is cited, the regulatory authority implementing the statute within the Department or Component also shall be identified.

(5) If the social security number is being collected and maintained, E.O. 9397 (''Numbering Systems for Federal Accounts Relating to Indivdiual Persons'') shall be cited.

(h) *Purpose or Purposes.* (1) List the specific purposes for maintaining the system of records by the Component.

(2) All internal uses of the information within the Department or Component shall be identified. Such uses are the so-called ''internal routine uses.''

(i) *Routine uses.* (1) Except as otherwise authorized by subpart E of this part, disclosure of information from a system of records to any person or entity outside the Department of Defense (see § 310.21(b)) may only be made pursuant to a routine use that has been established for the specific system of records. Such uses are the so-called ''external routine uses.''

(2) Each routine use shall include to whom the information is being disclosed and what use and purpose the information will be used. Routine uses shall be written as follows:

(i) ''To* * *.[person or entity outside of DoD that will receive the information] to* * *.[what will be done with the information] for the purpose(s) of * * *[what objective is sought to be achieved].''

(ii) To the extent practicable, general statements, such as ''to other Federal agencies as required'' or ''to any other appropriate Federal agency'' shall be avoided.

(3) Blanket routine uses (appendix C to this part) have been adopted that apply to all Component system notices. The blanket routine uses appear at the beginning of each Component's compilation of its system notices.

(i) Each system notice shall contain a statement whether or not the blanket routine uses apply to the system.

(ii) Each notice may state that none of the blanket routine uses apply or that one or more do not apply.

(j) *Policies and practices for storing, retiring, accessing, retaining, and disposing of records.* This caption is subdivided into four parts:

(1) *Storage.* Indicate the medium in which the records are maintained. (For example, a system may be ''automated, maintained on compact disks, diskettes,'' ''manual, maintained in paper files,'' or ''hybrid, maintained in a combination of paper and automated form.'') Storage does not refer to the container or facility in which the records are kept.

(2) *Retrievability.* Specify how the records are retrieved (for example, name, SSN, or some other unique personal identifier assigned the individual).

(3) *Safeguards.* Identify the system safeguards (such as storage in safes, vaults, locked cabinets or rooms, use of guards, visitor registers, personnel screening, or password protected IT systems). Also identify personnel who have access to the systems. Do not describe safeguards in such detail as to compromise system security.

(4) *Retention and disposal.* Indicate how long the record is retained. When appropriate, also state the length of time the records are maintained by the Component, when they are transferred to a FRC, time of retention at the Records Center and when they are transferred to the National Archivist or are destroyed. A reference to a Component regulation without further detailed information is insufficient. If records are eventually destroyed as opposed to being retired, identify the method of destruction (e.g., shredding, burning, pulping, etc).

(k) *System manager or managers and address.* (1) List the title and address of the official responsible for the management of the system.

(2) If the title of the specific official is unknown, such as for a local system, specify the local commander or office head as the systems manager.

(3) For geographically separated or organizationally decentralized activities for which individuals may deal directly with officials at each location in exercising their rights, list the position or duty title of each category of officials responsible for the system or a segment thereof.

(4) Do not include business or duty addresses if they are listed in the Component address directory.

(l) *Notification procedures.* (1) Describe how an individual may determine if there are records pertaining to him or her in the system. The procedural rules may be cited, but include a brief procedural description of the needed data. Provide sufficient information in the notice to allow an individual to exercise his or her rights without referral to the formal rules.

(2) As a minimum, the caption shall include:

(i) The official title (normally the system manager) and official address to which the request is to be directed.

(ii) The specific information required to determine if there is a record of the individual in the system.

(iii) Identification of the offices through which the individual may obtain notification; and

(iv) A description of any proof of identity required. (see § 310.17(c)).

(3) When appropriate, the individual may be referred to a Component official who shall provide this information to him or her.

(m) *Record access procedures.* (1) Describe how an individual can gain access to the records pertaining to him or her in the system. The procedural rules may be cited, but include a brief procedural description of the needed data.

Provide sufficient information in the notice to allow an individual to exercise his or her rights without referral to the formal rules.

(2) As a minimum, the caption shall include:

(i) The official title (normally the system manager) and official address to which the request is to be directed.

(ii) A description of any proof of identity required. (see § 310.17(c)).

(iii) When appropriate, the individual may be referred to a Component official who shall provide the records to him or her.

(n) *Contesting record procedures.* (1) Describe how an individual may contest the content of a record pertaining to him or her in the system.

(2) The detailed procedures for contesting a record need not be identified if the Component procedural rules are readily available to the public. (For example, ''The Office of the Secretary of Defense'' rules for contesting contents are contained in 32 CFR 311.) All Component procedural rules are set forth at a Departmental public Web site (*http://www.defenselink.mil/privacy/cfr-rules.html*).

(3) The individual may also be referred to the system manager to determine these procedures.

(o) *Record source categories.* (1) Describe where (the individual, other Component documentation, other Federal agencies, etc) the information contained in the system was obtained.

(2) Specific individuals or institutions need not be identified by name, particularly if these sources have been granted confidentiality. (see § 310.29(b)).

(p) *Exemptions claimed for the System.* (1) If no exemption has been claimed for the system, indicate ''None.''

(2) If an exemption is claimed, cite the exemption as well as identifying the CFR section containing the exemption rule for the system.

(q) *Maintaining the Master DoD System Notice Registry.* (1) The DPO maintains a master registry of all DoD record systems notices.

(2) The DPO also posts all DoD system notices to a public Web site (see *http://www.defenselink.mil/privacy/notices*).

§ 310.33 New and altered record systems.

(a) *Criteria for a new record system.* (1) If a Component is maintaining a system of records as contemplated by § 310.10(a), and a system notice has not been published for it in the FEDERAL REGISTER, the Component shall establish a system notice consistent with the requirements of this subpart.

(2) If a notice for a system of records has been canceled or deleted but a determination is subsequently made that the system will be reinstated or reused, the system may not be operated (i.e., information collected or used) until a new notice is published in the FEDERAL REGISTER.

(b) *Criteria for an altered record system.* A system is considered altered whenever one of the following actions occurs or is proposed:

(1) A significant increase or change in the number or type of individuals about whom records are maintained.

(i) Only changes that alter significantly the character and purpose of the record system are considered alterations.

(ii) Increases in numbers of individuals due to normal growth are not considered alterations unless they truly alter the character and purpose of the system.

(iii) Increases that change significantly the scope of population covered (for example, expansion of a system of records covering a single command's enlisted personnel to include all of the Component's enlisted personnel would be considered an alteration).

(iv) A reduction in the number of individuals covered is not an alteration, but only an amendment. (see § 310.34(a).)

(v) All changes that add new categories of individuals to system coverage require a change to the ''Categories of individuals covered by the system'' caption of the notice (see § 310.32(e)) and may require changes to the ''Purpose(s)'' caption (see § 310.32(h)).

(2) An expansion in the types or categories of information maintained.

(i) The addition of any new category of records not described under the ''Categories of Records in the System'' caption is considered an alteration.

(ii) Adding a new data element that is clearly within the scope of the categories of records described in the existing notice is an amendment. (see § 310.34(a)). An amended notice may not be required if the data element is clearly covered by the record category identified in the existing system notice.

(iii) All changes under this criterion require a change to the ''Categories of Records in the System'' caption of the notice. (see § 310.32(f)).

(3) An alteration of how the records are organized or the manner in which the records are indexed and retrieved.

(i) The change must alter the nature of use or scope of the records involved (for example, combining records systems in a reorganization).

(ii) Any change under this criteria requires a change in the ''Retrievability'' caption of the system notice. (see § 310.32(j)(2)).

(iii) If the records are no longer retrieved by name or personal identifier cancel the system notice. (see § 310.10(b)).

(4) A change in the purpose for which the information in the system is used.

(i) The new purpose must not be compatible with the existing purposes for which the system is maintained.

(ii) If the use is compatible and reasonably expected, there is no change in purpose and no alteration occurs.

(iii) Any change under this criterion requires a change in the ''Purpose(s)'' caption (see § 310.32(h)) and may require a change in the ''Authority for maintenance of the system'' caption (see § 310.32).

(5) Changes that alter the computer environment (such as changes to equipment configuration, software, or procedures) so as to create the potential for greater or easier access.

(i) Increasing the number of offices with direct access is an alteration.

(ii) Software applications, such as operating systems and system utilities, that provide for easier access are considered alterations.

(iii) The addition of an on-line capability to a previously batch-oriented system is an alteration.

(iv) The addition of peripheral devices such as tape devices, disk devices, card readers, printers, and similar devices to an existing IT system constitute an amendment if system security is preserved. (see § 310.34).

(v) Changes to existing equipment configuration with on-line capability need not be considered alterations to the system if:

(A) The change does not alter the present security posture; or

(B) The addition of terminals does not extend the capacity of the current operating system and existing security is preserved.

(vi) The connecting of two or more formerly independent automated systems or networks together creating a potential for greater access is an alteration.

(vii) Any change under this caption requires a change to the ''Storage'' caption element of the systems notice. (see § 310.32(j)(i)).

(c) *Reports of new and altered systems.* (1) Components shall submit a report for all new or altered systems to the DPO consistent with the requirements of this subpart and in the format prescribed at appendix F of this part.

(i) Components shall include the following when submitting an alteration for a system notice for publication in the FEDERAL REGISTER:

(A) The system identifier and name. (see § 310.32(b) and (c)).

(B) A description of the nature and specific changes proposed.

(ii) The full text of the system notice need not be submitted if the master registry contains a current system notice for the system. (see § 310.32(q)).

(2) The DPO coordinates all reports of new and altered systems with the Office of the Assistant Secretary of Defense (Legislative Affairs), Department of Defense.

(3) The DPO prepares and sends a transmittal letter that forwards the report, as well as the new or altered system notice, to OMB and Congress.

(4) The DPO shall publish in the FEDERAL REGISTER a system notice for new or altered systems.

(d) *Time restrictions on the operation of a new or altered system.* (1) The reports, and the new or altered system notice, must be provided OMB and Congress at least 40 days prior to the operation of the new or altered system. The 40 day review period begins on the date the

transmittal letters are signed and dated.

(2) The system notice must be published in the FEDERAL REGISTER before a Component begins to operate the system (i.e., collect and use the information). If the new system has routine uses or the altered system adds a new routine use, no records may be disclosed pursuant to the routine use until the public has had 30 days to comment on the proposed use.

(3) The time periods run concurrently.

(e) *Exemptions for new systems.* See §310.30(e) for the procedures to follow in submitting exemption rules for a new system of records or for submitting an exemption rule for an existing system of records.

§310.34 Amendment and deletion of system notices.

(a) *Criteria for an amended system notice.* (1) Certain minor changes to published systems notices are considered amendments and not alterations. (see §310.33(b)).

(2) Amendments do not require a report of an altered system (see §310.33(c)), but must be published in the FEDERAL REGISTER.

(b) *System notices for amended systems.* Components shall include the following when submitting an amendment for a system notice for publication in the FEDERAL REGISTER:

(1) The system identifier and name. (see §310.32 (b) and (c)).

(2) A description of the nature and specific changes proposed.

(3) The full text of the system notice need not be submitted if the master registry contains a current system notice for the system. (see §310.32(q)).

(c) *Deletion of system notices.* (1) Whenever a system is discontinued, combined into another system, or determined no longer to be subject to this part, a deletion notice is required.

(2) The notice of deletion shall include:

(i) The system identification and name.

(ii) The reason for the deletion.

(3) When the system is eliminated through combination or merger, identify the successor system or systems in the deletion notice.

(d) *Submission of amendments and deletions for publication.* (1) Submit amendments and deletions to the DPO for transmittal to the FEDERAL REGISTER for publication.

(2) Multiple deletions and amendments may be combined into a single submission.

Subpart H—Training Requirements

§310.35 Statutory training requirements.

The Privacy Act (5 U.S.C. 552a) requires each Agency to establish rules of conduct for all persons involved in the design, development, operation, and maintenance of any system of record and to train these persons with respect to these rules.

§310.36 OMB training guidelines.

The OMB guidelines (OMB Privacy Guidelines, 40 FR 28948 (July 9, 1975) require all agencies additionally to:

(a) Instruct their personnel in their rules of conduct and other rules and procedures adopted in implementing the Act, to ensure that they are reminded of their specific responsibilities for safeguarding personally identifiable information, the rules for acquiring and using such information, and the penalties for non-compliance.

(b) Incorporate training on the special requirements of the Act into both formal and informal (on-the-job) training programs.

§310.37 DoD training programs.

(a) The training shall include information regarding information privacy laws, regulations, policies and procedures governing the Department's collection, maintenance, use, or dissemination of personal information. The objective is to establish a culture of sensitivity to, and knowledge about, privacy issues involving individuals throughout the Department.

(b) To meet these training requirements, Components may establish three general levels of training for those persons, to include contractor personnel, who are involved in any way with the design, development, operation, or maintenance of privacy protected systems of records. These are:

(1) *Orientation*. Training that provides basic understanding of this part as it applies to the individual's job performance. This training shall be provided to personnel, as appropriate, and should be a prerequisite to all other levels of training.

(2) *Specialized training*. Training that provides information as to the application of specific provisions of this part to specialized areas of job performance. Personnel of particular concern include, but are not limited to medical, personnel, and intelligence specialists, finance officers, DoD personnel who may be expected to deal with the news media or the public, special investigators, paperwork managers, and other specialists (reports, forms, records, and related functions), computer systems development personnel, computer systems operations personnel, statisticians dealing with personal data and program evaluations, contractors that will either operate systems of records on behalf of the Component or will have access to such systems incident to performing the contract, and anyone responsible for implementing or carrying out functions under this part.

(3) *Management*. Training designed to identify for responsible managers (such as, senior system managers, denial authorities, and decision-makers) considerations that they shall take into account when making management decisions regarding operational programs and activities having privacy implications.

(c) Include Privacy Act training in other courses of training when appropriate. Stress individual responsibilities and advise individuals of their rights and responsibilities under this part to ensure that it is understood that, where personally identifiable information is involved, individuals should handle and treat the information as if it was their information.

§ 310.38 Training methodology and procedures.

(a) Each DoD Component is responsible for the development of training procedures and methodology.

(b) The DPO shall assist the Components in developing these training programs and may develop privacy training programs for use by all DoD Components.

(c) Components shall conduct training as frequently as believed necessary so that personnel who are responsible for or are in receipt of information protected by 5 U.S.C. 552a are sensitive to the requirements of this part, especially the access, use, and dissemination restrictions. Components shall give consideration to whether annual training and/or annual certification should be mandated for all or specified personnel whose duties and responsibilities require daily interaction with personally identifiable information.

(d) Components shall conduct training that reaches the widest possible audience. Web-based training and video conferencing have been effective means to provide such training.

§ 310.39 Funding for training.

Each DoD Component shall fund its own privacy training program.

Subpart I—Reports

§ 310.40 Requirement for reports.

The DPO shall establish requirements for DoD Privacy Reports and the DoD Components may be required to provide data.

§ 310.41 Suspense for submission of reports.

The suspenses for submission of all reports shall be established by the DPO.

§ 310.42 Reports control symbol.

Any report established by this subpart in support of the Privacy Program shall be assigned Report Control Symbol DD–COMP(A)1379.

Subpart J—Inspections

§ 310.43 Privacy Act inspections.

During internal inspections, Component inspectors shall be alert for compliance with this part and for managerial, administrative, and operational problems associated with the implementation of the Defense Privacy Program. Programs shall be reviewed as frequently as considered necessary by

Components or the Component Inspector General.

§ 310.44 Inspection reporting.

(a) Document the findings of the inspectors in official reports that are furnished the responsible Component officials. These reports, when appropriate, shall reflect overall assets of the Component Privacy Program inspected, or portion thereof, identify deficiencies, irregularities, and significant problems. Also document remedial actions taken to correct problems identified.

(b) Retain inspections reports and later follow-up reports in accordance with established records disposition standards. These reports shall be made available to the Privacy Program officials concerned upon request.

Subpart K—Privacy Act Violations

§ 310.45 Administrative remedies.

Any individual who believes he or she has a legitimate complaint or grievance against the Department of Defense or any DoD employee concerning any right granted by this part shall be permitted to seek relief through appropriate administrative channels.

§ 310.46 Civil actions.

An individual may file a civil suit against a DoD Component if the individual believes his or her rights under the Act have been violated. (See 5 U.S.C. 552a(g).)

§ 310.47 Civil remedies.

In addition to specific remedial actions, the Privacy Act provides for the payment of damages, court costs, and attorney fees in some cases.

§ 310.48 Criminal penalties.

(a) The Act also provides for criminal penalties. (See 5 U.S.C. 552a(i).) Any official or employee may be found guilty of a misdemeanor and fined not more than $5,000 if he or she willfully:

(1) Discloses information from a system of records, knowing dissemination is prohibited to anyone not entitled to receive the information (see subpart E of this part); or

(2) Maintains a system of records without publishing the required public notice in the FEDERAL REGISTER. (See subpart G of this part.)

(b) Any person who knowingly and willfully requests or obtains access to any record concerning another individual under false pretenses may be found guilty of misdemeanor and fined up to $5,000.

§ 310.49 Litigation status sheet.

Whenever a complaint citing the Privacy Act is filed in a U.S. District Court against the Department of Defense, a DoD Component, or any DoD employee, the responsible system manager shall notify the DPO. The litigation status sheet at appendix H to this part provides a standard format for this notification. The initial litigation status sheet forwarded shall, as a minimum, provide the information required by items 1 through 6 of the status sheet. A revised litigation status sheet shall be provided at each stage of the litigation. When a court renders a formal opinion or judgment, copies of the judgment and opinion shall be provided to the DPO with the litigation status sheet reporting that judgment or opinion.

§ 310.50 Lost, stolen, or compromised information.

(a) When a loss, theft, or compromise of information occurs (see § 310.14), the breach shall be reported to:

(1) The United States Computer Emergency Readiness Team (US CERT) within one hour of discovering that a breach of personally identifiable information has occurred. Components shall establish procedures to ensure that US CERT reporting is accomplished in accordance with the guidance set forth at *http://www.us-cert.gov*.

(i) The underlying incident that led to the loss or suspected loss of PII (e.g., computer incident, theft, loss of material, etc.) shall continue to be reported in accordance with established procedures (e.g., to designated Computer Network Defense (CND) Service Providers (reference (z)), law enforcement authorities, the chain of command, etc.).

(ii) [Reserved]

(2) The Senior Component Official for Privacy within 24 hours of discovering that a breach of personally identifiable

information has occurred. The Senior Component Official for Privacy, or their designee, shall notify the Defense Privacy Office of the breach within 48 hours upon being notified that a loss, theft, or compromise has occurred. The notification shall include the following information:

(i) Identify the Component/organization involved.

(ii) Specify the date of the breach and the number of individuals impacted, to include whether they are DoD civilian, military, or contractor personnel; DoD civilian or military retirees; family members; other Federal personnel or members of the public, etc.

(iii) Briefly describe the facts and circumstances surrounding the loss, theft, or compromise.

(iv) Briefly describe actions taken in response to the breach, to include whether the incident was investigated and by whom; the preliminary results of the inquiry if then known; actions taken to mitigate any harm that could result from the breach; whether the affected individuals are being notified, and if this will not be accomplished within 10 working days, that action will be initiated to notify the Deputy Secretary (see §310.14); what remedial actions have been, or will be, taken to prevent a similar such incident in the future, e.g., refresher training conducted, new or revised guidance issued; and any other information considered pertinent as to actions to be taken to ensure that information is properly safeguarded.

(2) The Component shall determine whether administrative or disciplinary action is warranted and appropriate for those individuals determined to be responsible for the loss, theft, or compromise.

Subpart L—Computer Matching Program Procedures

§310.51 General.

(a) A computer matching program covers two kinds of matching programs (see OMB Matching Guidelines, 54 FR 25818 (June 19, 1989)). If covered, the matches are subject to the requirements of this subpart. The covered programs are:

(1) Matches using records from Federal personnel or payroll systems of records, or

(2) Matches involving Federal benefits program if:

(i) To determine eligibility for a Federal benefit,

(ii) To determine compliance with benefit program requirements, or

(iii) To effect recovery of improper payments or delinquent debts under a Federal benefit program.

(b) The requirements of this part do not apply if matches are:

(1) Performed solely to produce aggregated statistical data without any personal identifiers. Personally identifying data can be used for purposes of conducting the match. However, the results of the match shall be stripped of any data that would identify an individual. Under no circumstances shall match results be used to take action against specific individuals.

(2) Performed to support research or statistical projects. Personally identifying data can be used for purposes of conducting the match and the match results may contain identifying data about individuals. However, the match results shall not be used to make a decision that affects the rights, benefits, or privileges of specific individuals.

(3) Performed by an agency, or a component thereof, whose principal function is the enforcement of criminal laws, subsequent to the initiation of a specific criminal or civil law enforcement investigation of a named individual or individuals.

(i) The match must flow from an investigation already underway which focuses on a named person or persons. ''Fishing expeditions'' in which the subjects are generically identified, such as ''program beneficiaries'' are not covered.

(ii) The match must be for the purpose of gathering evidence against the named individual or individuals.

(4) Performed for tax information-related purposes.

(5) Performed for routine administrative purposes using records relating to Federal personnel.

(i) The records to be used in the match must predominantly relate to Federal personnel (i.e., the percentage of records in the system of records that

are about Federal personnel must be greater than of any other category).

(ii) The purpose of the match must not be for purposes of taking any adverse financial, personnel, disciplinary, or other unfavorable action against an individual.

(6) Performed using only records from systems of records maintained by an agency.

(i) The purpose of the match must not be for purposes of taking any adverse financial, personnel, disciplinary, or other unfavorable action against an individual.

(ii) A match of DoD personnel using records in a system of records for purposes of identifying fraud, waste, and abuse is not covered.

(7) Performed to produce background checks for security clearances of Federal or contractor personnel or performed for foreign counter-intelligence purposes.

§ 310.52 Computer matching publication and review requirements.

(a) DoD Components shall identify the systems of records that will be used in the match to ensure the publication requirements of subpart G have been satisfied. If the match will require disclosure of records outside the Department of Defense, Components shall ensure a routine use has been established, and that the publication and review requirements have been met, before any disclosures are made (see subpart G of this part).

(b) If a computer matching program is contemplated, the DoD Component shall contact the DPO and provide information regarding the contemplated match. The DoD DPO shall ensure that any proposed computer matching program satisfies the requirements of the Privacy Act (5 U.S.C. 552a) and OMB Matching Guidelines (54 FR 25818 (June 19, 1989)).

(c) A computer matching agreement (CMA) shall be prepared by the Component, consistent with the requirements of § 310.53 of this subpart and submitted to the DPO. If the CMA satisfies the requirements of the Privacy Act (5 U.S.C. 552a) and OMB Matching Guidelines (54 FR 25818 (June 19, 1989)), as well as this subpart, it shall be forwarded to the Defense Data Integrity Board (DIB) for approval or disapproval.

(1) If the CMA is approved by the DIB, the DPO shall prepare and forward a report to both Houses of Congress and to OMB as required by, and consistent with, OMB Circular A–130, ''Management of Federal Information Resources,'' February 8, 1996, as amended. Congress and OMB shall have 40 days to review and comment on the proposed match. Any comments received must be resolved before matching can take place.

(2) If the CMA is approved by the DIB, the DPO shall prepare and forward a match notice as required by OMB Circular A–130, ''Management of Federal Information Resources,'' February 8, 1996, as amended, for publication in the FEDERAL REGISTER. The public shall be given 30 days to comment on the proposed match. Any comments received must be resolved before matching can take place.

§ 310.53 Computer matching agreements (CMAs).

(a) If a match is to be conducted internally within DoD, a memorandum of understanding (MOU) shall be prepared. It shall contain the same elements as a CMA, except as otherwise indicated in paragraph (b)(4)(ii) of this section.

(b) A CMA shall contain the following elements:

(1) *Purpose.* Why the match is being proposed and what will be achieved by conducting the match.

(2) *Legal authority.* What is the Federal or state statutory or regulatory basis for conducting the match. The Privacy Act does not constitute independent authority for matching. Other legal authority shall be identified.

(3) *Justification and expected results.* Explain why computer matching as opposed to some other administrative means is being proposed and what the expected results will be, including a specific estimate of any savings (see paragraph (b)(13) of this section).

(4) *Records description.* Identify:

(i) The system of records or non-Federal records. For DoD systems of records, provide the FEDERAL REGISTER citation for the system notice;

(ii) The specific routine use in the system notice if records are to be disclosed outside the Department of Defense (see §310.22(c)). If records are disclosed within the Department of Defense for an internal match, disclosures are permitted pursuant to paragraph (a) of §310.22.

(iii) The number of records involved;

(iv) The data elements to be included in the match;

(v) The projected start and completion dates of the match. CMAs remain in effect for 18 months but can be renewed for an additional 12 months provided:

(A) The match will be conducted without any change, and

(B) Each party to the match certifies in writing that the program has been conducted in compliance with the CMA or MOU.

(vi) How frequently will the records be matched.

(5) *Records accuracy assessment.* Provide an assessment by the source and recipient agencies as to the quality of the information that will be used for the match. The poorer the quality, the more likely that the program will not be cost-effective.

(6) *Notice procedures.* Identify what direct and indirect means will be used to inform individuals that matching will take place.

(i) *Direct notice.* Indicate whether the individual is advised that matching may be conducted when he or she applies for a Federal benefit program. Such an advisory should normally be part of the Privacy Act Statement that is contained in the application for benefits. Individual notice sometimes is provided by a separate notice that is furnished the individual upon receipt of the benefit.

(ii) *Indirect notice.* Indicate whether the individual is advised that matching may be conducted by constructive notice. Indirect or constructive notice is achieved by publication of a routine use in the FEDERAL REGISTER when the matching is between agencies or is achieved by publication of the match notice in the FEDERAL REGISTER.

(7) *Verification procedures.* Explain how information produced as a result of the match will be independently verified to ensure any adverse information obtained is that of the individual identified in the match.

(8) *Due process procedures.* Describe what procedures will be used to notify individuals of any adverse information uncovered as a result of the match and to give such individuals an opportunity to either explain the information or how to contest the information. No adverse action shall be taken against the individual until the due process procedures have been satisfied.

(i) Unless other statutory or regulatory authority provides for a longer period of time, the individual shall be given 30 calendar days from the date of the notice to respond to the notice.

(ii) If an individual contacts the agency within the notice period and indicates his or her acceptance of the validity of the adverse information, the agency may take final action. If the period expires without a response, the agency may take final action.

(iii) If the agency determines that there is a potentially significant effect on public health or safety, it may take appropriate action notwithstanding the due process provisions.

(9) *Security procedures.* Describe the administrative, technical, and physical safeguards that will be established to preserve and protect the privacy and confidentiality of the records involved in the match. The level of security must be commensurate with the level of the sensitivity of the records.

(10) *Records usage, duplication, and redisclosure restrictions.* Describe any restrictions imposed by the source agency or by statute or regulation on the collateral uses of the records. Recipient agencies may not use the records obtained for matching purposes for any other purpose absent a specific statutory requirement or where the disclosure is essential to the conduct of the matching program.

(11) *Disposition procedures.* Clearly state that the records used in the match will be retained only for the time required for conducting the match. Once the matching purpose has been achieved, the records will be destroyed unless the records must be retained as directed by other legal authority. Unless the source agency requests that the records be returned,

identify the means by which destruction will occur, i.e., shredding, burning, electronic erasure, etc.

(12) *Comptroller General access*. Include a statement that the Comptroller General may have access to all records of the recipient agency to monitor or verify compliance with the terms of the CMA.

(13) *Cost-benefit analysis*. (i) A cost-benefit analysis shall be conducted for the proposed computer matching program unless:

(A) The Data Integrity Board waives the requirement, or

(B) The matching program is required by a specific statute.

(ii) The analysis must demonstrate that the program is likely to be cost-effective. This analysis is to ensure agencies are following sound management practices. The analysis provides an opportunity to examine the programs and to reject those that will only produce marginal results.

APPENDIX A TO PART 310—SAFEGUARDING PERSONALLY IDENTIFIABLE INFORMATION (PII)

(See §310.13 of Subpart B)

A. GENERAL

1. The IT environment subjects personal information to special hazards as to unauthorized compromise, alteration, dissemination, and use. Therefore, special considerations must be given to safeguarding personal information in IT systems consistent with the requirements of DoD Directive 8500.1 and DoD Instruction 8500.2.

2. Personally identifiable information must also be protected while it is being processed or accessed in computer environments outside the data processing installation (such as, remote job entry stations, terminal stations, minicomputers, microprocessors, and similar activities).

3. IT facilities authorized to process classified material have adequate procedures and security for the purposes of this Regulation. However, all unclassified information subject to this Regulation must be processed following the procedures used to process and access information designated ''For Official Use Only.'' (See DoD 5200.1–R.)

B. RISK MANAGEMENT AND SAFEGUARDING STANDARDS

1. Establish administrative, technical, and physical safeguards that are adequate to protect the information against unauthorized disclosure, access, or misuse. (See OMB Circular A–130 and DoD Instruction 8500.2.)

2. Tailor safeguards to the type of system, the nature of the information involved, and the specific threat to be countered.

C. MINIMUM ADMINISTRATIVE SAFEGUARDS

The minimum safeguarding standards as set forth in §310.13(b) apply to all personal data within any IT system. In addition:

1. Consider the following when establishing IT safeguards:

a. The sensitivity of the data being processed, stored and accessed.

b. The installation environment.

c. The risk of exposure.

d. The cost of the safeguard under consideration.

2. Label or designate media products containing personal information that do not contain classified material in such a manner as to alert those using or handling the information of the need for special protection. Designating products ''For Official Use Only'' in accordance with the requirements of DoD 5200.1–R satisfies this requirement.

3. Mark and protect all computer products containing classified data in accordance with the requirements of DoD 5200.1–R and DoD Directive 8500.1.

4. Mark and protect all computer products containing ''For Official Use Only'' material in accordance with the requirements of DoD 5200.1–R.

5. Ensure that safeguards for protected information stored at secondary sites are appropriate.

6. If there is a computer failure, restore all protected information being processed at the time of the failure using proper recovery procedures to ensure data integrity.

7. Train personnel involved in processing information subject to this Regulation in proper safeguarding procedures.

D. PHYSICAL SAFEGUARDS

1. For all unclassified facilities, areas, and devices that process information subject to this Regulation, establish physical safeguards that protect the information against reasonably identifiable threats that could result in unauthorized access or alteration.

2. Develop access procedures for unclassified computer rooms, tape libraries, micrographic facilities, decollating shops, product distribution areas, or other direct support areas that process or contain personal information subject to this Regulation that control adequately access to these areas.

3. Safeguard on-line devices directly coupled to IT systems that contain or process information from systems of records to prevent unauthorized disclosure, use, or alteration.

4. Dispose of paper records following appropriate record destruction procedures. (See §310.13(c) and DoD 5200.1–R.)

E. TECHNICAL SAFEGUARDS

1. Components are to ensure that all PII not explicitly cleared for public release is protected according to Confidentially Level Sensitive, as established in DoD Instruction 8500.2. In addition, all DoD information and data owners shall conduct risk assessments of compilations of PII and identify those needing more stringent protection for remote access or mobile computing.

2. Encrypt unclassified personal information in accordance with current Information Assurance (IA) policies and procedures, as issued.

3. Remove personal data stored on magnetic storage media by methods that preclude reconstruction of the data.

4. Ensure that personal information is not inadvertently disclosed as residue when transferring magnetic media between activities.

5. Only DoD authorized devices shall be used for remote access. Any remote access, whether for user or privileged functions, must conform to IA controls specified in DoD Instruction 8500.2.

6. Remote access for processing PII should comply with the latest IA policies and procedures.

7. Minimize access to data fields necessary to accomplish an employee's task-normally, access shall be granted only to those data elements (fields) required for the employee to perform his or her job rather than granting access to the entire database.

8. Do not totally rely on proprietary software products to protect personnel data during processing or storage.

F. SPECIAL PROCEDURES

1. Managers shall:

a. Prepare and submit for publication all system notices and amendments and alterations thereto. (See §310.30(f).)

b. Identify required controls and individuals authorized access to PII and maintain updates to the access authorizations.

c. When required, ensure Privacy Impact Assessments are prepared consistent with the requirements of the DoD Deputy Chief Information Officer Memorandum, ''DoD Privacy Impact Assessment Guidance,'' October 28, 2005.

d. Train all personnel whose official duties require access to the system of records in the proper safeguarding and use of the information and ensure that they receive Privacy Act training.

G. RECORD DISPOSAL

1. Dispose of records subject to this Regulation so as to prevent compromise. (See §310.13(c).) Magnetic tapes or other magnetic medium may be cleared by degaussing, overwriting, or erasing. (See DoD Memorandum, ''Disposition of Unclassified DoD Computer Hard Drives,'' June 4, 2001.)

2. Do not use respliced waste computer products containing personal data.

APPENDIX B TO PART 310—SAMPLE NOTIFICATION LETTER

(See §310.14 of subpart C)

Dear Mr. John Miller:

On January 1, 2006, a Department of Defense (DoD) laptop computer was stolen from the parked car of a DoD employee in Washington, DC after normal duty hours while the employee was running a personal errand. The laptop contained personally identifying information on 100 DoD employees who were participating in the xxx Program. The compromised information is the name, social security number, residential address, date of birth, office and home email address, office and home telephone numbers of the Program participants.

The theft was immediately reported to local and DoD law enforcement authorities who are now conducting a joint inquiry into the loss.

We believe that the laptop was the target of the theft as opposed to any information that the laptop might contain. Because the information in the laptop was password protected and encrypted, we also believe that the probability is low that the information will be acquired and used for an unlawful purpose. However, we cannot say with certainty that this might not occur. We therefore believe that you should consider taking such actions as are possible to protect against the potential that someone might use the information to steal your identity.

You should be guided by the actions recommended by the Federal Trade Commission at its Web site at *http://www.consumer.gov/idtheft/con_steps.htm*. The FTC urges that you immediately place an initial fraud alert on your credit file. The Fraud alert is for a period of 90 days, during which, creditors are required to contact you before a new credit card is issued or an existing card changed. The site also provides other valuable information that can be taken now or in the future if problems should develop.

The DoD takes this loss very seriously and is reviewing its current policies and practices with a view of determining what must be changed to preclude a similar occurrence in the future. At a minimum, we will be providing additional training to personnel to ensure that they understand that personally identifiable information must at all times be treated in a manner that preserves and protects the confidentiality of the data.

We deeply regret and apologize for any inconvenience and concern this theft may cause you.

Should you have any questions, please call _____.

Sincerely,

Signature Block
(Directorate level or higher)

APPENDIX C TO PART 310—DOD BLANKET ROUTINE USES

(See paragraph (c) of §310.22 of subpart E)

A. ROUTINE USE—LAW ENFORCEMENT

If a system of records maintained by a DoD Component to carry out its functions indicates a violation or potential violation of law, whether civil, criminal, or regulatory in nature, and whether arising by general statute or by regulation, rule, or order issued pursuant thereto, the relevant records in the system of records may be referred, as a routine use, to the agency concerned, whether Federal, State, local, or foreign, charged with the responsibility of investigating or prosecuting such violation or charged with enforcing or implementing the statute, rule, regulation, or order issued pursuant thereto.

B. ROUTINE USE—DISCLOSURE WHEN REQUESTING INFORMATION

A record from a system of records maintained by a Component may be disclosed as a routine use to a Federal, State, or local agency maintaining civil, criminal, or other relevant enforcement information or other pertinent information, such as current licenses, if necessary to obtain information relevant to a Component decision concerning the hiring or retention of an employee, the issuance of a security clearance, the letting of a contract, or the issuance of a license, grant, or other benefit.

C. ROUTINE USE—DISCLOSURE OF REQUESTED INFORMATION

A record from a system of records maintained by a Component may be disclosed to a Federal agency, in response to its request, in connection with the hiring or retention of an employee, the issuance of a security clearance, the reporting of an investigation of an employee, the letting of a contract, or the issuance of a license, grant, or other benefit by the requesting agency, to the extent that the information is relevant and necessary to the requesting agency's decision on the matter.

D. ROUTINE USE—CONGRESSIONAL INQUIRIES

Disclosure from a system of records maintained by a Component may be made to a congressional office from the record of an individual in response to an inquiry from the congressional office made at the request of that individual.

E. ROUTINE USE—PRIVATE RELIEF LEGISLATION

Relevant information contained in all systems of records of the Department of Defense published on or before August 22, 1975, may be disclosed to the Office of Management and Budget in connection with the review of private relief legislation as set forth in OMB Circular A–19 at any stage of the legislative coordination and clearance process as set forth in that circular.

F. ROUTINE USE—DISCLOSURES REQUIRED BY INTERNATIONAL AGREEMENTS

A record from a system of records maintained by a Component may be disclosed to foreign law enforcement, security, investigatory, or administrative authorities to comply with requirements imposed by, or to claim rights conferred in, international agreements and arrangements, including those regulating the stationing and status in foreign countries of Department of Defense military and civilian personnel.

G. ROUTINE USE—DISCLOSURE TO STATE AND LOCAL TAXING AUTHORITIES

Any information normally contained in Internal Revenue Service (IRS) Form W–2 which is maintained in a record from a system of records maintained by a Component may be disclosed to State and local taxing authorities with which the Secretary of the Treasury has entered into agreements under 5 U.S.C., sections 5516, 5517, 5520, and only to those State and local taxing authorities for which an employee or military member is or was subject to tax regardless of whether tax is or was withheld. This routine use is in accordance with Treasury Fiscal Requirements Manual Bulletin No. 76–07.

H. ROUTINE USE—DISCLOSURE TO THE OFFICE OF PERSONNEL MANAGEMENT

A record from a system of records subject to the Privacy Act and maintained by a Component may be disclosed to the Office of Personnel Management (OPM) concerning information on pay and leave, benefits, retirement reductions, and any other information necessary for the OPM to carry out its legally authorized government-wide personnel management functions and studies.

I. ROUTINE USE—DISCLOSURE TO THE DEPARTMENT OF JUSTICE FOR LITIGATION

A record from a system of records maintained by a Component may be disclosed as a routine use to any component of the Department of Justice for the purpose of representing the Department of Defense, or any

officer, employee or member of the Department in pending or potential litigation to which the record is pertinent.

J. ROUTINE USE—DISCLOSURE TO MILITARY BANKING FACILITIES

Information as to current military addresses and assignments may be provided to military banking facilities who provide banking services overseas and who are reimbursed by the Government for certain checking and loan losses. For personnel separated, discharged, or retired from the Armed Forces, information as to last known residential or home of record address may be provided to the military banking facility upon certification by a banking facility officer that the facility has a returned or dishonored check negotiated by the individual or the individual has defaulted on a loan and that if restitution is not made by the individual, the U.S. Government will be liable for the losses the facility may incur.

K. ROUTINE USE—DISCLOSURE OF INFORMATION TO THE GENERAL SERVICES ADMINISTRATION

A record from a system of records maintained by a Component may be disclosed as a routine use to the General Services Administration (GSA) for the purpose of records management inspections conducted under authority of 44 U.S.C. 2904 and 2906.

L. ROUTINE USE—DISCLOSURE OF INFORMATION TO THE NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

A record from a system of records maintained by a Component may be disclosed as a routine use to the National Archives and Records Administration (NARA) for the purpose of records management inspections conducted under authority of 44 U.S.C. 2904 and 2906.

M. ROUTINE USE—DISCLOSURE TO THE MERIT SYSTEMS PROTECTION BOARD

A record from a system of records maintained by a Component may be disclosed as a routine use to the Merit Systems Protection Board, including the Office of the Special Counsel, for the purpose of litigation, including administrative proceedings, appeals, special studies of the civil service and other merit systems, review of OPM or Component rules and regulations, investigation of alleged or possible prohibited personnel practices, including administrative proceedings involving any individual subject of a DoD investigation, and such other functions, promulgated in 5 U.S.C. 1205 and 1206 or as may be authorized by law.

N. ROUTINE USE—COUNTERINTELLIGENCE PURPOSES

A record from a system of records maintained by a Component may be disclosed as a routine use outside the Department of Defense (DoD) or the U.S. Government for the purpose of counterintelligence activities authorized by U.S. law or Executive Order or for the purpose of enforcing laws that protect the national security of the United States.

APPENDIX D TO PART 310—PROVISIONS OF THE PRIVACY ACT FROM WHICH A GENERAL OR SPECIFIC EXEMPTION MAY BE CLAIMED

(See paragraph (d) of §310.26)

Exemptions		Section of the Privacy Act
(j)(2)	(k) (1–7)	
No	No	(b)(1) Disclosures within the Department of Defense.
No	No	(2) Disclosures to the public.
No	No	(3) Disclosures for a ''Routine Use.''
No	No	(4) Disclosures to the Bureau of Census.
No	No	(5) Disclosures for statistical research and reporting.
No	No	(6) Disclosures to the NARA.
No	No	(7) Disclosures for law enforcement purposes.
No	No	(8) Disclosures under emergency circumstances.
No	No	(9) Disclosures to the Congress.
No	No	(10) Disclosures to the GAO.
No	No	(11) Disclosures pursuant to court orders.
No	No	(12) Disclosure to consumer reporting agencies.
No	No	(c)(1) Making disclosure accountings.
No	No	(2) Retaining disclosure accountings.
Yes	Yes	(c)(3) Making disclosure accounting available to the individual.
Yes	No	(c)(4) Informing prior recipients of corrections.
Yes	Yes	(d)(1) Individual access to records.
Yes	Yes	(2) Amending records.
Yes	Yes	(3) Review of the Component's refusal to amend a record.
Yes	Yes	(4) Disclosure of disputed information.
Yes	Yes	(5) Access to information compiled in anticipation of civil action.
Yes	Yes	(e)(1) Restrictions on collecting information.
Yes	No	(e)(2) Collecting directly from the individual.
Yes	No	(3) Informing individuals from whom information is requested.

Exemptions		Section of the Privacy Act
(j)(2)	(k) (1–7)	
No	No	(e)(4)(A) Describing the name and location of the system.
No	No	(B) Describing categories of individuals.
No	No	(C) Describing categories of records.
No	No	(D) Describing routine uses.
No	No	(E) Describing records management policies and practices.
No	No	(F) Identifying responsible officials.
Yes	Yes	(e)(4)(G) Procedures for determining if a system contains a record on an individual.
Yes	Yes	(H) Procedures for gaining access.
Yes	Yes	(I) Describing categories of information sources.
Yes	No	(e)(5) Standards of accuracy.
No	No	(e)(6) Validating records before disclosure.
No	No	(e)(7) Records of First Amendment activities.
No	No	(e)(8) Notification of disclosure under compulsory legal process.
No	No	(e)(9) Rules of conduct.
No	No	(e)(10) Administrative, technical, and physical safeguards.
No	No	(11) Notice for new and revised routine uses.
Yes	Yes	(f)(1) Rules for determining if an individual is subject of a record.
Yes	Yes	(f)(2) Rules for handling access requests.
Yes	Yes	(f)(3) Rules for granting access.
Yes	Yes	(f)(4) Rules for amending records.
Yes	Yes	(f)(5) Rules regarding fees.
Yes	No	(g)(1) Basis for civil action.
Yes	No	(g)(2) Basis for judicial review and remedies for refusal to amend.
Yes	No	(g)(3) Basis for judicial review and remedies for denial of access.
Yes	No	(g)(4) Basis for judicial review and remedies for other failure to comply.
Yes	No	(g)(5) Jurisdiction and time limits.
Yes	No	(h) Rights of legal guardians.
No	No	(i)(1) Criminal penalties for unauthorized disclosure.
No	No	(2) Criminal penalties for failure to publish.
No	No	(3) Criminal penalties for obtaining records under false pretenses.
Yes[1]	No	(j) Rulemaking requirement.
N/A	No	(j)(1) General exemption for the Central Intelligence Agency.
N/A	No	(j)(2) General exemption for criminal law enforcement records.
Yes	No	(k)(1) Exemption for classified material.
N/A	No	(k)(2) Exemption for law enforcement material.
Yes	N/A	(k)(3) Exemption for records pertaining to Presidential protection.
Yes	N/A	(k)(4) Exemption for statistical records.
Yes	N/A	(k)(5) Exemption for investigatory material compiled for determining suitability for employment or service.
Yes	N/A	(k)(6) Exemption for testing or examination material.
Yes	N/A	(k)(7) Exemption for promotion evaluation materials used by the Armed Forces.
Yes	No	(l)(1) Records stored in GSA records centers.
Yes	No	(l)(2) Records archived before September 27, 1975.
Yes	No	(l)(3) Records archived on or after September 27, 1975.
Yes	No	(m) Applicability to Government contractors.
Yes	No	(n) Mailing lists.
Yes[1]	No	(o) Reports on new systems.
Yes[1]	No	(p) Annual report.

[1] See paragraph (d) of §310.26.

APPENDIX E TO PART 310—SAMPLE OF NEW OR ALTERED SYSTEM OF RECORDS NOTICE IN FEDERAL REGISTER FORMAT

(See paragraph (f) of §310.30)

NEW SYSTEM OF RECORDS NOTICE

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY

PRIVACY ACT OF 1974; SYSTEM OF RECORDS

AGENCY: Office of the Secretary, DoD.

ACTION: Notice to add a system of records.

SUMMARY: The Office of the Secretary of Defense proposes to add a system of records to its inventory of record systems subject to the Privacy Act of 1974 (5 U.S.C. 552a), as amended.

DATES: The changes will be effective on (insert date thirty days after publication in the FEDERAL REGISTER) unless comments are received that would result in a contrary determination.

ADDRESSES: Send comments to OSD Privacy Act Coordinator, Records Management Section, Washington Headquarters Services,

1155 Defense Pentagon, Washington, DC 20301–1155.**FOR FURTHER INFORMATION CONTACT:** Ms. Mary Smith at (703) 000–0000.

FOR FURTHER INFORMATION CONTACT: Ms. Mary Smith at (703) 000–0000.

SUPPLEMENTARY INFORMATION: The Office of the Secretary of Defense notices for systems of records subject to the Privacy Act of 1974 (5 U.S.C. 552a), as amended, have been published in the FEDERAL REGISTER and are available from the address above.

The proposed systems reports, as required by 5 U.S.C. 552a(r) of the Privacy Act of 1974, as amended, were submitted on January 20, 2006, to the House Committee on Government Reform, the Senate Committee on Homeland Security and Governmental Affairs, and the Office of Management and Budget (OMB) pursuant to paragraph 4c of Appendix I to OMB Circular No. A–130, ''Federal Agency Responsibilities for Maintaining Records About Individuals,'' dated February 8, 1996 (February 20, 1996, 61 FR 6427).

Dated: February 1, 2006.

John Miller,

OSD Federal Register Liaison Officer, Department of Defense.

NSLRB 01

System name: The National Security Labor Relations Board (NSLRB).

System location: National Security Labor Relations Board (NSLRB), 1401 Wilson Boulevard, Arlington, VA 22209–2325.

Categories of individuals covered by the system: Current and former civilian Federal Government employees who have filed unfair labor practice charges, negotiability disputes, exceptions to arbitration awards, and impasses with the National Security Labor Relations Board (NSLRB) pursuant to the National Security Personnel System (NSPS).

Categories of records in the system: Documents relating to the proceedings before the Board, including the name of the individual initiating NSLRB action, statements of witnesses, reports of interviews and hearings, examiner's findings and recommendations, a copy of the original decision, and related correspondence and exhibits.

Authority for maintenance of the system: The National Defense Authorization Act for FY 2004, Public Law 108–136, Section 1101; 5 U.S.C. 9902(m), Labor Management Relations in the Department of Defense; and 5 CFR 9901.907, National Security Labor Relations Board.

Purpose(s): To establish a system of records that will document adjudication of unfair labor practice charges, negotiability disputes, exceptions to arbitration awards, and impasses filed with the National Security Labor Relations Board.

Routine uses of records maintained in the system, including categories of users and the purposes of such uses: In addition to those disclosures generally permitted under 5 U.S.C. 552a(b) of the Privacy Act, these records or information contained therein may specifically be disclosed outside the DoD as a routine use pursuant to 5 U.S.C. 552a(b)(3) as follows:

To the Federal Labor Relations Authority (FLRA) or the Equal Employment Opportunity Commission, when requested, for performance of functions authorized by law.

To disclose, in response to a request for discovery or for appearance of a witness, information that is relevant to the subject matter involved in a pending judicial or administrative proceeding.

To provide information to officials of labor organizations recognized under 5 U.S.C. 71 when relevant and necessary to their duties of exclusive representation concerning personnel policies, practices, and matters affecting work conditions.

The DoD ''Blanket Routine Uses'' set forth at the beginning of OSD's compilation of systems of records notices apply to this system.

Policies and practices for storing, retrieving, accessing, retaining, and disposing of records in the system:

Storage: Records are maintained on electronic storage media and paper.

Retrievability: Records will be retrieved in the system by the following identifiers: assigned case number; individual's name; labor organizations filing the unfair labor practice charges; negotiability disputes; exceptions to arbitration awards; date, month, year or filing; complaint type; and the organizational component from which the complaint arises.

Safeguards: Records are maintained in a controlled facility. Physical entry is restricted by the use of locks, guards, and is accessible only to authorized personnel. Access to records is limited to person(s) responsible for servicing the record in performance of their official duties and who are properly screened and cleared for need-to-know. Access to computerized data is restricted by passwords, which are changed periodically.

Retention and disposal: Records are disposed of 5 years after final resolution of case.

System manager(s) and address: Executive Director, National Security Personnel System, Program Executive Office, 1401 Wilson Boulevard, Arlington, VA 22209–2325.

Notification procedure: Individuals seeking to determine whether this system of records contains information about themselves should address written inquiries to the Executive Director, National Security Personnel System, Program Executive Office, 1401 Wilson Boulevard, Arlington, VA 22209–2325.

Request should contain name; assigned case number; approximate case date (day, month, and year); case type; the names of the individuals and/or labor organizations

filed the unfair labor practice charges; negotiability disputes; exceptions to arbitration awards; and impasses.

Record access procedures: Individuals seeking access to records about themselves contained in this system of records should address written inquiries to the Executive Director, National Security Personnel System, Program Executive Office, 1401 Wilson Boulevard, Arlington, VA 22209–2325.

Request should contain name; assigned case number; approximate case date (day, month, and year); case type; the names of the individuals and/or labor organizations filed the unfair labor practice charges; negotiability disputes; exceptions to arbitration awards; and impasses.

Contesting record procedures: The OSD's rules for accessing records, for contesting contents and appealing initial agency determinations are published in OSD Administrative Instruction No. 81; 32 CFR part 311; or may be obtained from the system manager.

Record source categories: Individual; other officials or employees; and departmental and other records containing information pertinent to the NSLRB action.

Exemptions claimed for the system: None.

ALTERED SYSTEM OF RECORD NOTICE

DEPARTMENT OF DEFENSE

DEFENSE LOGISTICS AGENCY

PRIVACY ACT OF 1974; SYSTEMS OF RECORDS

AGENCY: Defense Logistics Agency.

ACTION: Notice to alter a system of records.

SUMMARY: The Defense Logistics Agency proposes to alter a system of records notice in its inventory of record systems subject to the Privacy Act of 1974 (5 U.S.C. 552a), as amended. The alteration adds two routine uses, revises the purpose category, and makes other administrative changes to the system notice.

DATES: This action will be effective without further notice on (insert date thirty days after publication in the FEDERAL REGISTER) unless comments are received that would result in a contrary determination.

ADDRESSES: Send comments to the Privacy Act Officer, Headquarters, Defense Logistics Agency, ATTN: DSS–B, 8725 John J. Kingman Road, Suite 2533, Fort Belvoir, VA 22060–6221.

FOR FURTHER INFORMATION CONTACT: Ms. Mary Smith at (703) 000–0000.

SUPPLEMENTARY INFORMATION: The Defense Logistics Agency notices for systems of records subject to the Privacy Act of 1974 (5 U.S.C. 552a), as amended, have been published in the FEDERAL REGISTER and are available from the address above.

The proposed system report, as required by 5 U.S.C. 552a(r) of the Privacy Act of 1974, as amended, was submitted on January 29, 2004, to the House Committee on Government Reform, the Senate Committee on Governmental Affairs, and the Office of Management and Budget (OMB) pursuant to paragraph 4c of Appendix I to OMB Circular No. A–130, 'Federal Agency Responsibilities for Maintaining Records About Individuals,' dated February 8, 1996 (February 20, 1996, 61 FR 6427).

Dated: February 2, 2004.

John Miller,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

S253.10 DLA–G

System name: Invention Disclosure (February 22, 1993, 58 FR 10854).

Changes:

* * * * *

System identifier: Replace 'S253.10 DLA–G' with 'S100.70'.

* * * * *

Categories of individuals covered by the system: Delete 'to the DLA General Counsel' at the end of the sentence and replace with 'to DLA.'

* * * * *

Categories of records in the system: Delete entry and replace with 'Inventor's name, Social Security Number, address, and telephone numbers; descriptions of inventions; designs or drawings, as appropriate; evaluations of patentability; recommendations for employee awards; licensing documents; and similar records. Where patent protection is pursued by DLA, the file may also contain copies of applications, Letters Patent, and related materials.'

* * * * *

Authority for maintenance of the system: Delete entry and replace with '5 U.S.C. 301, Departmental Regulations; 5 U.S.C. 4502, General provisions; 10 U.S.C. 2320, Rights in technical data; 15 U.S.C. 3710b, Rewards for scientific, engineering, and technical personnel of federal agencies; 15 U.S.C. 3711d, Employee activities; 35 U.S.C. 181–185, Secrecy of Certain Inventions and Filing Applications in Foreign Countries; E.O. 9397 (SSN); and E.O. 10096 (Inventions Made by Government Employees) as amended by E.O. 10930.'

* * * * *

Purpose(s): Delete entry and replace with 'Data is maintained for making determinations regarding and recording DLA interest

in the acquisition of patents; for documenting the patent process; and for documenting any rights of the inventor. The records may also be used in conjunction with the employee award program, where appropriate.'

* * * * *

Routine uses of records maintained in the system, including categories of users and the purpose of such uses: Add two new paragraphs: 'To the U.S. Patent and Trademark Office for use in processing applications and performing related functions and responsibilities under Title 35 of the U.S. Code.

To foreign government patent offices for the purpose of securing foreign patent rights.'

* * * * *

Safeguards: Delete entry and replace with 'Access is limited to those individuals who require the records for the performance of their official duties. Paper records are maintained in buildings with controlled or monitored access. During non-duty hours, records are secured in locked or guarded buildings, locked offices, or guarded cabinets. The electronic records systems employ user identification and password or smart card technology protocols.'

* * * * *

Retention and disposal: Delete entry and replace with 'Records maintained by Headquarters and field Offices of Counsel are destroyed 26 years after file is closed. Records maintained by field level Offices of Counsel where patent applications are not prepared are destroyed 7 years after closure.'

* * * * *

Record source categories: Delete entry and replace with 'Inventors, reviewers, evaluators, officials of U.S. and foreign patent offices, and other persons having a direct interest in the file.'

* * * * *

S100.70

System name: Invention Disclosure.

System location: Office of the General Counsel, HQ DLA–DG, 8725 John J. Kingman Road, Stop 2533, Fort Belvoir, VA 22060–6221, and the offices of counsel of the DLA field activities. Official mailing addresses are published as an appendix to DLA's compilation of systems of records notices.

Categories of individuals covered by the system: Employees and military personnel assigned to DLA who have submitted invention disclosures to DLA.

Categories of records in the system: Inventor's name, Social Security Number, address, and telephone numbers; descriptions of inventions; designs or drawings, as appropriate; evaluations of patentability; recommendations for employee awards; licensing documents; and similar records. Where patent protection is pursued by DLA, the file may also contain copies of applications, Letters Patent, and related materials.

Authority for maintenance of the system: 5 U.S.C. 301, Departmental Regulations; 5 U.S.C. 4502, General provisions; 10 U.S.C. 2320, Rights in technical data; 15 U.S.C. 3710b, Rewards for scientific, engineering, and technical personnel of federal agencies; 15 U.S.C. 3711d, Employee activities; 35 U.S.C. 181–185, Secrecy of Certain Inventions and Filing Applications in Foreign Countries; E.O. 9397 (SSN); and E.O. 10096 (Inventions Made by Government Employees) as amended by E.O. 10930.

Purpose(s): Data is maintained for making determinations regarding and recording DLA interest in the acquisition of patents, for documenting the patent process, and for documenting any rights of the inventor. The records may also be used in conjunction with the employee award program, where appropriate.

Routine uses of records maintained in the system, including categories of users and the purposes of such uses: In addition to those disclosures generally permitted under 5 U.S.C. 552a(b) of the Privacy Act, these records or information contained therein may specifically be disclosed outside the DoD as a routine use pursuant to 5 U.S.C. 552a(b)(3) as follows:

To the U.S. Patent and Trademark Office for use in processing applications and performing related functions and responsibilities under Title 35 of the U. S. Code.

To foreign government patent offices for the purpose of securing foreign patent rights.

Information may be referred to other government agencies or to non-government agencies or to non-government personnel (including contractors or prospective contractors) having an identified interest in a particular invention and the Government's rights therein.

The DoD 'Blanket Routine Uses' set forth at the beginning of DLA's compilation of systems of records notices apply to this system.

Policies and practices for storing, retrieving, accessing, retaining, and disposing of records in the system:

Storage: Records are maintained in paper and computerized form.

Retrievability: Filed by names of inventors.

Safeguards: Access is limited to those individuals who require the records for the performance of their official duties. Paper

records are maintained in buildings with controlled or monitored access. During nonduty hours, records are secured in locked or guarded buildings, locked offices, or guarded cabinets. The electronic records systems employ user identification and password or smart card technology protocols.

Retention and disposal: Records maintain by the HQ and field Offices of Counsel are destroyed 26 years after file is closed. Records maintained by field level Offices of Counsel where patent applications are not prepared are destroyed 7 years after closure.

System manager(s) and address: Office of the General Counsel, Headquarters, Defense Logistics Agency, ATTN: DG, 8725 John J. Kingman Road, Stop 2533, Fort Belvoir, VA 22060–6221.

Notification procedure: Individuals seeking to determine whether information about themselves is contained in this system should address written inquiries to the Privacy Officer, Headquarters, Defense Logistics Agency, ATTN: DSS–B, 8725 John J. Kingman Road, Stop 6220, Fort Belvoir, VA 22060–6221, or the Privacy Officers at DLA field activities. Official mailing addresses are published as an appendix to DLA's compilation of systems of records notices.

Record access procedures: Individuals seeking access to information about themselves contained in this system should address written inquiries to the Privacy Officer, Headquarters, Defense Logistics Agency, ATTN: DSS–B, 8725 John J. Kingman Road, Stop 6220, Fort Belvoir, VA 22060–6221, or the Privacy Officers at the DLA field activities. Official mailing addresses are published as an appendix to DLA's compilation of systems of records notices.

Individuals should provide information that contains full name, current address and telephone numbers of requester.

For personal visits, each individual shall provide acceptable identification, e.g., driver's license or identification card.

Contesting record procedures: The DLA rules for accessing records, contesting contents, and appealing initial agency determinations are contained in 32 CFR part 323, or may be obtained from the Privacy Act Officer, Headquarters, Defense Logistics Agency, ATTN: DSS–B, 8725 John J. Kingman Road, Stop 6220, Fort Belvoir, VA 22060–6221.

Record source categories: Inventors, reviewers, evaluators, officials of U.S. and foreign patent offices, and other persons having a direct interest in the file.

Exemptions claimed for the system: None.

APPENDIX F TO PART 310—FORMAT FOR NEW OR ALTERED SYSTEM REPORT

(See paragraph (c) of §310.33)

The report on a new or altered system shall consist of a transmittal letter, a narrative statement, and include supporting documentation.

A. TRANSMITTAL LETTER

The transmittal letter shall be prepared by the Defense Privacy Office and shall contain assurances that the new or altered system does not duplicate any existing Component systems, DoD-wide systems or government-wide systems. The narrative statement, and the system notice, shall be attached thereto.

B. NARRATIVE STATEMENT

The statement shall include information on the following:

1. System Identifier and name;
2. Responsible official;
3. Purpose of establishing the system [for a new system only] or Nature of the changes proposed for the system [for altered system only];
4. Authority for maintenance of the System;
5. Probable or potential effects on the privacy of individuals;
6. Is the system, in whole or part, being maintained by a contractor;
7. Steps taken to minimize risk of unauthorized access;
8. Routine use compatibility;
9. OMB information collection requirements; and
10. Supporting documentation.

ATTACHMENT 1—SAMPLE FORMAT FOR NARRATIVE STATEMENT

DEPARTMENT OF DEFENSE

[COMPONENT NAME]

NARRATIVE STATEMENT ON A [NEW/ALTERED] SYSTEM OF RECORDS

UNDER THE PRIVACY ACT OF 1974

1. *System Identifier and Name.* This caption sets forth the identification and name of the system (see subparagraphs (b)((c) of §310.32).

2. *Responsible Official.* The name, title, address, and telephone number of the official responsible for the report and to whom inquiries and comments about the report may be directed by Congress, the Office of Management and Budget, or the Defense Privacy Office.

3. *Purpose of establishing the system or nature of the changes proposed for the system:* Describe the purpose of the new system or how an existing system is being changed.

4. *Authority for maintenance of the system.* See paragraph (g) of §310.32.

5. *Probable or potential effects on the privacy of individuals.* What effect, if any, will the new or altered system impact the personal privacy of the affected individuals.

6. *Is the system, in whole or in part, being maintained by a contractor.* If yes, Components shall ensure that the contract has incorporated the Federal Acquisition privacy clause (see paragraph (a)(1) of §310.12).

7. *Steps taken to minimize risk of unauthorized access.* Describe actions taken to reduce the vulnerability of the system to potential threats. See Appendix A to this part.

8. *Routine use compatibility.* Provide assurances that any records contained in the system that are disclosed outside the DoD shall be for a use that is compatible with the purpose for which the record was collected. Advise whether or not the blanket routine uses apply to this system.

9. *OMB collection requirements.* If information is to be collected from members of the public, the requirements of reference ( ) apply and OMB must be advised.

10. *Supporting documentation.* The following are typical enclosures that may be required:

a. An advance copy of the system notice for a new or altered system that is proposed for publication.

b. An advance copy of a proposed exemption rule if the new or altered system is to be exempted in accordance with subpart F.

c. Any other supporting documentation that may be pertinent or helpful in understanding the need for the system or clarifying its intended use.

ATTACHMENT 2—SAMPLE NARRATIVE STATEMENT

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY

NARRATIVE STATEMENT ON A NEW SYSTEM OF RECORDS

UNDER THE PRIVACY ACT OF 1974

1. *System identifier and name:* NSLRB 01, entitled ''The National Security Labor Relations Board (NSLRB).''

2. *Responsible official:* Mr. John Miller, National Security Labor Relations Board (NSLRB), 0000 Smith Boulevard, Arlington, VA 22209, Telephone (703) 000–0000.

3. *Purpose of establishing the system:* The Office of the Secretary of Defense is proposing to establish a system of records that will document adjudication of unfair labor practice charges, negotiability disputes, exceptions to arbitration awards, and impasses filed with the National Security Labor Relations Board.

4. *Authority for the maintenance of the system:* The National Defense Authorization Act for FY 2004, Pub Law 108–136, Section 1101; 5 U.S.C. 9902(m), Labor Management Relations in the Department of Defense; and 5 CFR 9901.907, National Security Labor Relations Board.

5. *Probable or potential effects on the privacy of individuals:* None

6. *Is the system, in whole or in part, being maintained by a contractor?* No

7. *Steps taken to minimize risk of unauthorized access:* Records are maintained in a controlled facility. Physical entry is restricted by the use of locks, guards, and is accessible only to authorized personnel. Access to records is limited to person(s) responsible for servicing the record in performance of their official duties and who are properly screened and cleared for need-to-know. Access to computerized data is restricted by passwords, which are changed periodically.

8. *Routine use compatibility:* Any release of information contained in this system of records outside of the DoD will be compatible with purposes for which the information is collected and maintained. The DoD ''Blanket Routine Uses'' apply to this system of records.

9. *OMB information collection requirements:* None.

10. *Supporting documentation:* None.

APPENDIX G TO PART 310—SAMPLE AMENDMENTS OR DELETIONS TO SYSTEM NOTICES IN FEDERAL REGISTER FORMAT

(See §310.34)

Amendment of system notice

DEPARTMENT OF DEFENSE

Department of the Army

Privacy Act of 1974; System of Records

AGENCY: Department of the Army, DoD.

ACTION: Notice to Amend a System of Records.

SUMMARY: The Department of the Army is proposing to amend a system of records notice in its existing inventory of records systems subject to the Privacy Act of 1974, (5 U.S.C. 552a), as amended.

DATES: This proposed action will be effective without further notice on (insert date thirty days after publication in Federal Register) unless comments are received which result in a contrary determination.

ADDRESSES: Department of the Army, Freedom of Information/Privacy Division, U.S. Army Records Management and Declassification Agency, ATTN: AHRC–PDD–FPZ, 7701 Telegraph Road, Casey Building, Suite 144, Alexandria, VA 22325–3905.

FOR FURTHER INFORMATION CONTACT: Ms. Mary Smith at (703) 000–0000.

SUPPLEMENTARY INFORMATION: The Department of the Army systems of records notices subject to the Privacy Act of 1974, (5 U.S.C. 552a), as amended, have been published in the Federal Register and are available from the address above.

The specific changes to the records systems being amended are set forth below followed by the notices, as amended, published in their entirety. The proposed amendments are not within the purview of subsection (r) of the Privacy Act of 1974, (5 U.S.C. 552a), as amended, which requires the submission of a new or altered system report.

Dated: February 3, 2006.

John Miller,

OSD Federal Register Liaison Officer, Department of Defense.

A0055 USEUCOM

System name: Europe Command Travel Clearance Records (August 23, 2004, 69 FR 51817).

Changes:

* * * * *

System name: Delete system identifier and replace with: ''A0055 USEUCOM DoD''.

* * * * *

A0055 USEUCOM DoD

System name: Europe Command Travel Clearance Records.

System location: Headquarters, United States European Command, Computer Network Operations Center, Building 2324, P.O. Box 1000, APO AE 09131–1000.

Categories of individuals covered by the system: Military, DoD civilians, and non-DoD personnel traveling under DoD sponsorship (e.g., contractors, foreign nationals and dependents) and includes temporary travelers within the United States European Command's (USEUCOM) area of responsibility as defined by the DoD Foreign Clearance Guide Program.

Categories of records in the system: Travel requests, which contain the individual's name; rank/pay grade; Social Security Number; military branch or department; passport number; Visa Number; office address and telephone number, official and personal email address, detailed information on sites to be visited, visitation dates and purpose of visit.

Authority for the maintenance of the system: 10 U.S.C. 3013, Secretary of the Army; 10 U.S.C. 5013, Secretary of the Navy; 10 U.S.C. 8013, Secretary of the Air Force; DoD 4500.54–G, Department of Defense Foreign Clearance Guide; Public Law 99–399, Omnibus Diplomatic Security and Antiterrorism Act of 1986; 22 U.S.C. 4801, 4802, and 4805, Foreign Relations and Intercourse; E.O. 12333, United States Intelligence Activities; Army Regulation 55–46, Travel Overseas; and E.O. 9397 (SSN).

Purpose(s): To provide the DoD with an automated system to clear and audit travel within the United States European Command's area of responsibility and to ensure compliance with the specific clearance requirements outline in the DoD Foreign Clearance Guide; to provide individual travelers with intelligence and travel warnings; and to provide the Defense Attaché and other DoD authorized officials with information necessary to verify official travel by DoD personnel.

Routine uses of records maintained in the system, including categories of users and the purposes of such uses: In addition to those disclosures generally permitted under 5 U.S.C. 552a(b) of the Privacy Act, these records or information contained therein may specifically be disclosed outside the DoD as a routine use pursuant to 5 U.S.C. 552a(b)(3) as follows:

To the Department of State Regional Security Officer, U.S. Embassy officials, and foreign police for the purpose of coordinating security support for DoD travelers.

The DoD 'Blanket Routine Uses' set forth at the beginning of the Army's compilation of systems of records notices also apply to this system.

Policies and practices for storing, retiring, accessing, retaining, and disposing of records.

Storage: Electronic storage media.

Retrievability: Retrieved by individual's surname, Social Security Number and/or passport number.

Safeguards: Electronic records are located in the United States European Command's Theater Requirements Automated Clearance System (TRACS) computer database with built in safeguards. Computerized records are maintained in controlled areas accessible only to authorized personnel with an official need to know access. In addition, automated files are password protected and in compliance with the applicable laws and regulations. Another built in safeguard of the system is records are access to the data through secure network.

Retention and disposal: Records are destroyed 3 months after travel is completed.

System manager(s) and address: Special Assistant for Security Matters, Headquarters, United States European Command, Unit 30400, P.O. Box 1000, APO AE 09131–1000.

Notification procedures: Individuals seeking to determine whether information about themselves is contained in this system of records should address written inquiries to the Special Assistant for Security Matters, Headquarters, United States European Command, Unit 30400, P.O. Box 1000, APO AE 09131–1000.

Requests should contain individual's full name, Social Security Number, and/or passport number.

Record access procedures: Individuals seeking to access information about themselves that is contained in this system of records

should address written inquiries to the Special Assistant for Security Matters, Headquarters, United States European Command, Unit 30400, P.O. Box 1000, APO AE 09131–1000.

Requests should contain individual's full name, Social Security Number, and/or passport number.

Contesting record procedures: The Army's rules for accessing records and for contesting contents and appealing initial agency determinations are contained in Army Regulation 340–21; 32 CFR part 505; or may be obtained from the system manager.

Record source categories: From individuals.

Exemptions claimed for the system: None.

DELETION OF SYSTEM NOTICE

DEPARTMENT OF DEFENSE

Office of the Secretary

Privacy Act of 1974; System of Records

AGENCY: Office of the Secretary, DoD.

ACTION: Notice to delete systems of records.

SUMMARY: The Office of the Secretary of Defense is deleting a system of records notice from its existing inventory of records systems subject to the Privacy Act of 1974, (5 U.S.C. 552a), as amended.

DATES: This proposed action will be effective without further notice on (insert date thirty days after publication in FEDERAL REGISTER) unless comments are received which result in a contrary determination.

ADDRESSES: OSD Privacy Act Coordinator, Records Management Section, Washington Headquarters Services, 1155 Defense Pentagon, Washington, DC 20301–1155.

FOR FURTHER INFORMATION CONTACT: Ms. Mary Smith at (703) 000–0000.

SUPPLEMENTARY INFORMATION: The Office of the Secretary of Defense systems of records notices subject to the Privacy Act of 1974, (5 U.S.C. 552a), as amended, have been published in the FEDERAL REGISTER and are available from the address above.

The specific changes to the records system being amended are set forth below followed by the notice, as amended, published in its entirety. The proposed amendments are not within the purview of subsection (r) of the Privacy Act of 1974, (5 U.S.C. 552a), as amended, which requires the submission of a new or altered system report.

Dated: April 2, 2006.

John Miller,

OSD Federal Register Liaison Officer, Department of Defense.

DODDS 27

System name: DoD Domestic and Elementary School Employee File (May 9, 2003, 68 FR 24935).

Reason: The records contained in this system of records are covered by OPM/GOVT–1 (General Personnel Records), a government-wide system notice.

APPENDIX H TO PART 310—LITIGATION STATUS SHEET

(See §310.49)

LITIGATION STATUS SHEET

1. Case Number[1]
2. Requester
3. Document Title or Description[2]
4. Litigation
a. Date Complaint Filed
b. Court
c. Case File Number[1]
5. Defendants (DoD Component and individual)
6. Remarks (brief explanation of what the case is about)
7. Court Action
a. Court's Finding
b. Disciplinary Action (as appropriate)
8. Appeal (as appropriate)
a. Date Complaint Filed
b. Court
c. Case File Number
d. Court's Finding
e. Disciplinary Action (as appropriate)

PART 311—OSD PRIVACY PROGRAM

Sec.

311.1 Purpose.
311.2 Applicability and scope.
311.3 Definitions.
311.4 Policy.
311.5 Responsibilities.
311.6 Procedures.
311.7 Information requirements.
311.8 Procedures for exemptions.

AUTHORITY: Pub. L. 93–579, 88 Stat. 1986 (5 U.S.C. 552a).

SOURCE: 64 FR 22785, Apr. 28, 1999, unless otherwise noted.

§311.1 Purpose.

This part updates and implements basic policies and procedures outlined in 5 U.S.C. 552a, OMB Circular A–130,[1]

[1] Number used by the Component for reference purposes.

[2] Indicate the nature of the case, such as, ''Denial of access,'' ''Refusal to amend,'' ''Incorrect records,'' or other violations of the Act (specify).

[1] Copies may be obtained by contacting EOP Publications, 725 16th Street, NW., NEOB, Washington, DC 20503.

and DoD 5400.11–R[2] and provides guidance and procedures for use in establishing the Privacy Program in the Office of the Secretary of Defense (OSD) and those organizations assigned to OSD for administrative support.

§ 311.2 Applicability and scope.

This part:

(a) Applies to the OSD, the Chairman of the Joint Chiefs of Staff, Uniformed Services University of the Health Sciences (USUHS) and other activities assigned to OSD for administrative support hereafter referred to collectively as ''OSD Components.''

(b) Covers record systems maintained by OSD Components and governs the maintenance, access, change, and release of information contained in OSD Component record systems, from which information about an individual is retrieved by a personal identifier.

§ 311.3 Definitions.

Access. Any individual's review of a record or a copy of a record or parts of a system of records.

Disclosure. The transfer of any personal information from a system of records by any means of oral, written, electronic, mechanical, or other communication, to any person, private entity, or Government agency, other than the subject of the record, the subject's designated agent, or the subject's guardian.

Individual. A living citizen of the United States or an alien lawfully admitted to the United States for permanent residence. The legal guardian of an individual has the same rights as the individual and may act on his or her behalf.

Individual access. Access to personal information pertaining to the individual, by the individual, his or her designated agent or legal guardian.

Maintain. Includes maintenance, collection, use or dissemination.

Personal information. Information about an individual that is intimate or private, as distinguished from information related solely to the individual's official functions or public life.

[2] Copies may be obtained via internet at *http://web7.whs.osd.mil/corres.htm.*

§ 311.4 Policy.

(a) It is DoD policy to safeguard personal information contained in any system of records maintained by any DoD Component and to permit any individual to know what existing records pertain to him or her in any OSD Component covered by this part.

(b) Each office maintaining records and information about individuals shall ensure that their privacy is protected from unauthorized disclosure of personal information. These offices shall permit individuals to have access to, and to have a copy made of all, or any portion of records about them, except as provided in Chapters 3 and 5, DoD 5400.11–R, and to have an opportunity to request that such records be amended as provided by the Privacy Act of 1974 and Chapter 3 of DoD 5400.11–R. Individuals requesting access to their records shall receive concurrent consideration under 5 U.S.C. 552a and the Freedom of Information Act, as amended, if appropriate.

(c) Heads of OSD Components shall maintain any necessary record of a personal nature that is individually identifiable in a manner that complies with the law and DoD policy. Any information collected must be as accurate, relevant, timely, and complete as is reasonable to ensure fairness to the individual. Adequate safeguards must be provided to prevent misuse or unauthorized release of such information.

§ 311.5 Responsibilities.

(a) The Director of Administration and Management, Office of the Secretary of Defense (DA&M, OSD) shall:

(1) Direct and administer the DoD Privacy Program for OSD Components.

(2) Establish standards and procedures to ensure implementation of and compliance with the Privacy Act of 1974, OMB Circular No. A–130, and DoD 5400.11–R.

(3) Designate the Director for Freedom of Information and Security Review as the point of contact for individuals requesting information of access to records and copies about themselves.

(4) Serve as the appellate authority within OSD when a requester appeals a denial for access to records under the Privacy Act.

(5) Serve as the appellate authority within OSD when a requester appeals a denial for amendment of a record or initiates legal action to correct a record.

(6) Evaluate and decide, in coordination with The General Counsel of the Department of Defense (GC, DoD), appeals resulting from denials of access or amendments to records by the OSD Components.

(7) Designate the Directives and Records Division, Correspondence and Directives Directorate, Washington Headquarters Services (WHS) as the office responsible for all aspects of the Privacy Act, except that portion about receiving and acting on public requests for personal records. As such, the Directives and Records Division shall:

(i) Exercise oversight and administrative control of the Privacy Act Program in OSD and those organizations assigned to OSD for administrative support.

(ii) Provide guidance and training to organizational entities as required by 5 U.S.C. 552a and OMB Circular A–130. Periodic training will be provided to public affairs officers and others who may be expected to deal with the news media or the public.

(iii) Collect and consolidate data from OSD Components, and submit an annual report to the Defense Privacy Office, as required by 5 U.S.C. 552a, OMB Circular A–130, and DoD 5400.11–R.

(iv) Coordinate and consolidate information for reporting all record systems, as well as changes to approved systems, to the OMB, the Congress, and the FEDERAL REGISTER, as required by 5 U.S.C. 552a, OMB Circular E A–130, and DoD 5400.11–R.

(v) Collect information from OSD Components, and prepare consolidated reports required by 5 U.S.C. 552a and DoD 5400.11–R.

(b) The Director for Freedom of Information and Security Review shall:

(1) Forward requests for information or access to records to the appropriate OSD Component having primary responsibility for any pertinent system of records under 5 U.S.C. 552a, or to OSD Components, under the Freedom of Information Act, as amended.

(2) Maintain deadlines to ensure that responses are made within the time limits prescribed in DoD 5400.7–R,[3] DoD Instruction 5400.10,[4] and this part.

(3) Collect fees charged and assessed for reproducing requested materials.

(4) Refer all matters about amendments of records and general and specific exemptions under the 5 U.S.C. 552a to the proper OSD Components.

(c) The General Counsel of the Department of Defense shall:

(1) Coordinate all OSD final denials of appeals for amending records, and review actions to confirm denial of access to records, as appropriate.

(2) Provide advice and assistance to the DA&M, OSD in the discharge of appellate and review responsibilities, and to the DFOISR on all access matters.

(3) Provide advice and assistance to OSD Components on legal matters pertaining to the Privacy Act of 1974.

(d) The Heads of the OSD Components shall:

(1) Designate an individual as the point of contact for Privacy Act matters; designate an official to deny initial requests for access to an individual's records or changes to records; and advise both DA&M, OSD and DFOISR of names of officials so designated.

(2) Report any new record system, or changes to an existing system, to the Chief, Directives and Records Division, WHS, at least 90 days before the intended use of the system.

(3) Review all contracts that provide for maintaining records systems, by or on behalf of his or her office, to ensure within his or her authority, that language is included that provides that such systems shall be maintained in a manner consistent with 5 U.S.C. 552a.

(4) Revise procurement guidance to ensure that any contract providing for the maintenance of a records system, by or on behalf of his or her office, includes language that ensures that such system shall be maintained in accordance with 5 U.S.C. 552a.

(5) Revise computer and telecommunications procurement policies to ensure that agencies review all proposed contracts for equipment and services to comply with 5 U.S.C. 552a.

(6) Coordinate with Automatic Data Processing (ADP) and word processing

[3] See footnote 2 to § 311.1.

[4] See footnote 2 to § 311.1.

managers providing services to ensure that an adequate risk analysis is conducted to comply with DoD 5400.11–R.

(7) Review all Directives that require forms or other methods used to collect information about individuals to ensure that they are in compliance with 5 U.S.C. 552a.

(8) Establish administrative systems in OSD Component organizations to comply with the procedures listed in this part and DoD 5400.11–R.

(9) Coordinate with the GC, DoD on all proposed denials of access to records.

(10) Provide justification to the DFOISR when access to a record is denied in whole or in part.

(11) Provide the record to the DFOISR when the initial denial of a request for access to such record has been appealed by the requester, or at the time of initial denial when appeal seems likely.

(12) Maintain an accurate account of the actions resulting in a denial for access to a record or for the correction of a record. This account should be maintained so that it can be readily certified as the complete record of proceedings if litigation occurs.

(13) Ensure that all personnel who either have access to the system of records, or who are engaged in developing or supervising procedures for handling records in the system, are aware of their responsibilities for protecting personal information as established in the Privacy Act and DoD 5400.11–R.

(14) Forward all requests for access to records received directly from an individual to the DFOISR for appropriate suspense control and recording.

(15) Provide DFOISR with a copy of the requested record when the request is granted.

(e) The requester who desires to submit a request is responsible for:

(1) Determining whether to submit the request in writing or in person. A requester who seeks access to records pertaining to himself or herself which are filed by his or her name or personal identifier:

(i) May make such a request in person to the custodian of the records. If the requester is not satisfied with the response, however, in order to invoke any provision of 5 U.S.C. 552a, DoD 5400.11–R, or this part, the requester must file a request in writing as provided in §311.6(b)(10). The requester must provide proof of identify by showing drivers license or similar credentials.

(ii) Describing the record sought, and providing sufficient information to enable the material to be located (e.g., identification of system of records, approximate date it was initiated, originating organization, and type of document).

(iii) Complying with procedures provided in DoD 5400.11–R for inspecting and/or obtaining copies of requested records.

(iv) Submitting a written request to amend the record to the system manager or to the office designated in the system notice.

[64 FR 22785, Apr. 28, 1999, as amended at 66 FR 41780, Aug. 9, 2001]

§311.6 Procedures.

(a) *Publication of notice in the Federal Register*. (1) A notice shall be published in the FEDERAL REGISTER of any record system meeting the definition of a system of records in DoD 5400.11–R.

(2) Regarding new or revised records systems, each OSD Component shall provide the Chief, Directives and Records Division with 90 days advance notice of any anticipated new or revised system of records. This material shall be submitted to the OMB and to Congress at least 60 days before use and to the Federal Register at least 30 days before being put into use, to provide an opportunity for interested persons to submit written data, views, or arguments to the OSD Components. Instructions on content and preparation are outlined in DoD 5400.11–R.

(b) *Access to information on records systems*. (1) Upon request, and as provided by the Privacy Act, records shall be disclosed only to the individual they pertain to and under whose individual name or identifier they are filed, unless exempted by provisions stated in DoD 5400.11–R.

(2) There is not requirement under 5 U.S.C. 552a that a record be created or that an individual be given access to records that are not in a group of

records that meet this definition of a system of records in 5 U.S.C. 552a.

(3) Granting access to a record containing personal information shall not be conditioned upon any requirement that the individual state a reason or otherwise justify the need to gain access.

(4) No verification of identity shall be required of an individual seeking access to records that are otherwise available to the public.

(5) Individuals shall not be denied access to a record in a system of records about themselves because those records are exempted from disclosure under DoD 5400.7–R. Individuals may only be denied access to a record in a system of records about themselves when those records are exempted from the access provisions of the Privacy Act under DoD 5400.11–R, Chapter 5.

(6) Individuals shall not be denied access to their records for refusing to disclose their Social Security Numbers (SSNs), unless disclosure of the SSN is required by statute, by regulation adopted before January 1, 1975, or if the record's filing identifier and only means of retrieval is by SSN.

(7) Individuals may request access to their records, in person or by mail, in accordance with the procedures outlined in paragraph (b)(8) of this section.

(8) Information necessary to identify a record is: the individual's name, date of birth, place of birth, identification of the records system as listed in the FEDERAL REGISTER, or sufficient information to identify the type of records being sought, and the approximate date the records might have been created. Any individual making a request for access to records in person shall come to the Directorate for Freedom of Information and Security Review (DFOISR), Room 2C757, Pentagon, Washington, DC 20301–1155; and shall provide personal identification acceptable to the Director, DFOISR, to verify the individual's identity (e.g., driver's license, other licenses, permits, or passes used for routine identification purposes).

(9) If an individual wishes to be accompanied by a third party when seeking access to records or wishes to have the record released directly to a third party, the individual may be required to furnish a signed access authorization granting the third party access.

(10) Any individual submitting a request by mail for access to information shall address such request to the Directorate for Freedom of Information and Security Review, Pentagon, Room 2C757, Washington, DC 20301–1155. To verify the identity of the individual, the request shall include either a signed notarized statement or an unsworn declaration in the format specified by 28 U.S.C. 1746.

(11) The following procedures shall apply to requests for access to records or information complied for law enforcement purposes:

(i) Individuals requesting access to records or information about themselves and complied for law enforcement purposes are processed under DoD 5400.11–R and DoD 5400.7–R to give them the greater degree of access.

(ii) Individual requests for access to records or information about themselves and compiled for law enforcement purposes (and in the custody of law enforcement activities) that have been incorporated into the records system, exempted from the access provisions of 5 U.S.C. 552a, will be processed in accordance with subsection C1.5.13 and Chapter 5, DoD 5400.7–R. Individuals shall not be denied access to records solely because they are in the exempt system, but they will have the same access that they would receive under DoD 5400.7–R. (Also see subsection A.10., Chapter 3, DoD 5400.11–R).)

(iii) Requests by the individuals for access to records or information about themselves and compiled for law enforcement purposes that are in records systems exempted from access provisions will be processed under subsection C.1., Chapter 5 of DoD 5400.11–R or DoD 5400.7–R, depending upon which regulation gives the greater degree of access. (See also subsection A. 10., Chapter 3, DoD 5400.1–R)

(iv) Individual requests for access to records or information about themselves and complied for law enforcement purposes exempted from access under Section B, Chapter 5 of DoD 54.11–R, that are temporarily in the

hands of a non-law enforcement element for adjudicative or personnal actions, shall be referred to the originating agency. The requester will be informed in writing of these referrals.

(12) The following procedures shall apply to requests for illegible, incomplete, or partially exempt records:

(i) An individual shall not be denied access to a record or a copy of a record solely because the physical condition or format of the record does not make it readily available (e.g., deteriorated state or on magnetic tape). The document will be prepared as an extract, or it will be exactly recopied.

(ii) If a portion of the record contains information that is exempt from access, an extract or summary containing all of the information in the record that is releasable shall be prepared.

(iii) When the physical condition to the record makes it necessary to prepare an extract for release, the extract shall be prepared so that the requester will understand it.

(iv) The requester shall be informed of all deletions or changes to records.

(13) Medical records shall be disclosed to the individual they pertain to, unless a determination is made in consultation with a medical doctor, that the disclosure could have adverse effects on the individual's physical or mental health. Such information may be transmitted to a medical doctor named by the individual concerned. If the named medical doctor declines to provide the record to the individual, the OSD Components shall take positive action to ensure that the requested records are provided the individual.

(14) The individual may be charged reproduction fees for copies or records as outlined in DoD 5400.11–R.

(c) *Requested to amend personal information in records systems and disputes.* (1) The Head of an OSD Component, or the designated official, shall allow individuals to request amendment to their records to the extent that such records are not accurate, relevant, timely, or complete. Requests should be as brief and as simple as possible and should contain, as a minimum, identifying information to locate the record, as description of the items to be amended, and the reason for a change. A request shall not be rejected nor required to be resubmitted unless additional information is essential to process the request. Requesters shall be required to provide verification of their identify as stated in paragraph (b)(8) of this section, to ensure that they are seeking to amend records about themselves, and not, inadvertently or intentially, the records of others.

(2) The appropriate system manager shall mail a written acknowledgement to an individual's request to amend a record within 10 days after receipt, excluding Saturdays, Sundays, and legal public holidays. Such acknowledgement shall identify the request and may, if necessary, request any additional information needed to make a determination. No acknowledgment is necessary if the request can be reviewed, processed, and if the individual can be notified of compliance or denial within the 10–day period. Whenever practical, the decision shall be made within 30 working days. For requests presented in person, written acknowledgment may be provided at the time the request is presented.

(3) The Head of an OSD Component, or designated official, shall promptly take one of the following actions on requests to amend the records:

(i) If the OSD Component official agrees with any portion or all of an individual's request, he or she will proceed to amend the records in accordance with existing statutes, requlations, or administrative procedures, and inform the requester of the action taken. The OSD Component official shall also notify all previous holders of the record that the amendment has been made, and shall explain the substance of the correction.

(ii) If the OSD Component official disagrees with all or any portion of a request, the individual shall be informed promptly of the refusal to amend a record, the reason for the refusal, and the procedure established by OSD for an appeal as outlined in paragraph (c)(6) of this section.

(iii) If the request for an amendment pertains to a record controlled and maintained by another Federal Agency, the request shall be referred to the

appropriate Agency, and the requester advised of this:

(4) The following procedures shall be used when reviewing records under dispute:

(i) In response to a request for an amendment to records, officials shall determine whether the requester has adequately supported their claim that the record is inaccurate, irrelevant, untimely, or incomplete.

(ii) The Head of an OSD Component, or designated official, shall limit the review of a record of those items of information that clearly bear on any determination to amend the records and shall ensure that all those elements are present before determination is made.

(5) If the Head of an OSD Component, or designated official, after an initial review of a request to amend a record, disagrees with all or any portion of a record, he or she shall:

(i) Advise the individual of the denial and the reason for it.

(ii) Inform the individual that he or she may appeal the denial.

(iii) Describe the procedures for appealing the denial including the name and address of the official to whom the appeal should be directed. The procedures should be as brief and simple as possible.

(iv) Furnish a copy of the justification of any denial to amend a record to the DA&M, OSD.

(6) If an individual disagrees with the initial OSD determination, he or she may file an appeal. The request should be sent to the Director of Administration and Management, Office of the Secretary of Defense (DA&M, OSD), 1950 Defense Pentagon, Washington, D.C. 20301–1950, if the record is created and maintained by an OSD Component.

(7) If, after review, the DA&M, OSD further refuses to amend the record as requested, he shall advise the individual:

(i) Of the refusal and the reason and authority for the denial.

(ii) Of his or her right to file a statement of the reason for disagreeing with the DA&M's decision.

(iii) Of the procedures for filing a statement of disagreements.

(iv) That the statement filed shall be made available to anyone the record is dislosed to, together with a brief statement, at the discretion of the OSD Component, summarizing its reasons for refusing to amend the records.

(v) That prior recipients of copies of disputed records by provided by a copy of any statement of dispute to the extent that an accounting of disclosure is maintained.

(vi) Of his or her right to seek judicial review of the DA&M's refusal to amend a record.

(8) If, after the review, the DA&M, OSD, determines that the record should be amended in accordance with the individual's request, the OSD Component shall amend the record, advise the individual, and inform previous recipients where an accounting of disclosure has been maintained.

(9) All appeals should be processed within 30 days (excluding Saturdays, Sundays, and legal public holidays) after receipt by the proper office. If the DA&M determines that a fair and equitable review cannot be made within that time, the individual shall be informed in writing of the reasons for the delay and of the approximate date the review is expected to be completed.

(d) *Disclosure of disputed information.* (1) If the DA&M, OSD, has refused to amend a record and the individual has filed a statement under paragraph (c)(7) of this section, the OSD Component shall clearly annotate the disputed record so that it is apparent to any person to whom the record is disclosed that a statement has been filed. Where feasible, the notation itself shall be integral to the record. Where an accounting of a disclosure has been made, the OSD Component shall advise previous recipients that the record has been disputed and shall provide a copy of the individual's statement.

(i) This statement shall be maintained to permit ready retrieval whenever the disputed portion of the record is to be disclosed.

(ii) When information that is the subject of a statement of dispute is subsequently disclosed, the OSD Component's designated official shall note which information is disputed and provide a copy of the individual's statement.

(2) The OSD Component shall include a brief summary of its reasons for not making a correction when disclosing

disputed information. Such statement shall normally be limited to the reasons given to the individual for not amending the record.

(3) Copies of the OSD Component's summary will be treated as part of the individual's record; however, it will not be subject to the amendment procedure outlined in paragraph (c)(3)(iii) of this section.

(e) *Penalties*—(1) *Civil action*. (i) An individual may file a civil suit against the United States and may recover damages, for:

(A) Refusal to amend a record.

(B) Improper denial of the access to a record.

(C) Failure to maintain an accurate, relevant, timely, and complete record that is used to make determinations adverse to the individual.

(ii) An individual may also file a suit against the United States for failure to implement a provision of the Privacy Act when such failure leads to an adverse determination.

(iii) If the individual's suit is upheld, the court may direct the United States to pay the court costs and attorney's fees.

(2) *Criminal action*. (i) Criminal penalties may be imposed against an OSD officer or employee for certain offenses listed in section (i) of the Privacy Act, as follows: willful unauthorized disclosure of protected information in the records; failure to publish a notice of the existence of a record system in the FEDERAL REGISTER; requesting or gaining access to the individual's record under false pretenses.

(ii) An OSD officer or employee may be fine up to $5,000 for a violation as outlined in paragraph (e)(2)(i) of this section.

(3) *Litigation status sheet*. Whenever a complaint citing 5 U.S.C. 552a is filed in a U.S. District Court against the Department of Defense, a DoD component, or any DoD employee, the responsible system manager shall promptly notify the Defense Privacy Office. The litigation status sheet in DoD 5400.II-R provides a standard format for this notification. (The initial litigation status sheet shall, as a minimum, provide the information required by items 1. through 6.) A revised litigation status sheet shall be provided at each stage of the litigation. When a court renders a formal opinion or judgment, copies of the judgment or opinion shall be provided to the Defense Privacy Office with the litigation status sheet reporting that judgment or opinion.

(f) *Computer matching programs*. Paragraph B of Chapter 11 of DoD 5400.11–R prescribes that all requests for participation in a matching program (either as a matching agency or a source agency) be submitted to the Defense Privacy Office for review and compliance. OSD Components shall submit these request through the Directives and Records Division.

[64 FR 22785, Apr. 28, 1999; 64 FR 27694, May 21, 1999]

§ 311.7 Information requirements.

The Defense Privacy Office shall establish requirements and deadlines for DoD privacy reports. These reports shall be licensed in accordance with DoD Directive 8910.1.[5]

§ 311.8 Procedures for exemptions.

(a) *General information*. The Secretary of Defense designates those Office of the Secretary of Defense (OSD) systems of records which will be exempt from certain provisions of the Privacy Act. There are two types of exemptions, general and specific. The general exemption authorizes the exemption of a system of records from all but a few requirements of the Act. The specific exemption authorizes exemption of a system of records or portion thereof, from only a few specific requirements. If an OSD Component originates a new system of records for which it proposes an exemption, or if it proposes an additional or new exemption for an existing system of records, it shall submit the recommended exemption with the records system notice as outlined in § 311.6. No exemption of a system of records shall be considered automatic for all records in the system. The systems manager shall review each requested record and apply the exemptions only when this will serve significant and legitimate Government purpose.

(b) *General exemptions*. The general exemption provided by 5 U.S.C.

[5] See footnote 2 to § 311.1.

552a(j)(2) may be invoked for protection of systems of records maintained by law enforcement activities. Certain functional records of such activities are not subject to access provisions of the Privacy Act of 1974. Records identifying criminal offenders and alleged offenders consisting of identifying data and notations of arrests, the type and disposition of criminal charges, sentencing, confinement, release, parole, and probation status of individuals are protected from disclosure. Other records and reports compiled during criminal investigations, as well as any other records developed at any stage of the criminal law enforcement process from arrest to indictment through the final release from parole supervision are excluded from release.

(1) *System identifier and name:* DWHS P42.0, DPS Incident Reporting and Investigations Case Files.

(i) *Exemption.* Portions of this system that fall within 5 U.S.C. 552a(j)(2) are exempt from the following provisions of 5 U.S.C. 552a, Sections (c) (3) and (4); (d)(1) through (d)(5); (e)(1) through (e)(3); (e)(5); (f)(1) through (f)(5); (g)(1) through (g)(5); and (h) of the Act.

(ii) *Authority:* 5 U.S.C. 552a(j)(2).

(iii) *Reason:* The Defense Protective Service is the law enforcement body for the jurisdiction of the Pentagon and immediate environs. The nature of certain records created and maintained by the DPS requires exemption from access provisions of the Privacy Act of 1974. The general exemption, 5 U.S.C. 552a(j)(2), is invoked to protect ongoing investigations and to protect from access criminal investigation information contained in this record system, so as not to jeopardize any subsequent judicial or administrative process taken as a result of information contained in the file.

(2) *System identifier and name:* JS006.CND, Department of Defense Counternarcotics C4I System.

(i) Exemption: Portions of this system that fall within 5 U.S.C. 552a(j)(2) are exempt from the following provisions of 5 U.S.C. 552a, section (c) (3) and (4); (d)(1) through (d)(5); (e)(1) through (e)(3); (e)(4)(G) and (e)(4)(H); (e)(5); (f)(1) through (f)(5); (g)(1) through (g)(5) of the Act.

(ii) Authority: 5 U.S.C. 552a(j)(2).

(iii) Reason: From subsection (c)(3) because the release of accounting of disclosure would inform a subject that he or she is under investigation. This information would provide considerable advantage to the subject in providing him or her with knowledge concerning the nature of the investigation and the coordinated investigative efforts and techniques employed by the cooperating agencies. This would greatly impede USSOUTHCOM's criminal law enforcement.

(iv) For subsections (c)(4) and (d) because notification would alert a subject to the fact that an investigation of that individual is taking place, and might weaken the on-going investigation, reveal investigatory techniques, and place confidential informants in jeopardy.

(v) From subsections (e)(4) (G) and (H) because this system of records is exempt from the access provisions of subsection (d) pursuant to subsection (j).

(vi) From subsection (f) because the agency's rules are inapplicable to those portions of the system that are exempt and would place the burden on the agency of either confirming or denying the existence of a record pertaining to a requesting individual might in itself provide an answer to that individual relating to an on-going criminal investigation. The conduct of a successful investigation leading to the indictment of a criminal offender precludes the applicability of established agency rules relating to verification of record, disclosure of the record to that individual, and record amendment procedures for this record system.

(vii) For compatibility with the exemption claimed from subsection (f), the civil remedies provisions of subsection (g) must be suspended for this record system. Because of the nature of criminal investigations, standards of accuracy, relevance, timeliness and completeness cannot apply to this record system. Information gathered in criminal investigations is often fragmentary and leads relating to an individual in the context of one investigation may instead pertain to a second investigation.

(viii) From subsection (e)(1) because the nature of the criminal investigative function creates unique problems in prescribing a specific parameter in a particular case with respect to what information is relevant or necessary. Also, due to USSOUTHCOM's close liaison and working relationships with the other Federal, as well as state, local and foreign country law enforcement agencies, information may be received which may relate to a case under the investigative jurisdiction of another agency. The maintenance of this information may be necessary to provide leads for appropriate law enforcement purposes and to establish patterns of activity which may relate to the jurisdiction of other cooperating agencies.

(ix) From subsection (e)(2) because collecting information to the greatest extent possible directly from the subject individual may or may not be practicable in a criminal investigation. The individual may choose not to provide information and the law enforcement process will rely upon significant information about the subject from witnesses and informants.

(x) From subsection (e)(3) because supplying an individual with a form containing a Privacy Act Statement would tend to inhibit cooperation by many individuals involved in a criminal investigation. The effect would be somewhat inimical to established investigative methods and techniques.

(xi) From subsection (e)(5) because the requirement that records be maintained with attention to accuracy, relevance, timeliness, and completeness would unfairly hamper the criminal investigative process. It is the nature of criminal law enforcement for investigations to uncover the commission of illegal acts at diverse stages. It is frequently impossible to determine initially what information is accurate, relevant, timely, and least of all complete. With the passage of time, seemingly irrelevant or untimely information may acquire new significant as further investigation brings new details to light.

(xii) From subsection (e)(8) because the notice requirements of this provision could present a serious impediment to criminal law enforcement by revealing investigative techniques, procedures, and existence of confidential investigations.

(c) *Specific exemptions.* All systems of records maintained by any OSD Component shall be exempt from the requirements of 5 U.S.C. 552a(d) pursuant to subsection (k)(1) of that section to the extent that the system contains any information properly classified under Executive Order 11265, 'National Security Information,' dated June 28, 552a(d) pursuant to subsection (k)(1) of that section to the extent that the system contains any information properly classified under E.O. 11265, 'National Security Information,' dated June 28, 1979, as amended, and required by the Executive Order to be kept classified in the interest of national defense or foreign policy. This exemption, which may be applicable to parts of all systems of records, is necessary because certain record systems not otherwise specifically designated for exemptions may contain isolated information which has been properly classified. The Secretary of Defense has designated the following OSD system of records described below specifically exempted from the appropriate provisions of the Privacy Act pursuant to the designated authority contained therein:

(1) *System identifier and name:* DGC 16, Political Appointment Vetting Files.

(i) *Exemption.* Portions of this system of records that fall within the provisions of 5 U.S.C. 552a(k)(5) may be exempt from the following subsections (d)(1) through (d)(5).

(ii) *Authority.* 5 U.S.C. 552a(k)(5).

(iii) *Reasons.* From (d)(1) through (d)(5) because the agency is required to protect the confidentiality of sources who furnished information to the Government under an expressed promise of confidentiality or, prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence. This confidentiality is needed to maintain the Government's continued access to information from persons who otherwise might refuse to give it. This exemption is limited to disclosures that would reveal the identity of a confidential source.

(2) *System identifier and name:* DWHS P28, The Office of the Secretary of Defense Clearance File.

(i) *Exemption*. This system of records is exempt from subsections (c)(3) and (d) of 5 U.S.C. 552a, which would require the disclosure of investigatory material compiled solely for the purpose of determining access to classified information but only to the extent that disclosure of such material would reveal the identity of a source who furnished information to the Government under an expressed promise that the identity of the source would be held in confidence or, prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence. A determination will be made at the time of the request for a record concerning the specific information which would reveal the identity of the source.

(ii) *Authority*. 5 U.S.C. 552a(k)(5).

(iii) *Reasons*. This exemption is required to protect the confidentiality of the sources of information compiled for the purpose of determining access to classified information. This confidentiality helps maintain the Government's continued access to information from persons who would otherwise refuse to give it.

(3) *System identifier and name:* DGC 04, Industrial Personnel Security Clearance Case Files.

(i) *Exemption*. All portions of this system which fall under 5 U.S.C. 552a(k)(5) are exempt from the following provisions of Title 5 U.S.C. 552a: (c)(3); (d).

(ii) *Authority*. 5 U.S.C. 552a(k)(5).

(iii) *Reasons*. This system of records is exempt from subsections (c)(3) and (d) of section 552a of 5 U.S.C. which would require the disclosure of investigatory material compiled solely for the purpose of determining access to classified information, but only to the extent that the disclosure of such material would reveal the identity of a source who furnished information to the Government under an expressed promise that the identity of the source would be held in confidence, or prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence. A determination will be made at the time of the request for a record concerning whether specific information would reveal the identity of a source. This exemption is required in order to protect the confidentiality of the sources of information compiled for the purpose of determining access to classified information. This confidentiality helps maintain the Government's continued access to information from persons who would otherwise refuse to give it.

(4) *System identifier and name:* DWHS P32, Standards of Conduct Inquiry File.

(i) *Exemption*. This system of records is exempted from subsections (c)(3) and (d) of 5 U.S.C. 552a, which would require the disclosure of: Investigatory material compiled for law enforcement purposes; or investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, military service, or Federal contracts, but only to the extent that the disclosure of such material would reveal the identity of a source who furnished information to the Government under an express promise or, prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence. If any individual is denied any right, privilege, or benefit that he would otherwise be entitled by Federal law, or otherwise be eligible, as a result of the maintenance of investigatory material compiled for law enforcement purposes, the material shall be provided to that individual, except to the extent that its disclosure would reveal the identity of a source who furnished information to the Government under an express promise or, prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence. At the time of the request for a record, a determination will be made concerning whether a right, privilege, or benefit is denied or specific information would reveal the identity of a source.

(ii) *Authority*. 5 U.S.C. 552a(k) (2) and (5).

(iii) *Reasons*. These exemptions are necessary to protect the confidentiality of the records compiled for the purpose of: enforcement of the conflict of interest statutes by the Department of Defense Standards of Conduct Counselor, General Counsel, or their designees; and determining suitability, eligibility or qualifications for Federal civilian employment, military service,

or Federal contracts of those alleged to have violated or caused others to violate the Standards of Conduct regulations of the Department of Defense.

(5) *System identifier and name:* DUSDP 02, Special Personnel Security Cases.

(i) *Exemption:* All portions of this system which fall under 5 U.S.C. 552a(k)(5) are exempt from the following provisions of 5 U.S.C. 552a: (c)(3); (d).

(ii) *Authority:* 5 U.S.C. 552a(k)(5).

(iii) *Reasons:* This system of records is exempt from subsections (c)(3) and (d) of 5 U.S.C. 552a which would require the disclosure of investigatory material compiled solely for the purpose of determining access to classified information, but only to the extent that the disclosure of such material would reveal the identity of a source who furnished information to the Government under an expressed promise that the identity of the source would be held in confidence or, prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence. A determination will be made at the time of the request for a record concerning whether specific information would reveal the identity of a source. This exemption is required in order to protect the confidentiality of the sources of information compiled for the purpose of determining access to classified information. This confidentiality helps maintain the Government's continued access to information from persons who would otherwise refuse to give it.

(6) *System identifier and name:* DODDS 02.0, Educator Application Files.

(i) *Exemption*. All portions of this system which fall within 5 U.S.C. 552a(k)(5) may be exempt from the following provisions of 5 U.S.C. 552a: (c)(3); (d).

(ii) *Authority*. 5 U.S.C. 552a(k)(5).

(iii) *Reasons*. It is imperative that the confidential nature of evaluation and investigatory material on teacher application files furnished the Department of Defense Dependent Schools (DoDDS) under promises of confidentiality be exempt from disclosure to the individual to insure the candid presentation of information necessary to make determinations involving applicants suitability for DoDDS teaching positions.

(7) System identifier and name: DGC 20, DoD Presidential Appointee Vetting File.

(i) Exemption: Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source. Portions of this system of records that may be exempt pursuant to 5 U.S.C. 552a(k)(5) are subsections (d)(1) through (d)(5).

(ii) Authority: 5 U.S.C. 552a(k)(5).

(iii) Reason: From (d)(1) through (d)(5) because the agency is required to protect the confidentiality of sources who furnished information to the government under an expressed promise of confidentiality or, prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence. This confidentiality is needed to maintain the Government's continued access to information from persons who otherwise might refuse to give it.

(8) *System identifier and name:* DWHS P29, Personnel Security Adjudications File.

(i) *Exemption:* Portions of this system of records that fall within the provisions of 5 U.S.C. 552a(k)(5) may be exempt from the following subsections (d)(1) through (d)(5).

(ii) *Authority:* 5 U.S.C. 552a(k)(5).

(iii) *Reasons*. From (d)(1) through (d)(5) because the agency is required to protect the confidentiality of sources who furnished information to the Government under an expressed promise of confidentiality or, prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence. This confidentiality is needed to maintain the Government's continued access to information from persons who otherwise might refuse to give it. This exemption is limited to disclosures that would reveal the identity of a confidential source. At the time of the request for a record, a determination will be made concerning whether a right, privilege,

or benefit is denied or specific information would reveal the identity of a source.

(9) *System identifier and name:* JS004SECDIV, Joint Staff Security Clearance Files.

(i) *Exemption:* Portions of this system of records are exempt pursuant to the provisions of 5 U.S.C. 552a(k)(5) from subsections 5 U.S.C. 552a(d)(1) through (d)(5).

(ii) *Authority:* 5 U.S.C. 552a(k)(5).

(iii) *Reasons:* From subsections (d)(1) through (d)(5) because the agency is required to protect the confidentiality of sources who furnished information to the government under an expressed promise of confidentiality or, prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence. This confidentiality is needed to maintain the Government's continued access to information from persons who otherwise might refuse to give it. This exemption is limited to disclosures that would reveal the identity of a confidential source. At the time of the request for a record, a determination will be made concerning whether a right, privilege, or benefit is denied or specific information would reveal the identity of a source.

(10) *System identifier and name:* DFMP 26, Vietnamese Commando Compensation Files.

(i) *Exemption:* Information classified under E.O. 12958, as implemented by DoD 5200.1–R, may be exempt pursuant to 5 U.S.C. 552a(k)(1).

(ii) *Authority:* 5 U.S.C. 552a(k)(1).

(iii) *Reasons:* From subsection 5 U.S.C. 552a(d) because granting access to information that is properly classified pursuant to E.O. 12958, as implemented by DoD 5200.1–R, may cause damage to the national security.

(11) *System identifier and name:* DUSP 11, POW/Missing Personnel Office Files.

(i) *Exemption:* Information classified under E.O. 12958, as implemented by DoD 5200.1–R, may be exempt pursuant to 5 U.S.C. 552a(k)(1).

(ii) *Authority:* 5 U.S.C. 552a(k)(1).

(iii) *Reasons:* From subsection 5 U.S.C. 552a(d) because granting access to information that is properly classified pursuant to E.O. 12958, as implemented by DoD 5200.1–R, may cause damage to the national security.

(12) *System identifier and name:* DFOISR 05, Freedom of Information Act Case Files.

(i) *Exemption:* During the processing of a Freedom of Information Act request, exempt materials from other systems of records may in turn become part of the case record in this system. To the extent that copies of exempt records from those 'other' systems of records are entered into this system, the Office of the Secretary of Defense claims the same exemptions for the records from those 'other' systems that are entered into this system, as claimed for the original primary system of which they are a part.

(ii) *Authority:* 5 U.S.C. 552a(j)(2), (k)(1), (k)(2), (k)(3), (k)(4), (k)(5), (k)(6), and (k)(7).

(iii) *Reasons:* Records are only exempt from pertinent provisions of 5 U.S.C. 552a to the extent such provisions have been identified and an exemption claimed for the original record and the purposes underlying the exemption for the original record still pertain to the record which is now contained in this system of records. In general, the exemptions were claimed in order to protect properly classified information relating to national defense and foreign policy, to avoid interference during the conduct of criminal, civil, or administrative actions or investigations, to ensure protective services provided the President and others are not compromised, to protect the identity of confidential sources incident to Federal employment, military service, contract, and security clearance determinations, to preserve the confidentiality and integrity of Federal testing materials, and to safeguard evaluation materials used for military promotions when furnished by a confidential source. The exemption rule for the original records will identify the specific reasons why the records are exempt from specific provisions of 5 U.S.C. 552a.

(13) *System identifier and name:* DFOISR 10, Privacy Act Case Files.

(i) *Exemption:* During the processing of a Privacy Act request (which may

include access requests, amendment requests, and requests for review for initial denials of such requests), exempt materials from other systems of records may in turn become part of the case record in this system. To the extent that copies of exempt records from those 'other' systems of records are entered into this system, the Office of the Secretary of Defense hereby claims the same exemptions for the records from those 'other' systems that are entered into this system, as claimed for the original primary system of which they are a part.

(ii) *Authority:* 5 U.S.C. 552a(j)(2), (k)(1), (k)(2), (k)(3), (k)(4), (k)(5), (k)(6), and (k)(7).

(iii) Records are only exempt from pertinent provisions of 5 U.S.C. 552a to the extent such provisions have been identified and an exemption claimed for the original record and the purposes underlying the exemption for the original record still pertain to the record which is now contained in this system of records. In general, the exemptions were claimed in order to protect properly classified information relating to national defense and foreign policy, to avoid interference during the conduct of criminal, civil, or administrative actions or investigations, to ensure protective services provided the President and others are not compromised, to protect the identity of confidential sources incident to Federal employment, military service, contract, and security clearance determinations, to preserve the confidentiality and integrity of Federal testing materials, and to safeguard evaluation materials used for military promotions when furnished by a confidential source. The exemption rule for the original records will identify the specific reasons why the records are exempt from specific provisions of 5 U.S.C. 552a.

(14) System identifier and name: DHRA 02, PERSEREC Research Files.

(i) Exemption: (A) Investigative material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(B) Therefore, portions of this system may be exempt pursuant to 5 U.S.C. 552a(k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), and (e)(1).

(ii) Authority: 5 U.S.C. 552a(k)(5).

(iii) Reasons: (A) From subsection (c)(3) and (d) when access to accounting disclosures and access to or amendment of records would cause the identity of a confidential source to be revealed. Disclosure of the source's identity not only will result in the Department breaching the promise of confidentiality made to the source but it will impair the Department's future ability to compile investigatory material for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, Federal contracts, or access to classified information. Unless sources can be assured that a promise of confidentiality will be honored, they will be less likely to provide information considered essential to the Department in making the required determinations.

(B) From (e)(1) because in the collection of information for investigatory purposes, it is not always possible to determine the relevance and necessity of particular information in the early stages of the investigation. In some cases, it is only after the information is evaluated in light of other information that its relevance and necessity becomes clear. Such information permits more informed decision-making by the Department when making required suitability, eligibility, and qualification determinations.

(15) System identifier and name: DCIFA 01, CIFA Operational and Analytical Records.

(i) Exemptions: This system of records is a compilation of information from other Department of Defense and U.S. Government systems of records. To the extent that copies of exempt records from those 'other' systems of records are entered into this system, OSD hereby claims the same exemptions for the records from those 'other' systems that are entered into this system, as claimed for the original primary system of which they are a part.

(ii) Authority: 5 U.S.C. 552a(j)(2), (k)(1), (k)(2), (k)(3), (k)(4), (k)(5), (k)(6), and (k)(7).

(iii) Records are only exempt from pertinent provisions of 5 U.S.C. 552a to the extent (1) such provisions have been identified and an exemption claimed for the original record and (2) the purposes underlying the exemption for the original record still pertain to the record which is now contained in this system of records. In general, the exemptions are claimed in order to protect properly classified information relating to national defense and foreign policy, to avoid interference during the conduct of criminal, civil, or administrative actions or investigations, to ensure protective services provided the President and others are not compromised, to protect the identity of confidential sources incident to Federal employment, military service, contract, and security clearance determinations, and to preserve the confidentiality and integrity of Federal evaluation materials. The exemption rule for the original records will identify the specific reasons why the records are exempt from specific provisions of 5 U.S.C. 552a.

[65 FR 53168, Sept. 1, 2000, as amended at 66 FR 41780, Aug. 8, 2001; 68 FR 8722, Feb. 25, 2003; 68 FR 24881, May 9, 2003; 70 FR 34657, June 15, 2005]

PART 312—OFFICE OF THE INSPECTOR GENERAL (OIG) PRIVACY PROGRAM

Sec.

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AUTHORITY: Pub. L. 93–579, 88 Stat 1896 (5 U.S.C. 552a).

SOURCE: 56 FR 51976, Oct. 17, 1991, unless otherwise noted.

§ 312.1 Purpose.

Pursuant to the requirements of the Privacy Act of 1974 (5 U.S.C. 552a) and 32 CFR part 310—DoD Privacy Program, the following rules of procedures are established with respect to access and amendment of records maintained by the Office of the Inspector General (OIG) on individual subjects of these records.

[68 FR 37969, June 26, 2003]

§ 312.2 Definitions.

(a) All terms used in this part which are defined in 5 U.S.C. 552a shall have the same meaning herein.

(b) As used in this part, the term ''agency'' means the Office of the Inspector General (OIG), Department of Defense.

§ 312.3 Procedure for requesting information.

Individuals should submit written inquiries regarding all OIG files to the Office of Communications and Congressional Liaison, ATTN: FOIA/PA Office, 400 Army Navy Drive, Arlington, VA 22202–4704. Individuals making a request in person must provide acceptable picture identification, such as a current driver's license.

[68 FR 37969, June 26, 2003]

§ 312.4 Requirements for identification.

Only upon proper identification will any individual be granted access to records which pertain to him/her. Identification is required both for accurate record identification and to avoid disclosing records to unauthorized individuals. Requesters must provide their full name and as much information as possible about the record being sought in order that a proper search for records can be accomplished. Inclusion of a telephone number for the requester is recommended to expedite certain matters. Requesters applying in person must provide an identification with photograph, such as a driver's license, military identification card, building pass, etc.

[59 FR 2746, Jan. 19, 1994]

§ 312.5 Access by subject individuals.

(a) No individual will be allowed access to any information compiled or maintained in reasonable anticipation of civil or criminal actions or proceedings or otherwise exempt under § 312.12. Requests for pending investigations will be denied and the requester instructed to forward another request giving adequate time for the investigation to be completed. Requesters shall be provided the telephone number so they can call and check on the status in order to know when to resubmit the request.

(b) Any individual may authorize the OIG to provide a copy of his/her records to a third part. This authorization must be in writing, must designate the recipient by name, must specify the records or portion to be provided to the recipient, and should accompany the initial request to the OIG.

[56 FR 51976, Oct. 17, 1991, as amended at 59 FR 2746, Jan. 19, 1994]

§ 312.6 Fees.

Requesters will be charged only for the reproduction of requested documents and special postal methods, such as express mail, if applicable. There will be no charge for the first copy of a record provided to any individual. Thereafter, fees will be computed as set forth in appropriate DoD Directives and Regulations.

§ 312.7 Request for correction or amendment.

(a) Requests to correct or amend a file shall be addressed to the system manager in which the file is located. The request must reasonably describe the record to be amended, the items to be changed as specifically as possible, the type of amendment (e.g., deletion, correction, amendment), and the reason for amendment. Reasons should address at least one of the following categories: Accuracy, relevance, timeliness, completeness, fairness. The request should also include appropriate evidence which provide a basis for evaluating the request. Normally all documents submitted, to include court orders, should be certified. Amendments under this part are limited to correcting factual matters and not matters of official judgment or opinions, such as performance ratings, promotion potential, and job performance appraisals.

(b) Requirements of identification as outlined in § 312.4 apply to requests to correct or amend a file.

(c) Incomplete requests shall not be honored, but the requester shall be contacted for the additional information needed to process the request.

(d) The amendment process is not intended to permit the alteration of evidence presented in the course of judicial or quasi-judicial proceedings. Any amendments or changes to these records normally are made through the specific procedures established for the amendment of such records.

(e) Nothing in the amendment process is intended or designed to permit a collateral attack upon what has already been the subject of a judicial or quasi-judicial determination. However, while the individual may not attack the accuracy of the judicial or quasi-judicial determination, he or she may challenge the accuracy of the recording of that action.

§ 312.8 OIG review of request for amendment.

(a) A written acknowledgement of the receipt of a request for amendment of a record will be provided to the requester within 20 working days, unless final action regarding approval or denial will constitute acknowledgement.

(b) Where there is a determination to grant all or a portion of a request to amend a record, the record shall be promptly amended and the requesting individual notified. Individuals, agencies or DoD components shown by disclosure accounting records to have received copies of the record, or to whom disclosure has been made, will be notified of the amendment by the responsible OIG official.

(c) Where there is a determination to deny all or a portion of a request to amend a record, OIG will promptly advise the requesting individual of the specifics of the refusal and the reasons; and inform the individual that he/she may request a review of the denial(s) from the OIG designated official.

[56 FR 51976, Oct. 17, 1991, as amended at 69 FR 7366, Feb. 17, 2004]

§ 312.9 Appeal of initial amendment decision.

(a) All appeals on an initial amendment decision should be addressed to the Office of Communications and Congressional Liaison, ATTN: FOIA/PA Office, 400 Army Navy Drive, Arlington, VA 22202–4704. The appeal should be concise and should specify the reasons the requester believes that the initial amendment action by the OIG was not satisfactory. Upon receipt of the appeal, the designated official will review the request and make a determination to approve or deny the appeal.

(b) If the OIG designated official decides to amend the record, the requester and all previous recipients of the disputed information will be notified of the amendment. If the appeal is denied, the designated official will notify the requester of the reason of the denial, of the requester's right to file a statement of dispute disagreeing with the denial, that such statement of dispute will be retained in the file, that the statement will be provided to all future users of the file, and that the requester may file suit in a federal district court to contest the OIG decision not to amend the record.

(c) The OIG designated official will respond to all appeals within 30 working days or will notify the requester of an estimated date of completion if the 30 day limit cannot be met.

[56 FR 51976, Oct. 17, 1991, as amended at 68 FR 37969, June 26, 2003]

§ 312.10 Disclosure of OIG records to other than subject.

No record containing personally identifiable information within a OIG system of records shall be disclosed by any means to any person or agency outside the Department of Defense, except with the written consent of the individual subject of the record or as provided for in the Act and DoD 5400.11–R (32 CFR part 286a).

§ 312.11 Penalties.

(a) An individual may bring a civil action against the OIG to correct or amend the record, or where there is a refusal to comply with an individual request or failure to maintain any records with accuracy, relevance, timeliness and completeness, so as to guarantee fairness, or failure to comply with any other provision of the Privacy Act. The court may order correction or amendment of records. The court may enjoin the OIG from withholding the records and order the production of the record.

(b) Where it is determined that the action was willful or intentional with respect to 5 U.S.C. 552a(g)(1) (C) or (D), the United States shall be liable for the actual damages sustained, but in no case less than the sum of $1,000 and the costs of the action with attorney fees.

(c) Criminal penalties may be imposed against an officer or employee of the OIG who discloses material, which he/she knows is prohibited from disclosure, or who willfully maintains a system of records without compliance with the notice requirements.

(d) Criminal penalties may be imposed against any person who knowingly and willfully requests or obtains any record concerning another individual from an agency under false pretenses.

(e) All of these offenses are misdemeanors with a fine not to exceed $5,000.

§ 312.12 Exemptions.

(a) *Exemption for classified records.* Any record in a system of records maintained by the Office of the Inspector General which falls within the provisions of 5 U.S.C. 552a(k)(1) may be exempt from the following subsections of 5 U.S.C. 552a: (c)(3), (d), (e)(1), (e)(4)(G) through (I) and (f) to the extent that a record system contains any record properly classified under Executive Order 12958 and that the record is required to be kept classified in the interest of national defense or foreign policy. This specific exemption rule, claimed by the Inspector General under authority of 5 U.S.C. 552a(k)(1), is applicable to all systems of records maintained, including those individually designated for an exemption herein as well as those not otherwise specifically designated for an exemption, which may contain isolated items of properly classified information

(b) The Inspector General of the Department of Defense claims an exemption for the following record systems

under the provisions of 5 U.S.C. 552a(j) and (k)(1)–(k)(7) from certain indicated subsections of the Privacy Act of 1974. The exemptions may be invoked and exercised on a case-by-case basis by the Deputy Inspector General for Investigations or the Director, Communications and Congressional Liaison Office, and the Chief, Freedom of Information/Privacy Act Office, which serve as the Systems Program Managers. Exemptions will be exercised only when necessary for a specific, significant and legitimate reason connected with the purpose of the records system.

(c) No personal records releasable under the provisions of The Freedom of Information Act (5 U.S.C. 552) will be withheld from the subject individual based on these exemptions.

(d) *System Identifier:* CIG–04

(1) *System name:* Case Control System.

(2) *Exemption:* Any portion of this system which falls within the provisions of 5 U.S.C. 552a(j)(2) may be exempt from the following subsections of 5 U.S.C. 552a: (c)(3), (c)(4), (d), (e)(1), (e)(2), (e)(3), (e)(4)(G), (H), (I), (e)(5), (e)(8), (f), and (g).

(3) *Authority:* 5 U.S.C. 552a(j)(2).

(4) *Reasons:* From subsection (c)(3) because the release of accounting of disclosure would inform a subject that he or she is under investigation. This information would provide considerable advantage to the subject in providing him or her with knowledge concerning the nature of the investigation and the coordinated investigative efforts and techniques employed by the cooperating agencies. This would greatly impede OIG's criminal law enforcement.

(5) From subsection (c)(4) and (d), because notification would alert a subject to the fact that an open investigation on that individual is taking place, and might weaken the on-going investigation, reveal investigatory techniques, and place confidential informants in jeopardy.

(6) From subsection (e)(1) because the nature of the criminal and/or civil investigative function creates unique problems in prescribing a specific parameter in a particular case with respect to what information is relevant or necessary. Also, due to OIG's close liaison and working relationships with other Federal, state, local and foreign country law enforcement agencies, information may be received which may relate to a case under the investigative jurisdiction of another agency. The maintenance of this information may be necessary to provide leads for appropriate law enforcement purposes and to establish patterns of activity which may relate to the jurisdiction of other cooperating agencies.

(7) From subsection (e)(2) because collecting information to the fullest extent possible directly from the subject individual may or may not be practical in a criminal and/or civil investigation.

(8) From subsection (e)(3) because supplying an individual with a form containing a Privacy Act Statement would tend to inhibit cooperation by many individuals involved in a criminal and/or civil investigation. The effect would be somewhat adverse to established investigative methods and techniques.

(9) From subsection (e)(4) (G) through (I) because this system of records is exempt from the access provisions of subsection (d).

(10) From subsection (e)(5) because the requirement that records be maintained with attention to accuracy, relevance, timeliness, and completeness would unfairly hamper the investigative process. It is the nature of law enforcement for investigations to uncover the commission of illegal acts at diverse stages. It is frequently impossible to determine initially what information is accurate, relevant, timely, and least of all complete. With the passage of time, seemingly irrelevant or untimely information may acquire new significance as further investigation brings new details to light.

(11) From subsection (e)(8) because the notice requirements of this provision could present a serious impediment to law enforcement by revealing investigative techniques, procedures, and existence of confidential investigations.

(12) From subsection (f) because the agency's rules are inapplicable to those portions of the system that are exempt and would place the burden on the agency of either confirming or denying

the existence of a record pertaining to a requesting individual might in itself provide an answer to that individual relating to an on-going investigation. The conduct of a successful investigation leading to the indictment of a criminal offender precludes the applicability of established agency rules relating to verification of record, disclosure of the record to that individual, and record amendment procedures for this record system.

(13) For comparability with the exemption claimed from subsection (f), the civil remedies provisions of subsection (g) must be suspended for this record system. Because of the nature of criminal investigations, standards of accuracy, relevance, timeliness, and completeness cannot apply to this record system. Information gathered in an investigation is often fragmentary and leads relating to an individual in the context of one investigation may instead pertain to a second investigation.

(e) *System Identification:* CIG–06.

(1) *System name:* Investigative Files.

(2) *Exemption:* Any portion of this system which falls within the provisions of 5 U.S.C. 552a(j)(2) may be exempt from the following subsections of 5 U.S.C. 552a (c)(3), (c)(4), (d), (e)(1), (e)(2), (e)(3), (e)(4) (G), (H), (I), (e)(5), (e)(8), (f), and (g).

(3) *Authority:* 5 U.S.C. 552a(j)(2).

(4) *Reasons:* From subsection (c)(3) because the release of accounting of disclosure would inform a subject that he or she is under investigation. This information would provide considerable advantage to the subject in providing him or her with knowledge concerning the nature of the investigation and the coordinated investigative efforts and techniques employed by the cooperating agencies. This would greatly impede OIG's criminal law enforcement.

(5) From subsection (c)(4) and (d), because notification would alert a subject to the fact that an open investigation on that individual is taking place, and might weaken the on-going investigation, reveal investigatory techniques, and place confidential informants in jeopardy.

(6) From subsection (e)(1) because the nature of the criminal and/or civil investigative function creates unique problems in prescribing a specific parameter in a particular case with respect to what information is relevant or necessary. Also, due to OIG's close liaison and working relationships with other Federal, state, local and foreign country law enforcement agencies, information may be received which may relate to a case under the investigative jurisdiction of another agency. The maintenance of this information may be necessary to provide leads for appropriate law enforcement purposes and to establish patterns of activity which may relate to the jurisdiction of other cooperating agencies.

(7) From subsection (e)(2) because collecting information to the fullest extent possible directly from the subject individual may or may not be practical in a criminal and/or civil investigation.

(8) From subsection (e)(3) because supplying an individual with a form containing a Privacy Act Statement would tend to inhibit cooperation by many individuals involved in a criminal and/or civil investigation. The effect would be somewhat adverse to established investigative methods and techniques.

(9) From subsection (e)(4) (G) through (I) because this system of records is exempt from the access provisions of subsection (d).

(10) From subsection (e)(5) because the requirement that records be maintained with attention to accuracy, relevance, timeliness, and completeness would unfairly hamper the investigative process. It is the nature of law enforcement for investigations to uncover the commission of illegal acts at diverse stages. It is frequently impossible to determine initially what information is accurate, relevant, timely, and least of all complete. With the passage of time, seemingly irrelevant or untimely information may acquire new significance as further investigation brings new details to light.

(11) From subsection (e)(8) because the notice requirements of this provision could present a serious impediment to law enforcement by revealing investigative techniques, procedures, and existence of confidential investigations.

(12) From subsection (f) because the agency's rules are inapplicable to those portions of the system that are exempt and would place the burden on the agency of either confirming or denying the existence of a record pertaining to a requesting individual might in itself provide an answer to that individual relating to an on-going investigation. The conduct of a successful investigation leading to the indictment of a criminal offender precludes the applicability of established agency rules relating to verification of record, disclosure of the record to that individual, and record amendment procedures for this record system.

(13) For comparability with the exemption claimed from subsection (f), the civil remedies provisions of subsection (g) must be suspended for this record system. Because of the nature of criminal investigations, standards of accuracy, relevance, timeliness, and completeness cannot apply to this record system. Information gathered in an investigation is often fragmentary and leads relating to an individual in the context of one investigation may instead pertain to a second investigation.

(f) *System identifier:* CIG–15.

(1) *System name:* Departmental Inquiries Case System.

(2) *Exemption:* Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source. Any portions of this system which fall under the provisions of 5 U.S.C. 552a(k)(2) may be exempt from the following subsection of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (H), and (I).

(3) *Authority:* 5 U.S.C. 552a(k)(2).

(4) *Reasons:* From subsection (c)(3) because disclosures from this system could interfere with the just, thorough and timely resolution of the compliant or inquiry, and possibly enable individuals to conceal their wrongdoing or mislead the course of the investigation by concealing, destroying or fabricating evidence or documents.

(5) From subsection (d) because disclosures from this system could interfere with the just thorough and timely resolution of the compliant or inquiry, and possibly enable individuals to conceal their wrongdoing or mislead the course of the investigation by concealing, destroying or fabricating evidence or documents. Disclosures could also subject sources and witnesses to harassment or intimidation which jeopardize the safety and well-being of themselves and their families.

(6) From subsection (e)(1) because the nature of the investigation function creates unique problems in prescribing specific parameters in a particular case as to what information is relevant or necessary. Due to close liaison and working relationships with other Federal, state, local and foreign country law enforcement agencies, information may be received which may relate to a case under the investigative jurisdiction of another government agency. It is necessary to maintain this information in order to provide leads for appropriate law enforcement purposes and to establish patterns of activity which may relate to the jurisdiction of other cooperating agencies.

(7) From subsection (e)(4) (G) through (H) because this system of records is exempt from the access provisions of subsection (d).

(8) From subsection (f) because the agency's rules are inapplicable to those portions of the system that are exempt and would place the burden on the agency of either confirming or denying the existence of a record pertaining to a requesting individual might in itself provide an answer to that individual relating to an on-going investigation. The conduct of a successful investigation leading to the indictment of a criminal offender precludes the applicability of established agency rules relating to verification of record, disclosure of the record to that individual, and record amendment procedures for this record system.

(g) *System Identifier:* CIG–16.

(1) *System name:* DOD Hotline Program Case Files.

(2) *Exemption:* Any portions of this system of records which fall under the provisions of 5 U.S.C. 552a(k)(2) and (k)(5) may be exempt from the following subsections of 5 U.S.C. 552a: (c)(3), (d), (e)(1), (e)(4)(G), (H), and (f).

(3) *Authority:* 5 U.S.C. 552a(k)(2) and (k)(5).

(4) *Reasons:* From subsection (c)(3) because disclosures from this system could interfere with the just, thorough and timely resolution of the complaint or inquiry, and possibly enable individuals to conceal their wrongdoing or mislead the course of the investigation by concealing, destroying or fabricating evidence or documents.

(5) From subsection (d) because disclosures from this system could interfere with the just, thorough and timely resolution of the complaint or inquiry, and possibly enable individuals to conceal their wrongdoing or mislead the course of the investigation by concealing, destroying or fabricating evidence or documents. Disclosures could also subject sources and witnesses to harassment or intimidation which jeopardize the safety and well-being of themselves and their families.

(6) From subsection (e)(1) because the nature of the investigation functions creates unique problems in prescribing specific parameters in a particular case as to what information is relevant or necessary. Due to close liaison and working relationships with other Federal, state, local, and foreign country law enforcement agencies, information may be received which may relate to a case under the investigative jurisdiction of another government agency. It is necessary to maintain this information in order to provide leads for appropriate law enforcement purposes and to establish patterns of activity which may relate to the jurisdiction of other cooperating agencies.

(7) From subsection (e)(4)(G) through (H) because this system of records is exempt from the access provisions of subsection (d).

(8) From subsection (f) because the agency's rules are inapplicable to those portions of the system that are exempt and would place the burden on the agency of either confirming or denying the existence of a record pertaining to a requesting individual might in itself provide an answer to that individual relating to an on-going investigation. The conduct of a successful investigation leading to the indictment of a criminal offender precludes the applicability of established agency rules relating to verification of record, disclosure of the record to that individual, and record amendment procedures for this record system.

(h) *System Identifier:* CIG 01.

(1) *System name:* Privacy Act and Freedom of Information Act Case Files.

(2) *Exemption:* During the processing of a Freedom of Information Act (FOIA) and Privacy Act (PA) request, exempt materials from other systems of records may in turn become part of the case record in this system. To the extent that copies of exempt records from those ''other'' systems of records are entered into this system, the Inspector General, DoD, claims the same exemptions for the records from those ''other'' systems that are entered into this system, as claimed for the original primary system of which they are a part.

(3) *Authority:* 5 U.S.C. 552a(j)(2), (k)(1), (k)(2), (k)(3), (k)(4), (k)(5), (k)(6), and (k)(7).

(4) *Reasons:* Records are only exempt from pertinent provisions of 5 U.S.C. 552a to the extent such provisions have been identified and an exemption claimed for the original record and the purposes underlying the exemption for the original record still pertain to the record which is now contained in this system of records. In general, the exemptions were claimed in order to protect properly classified information relating to national defense and foreign policy, to avoid interference during the conduct of criminal, civil, or administrative actions or investigations, to ensure protective services provided the President and others are not compromised, to protect the identity of confidential sources incident to Federal employment, military service, contract, and security clearance determinations, to preserve the confidentiality and integrity of Federal testing materials, and to safeguard evaluation materials used for military promotions when furnished by a confidential source. The exemption rule for the

original records will identify the specific reasons why the records are exempt from specific provisions of 5 U.S.C. 552a.

(i) System Identifier: CIG–21

(1) System name: Congressional Correspondence Tracking System.

(2) Exemption: During the processing of a Congressional inquiry, exempt materials from other systems of records may in turn become part of the case record in this system. To the extent that copies of exempt records from those ''other'' systems of records are entered into this system, the Inspector General, DoD, claims the same exemptions for the records from those ''other'' systems that are entered into this system, as claimed for the original primary system of which they are a part.

(3) Authority: 5 U.S.C. 552a(j)(2), (k)(1), (k)(2), (k)(3), (k)(4), (k)(5), (k)(6), and (k)(7)

(4) Reasons: Records are only exempt from pertinent provisions of 5 U.S.C. 552a to the extent such provisions have been identified and an exemption claimed for the original record and the purposes underlying the exemption for the original record still pertain to the record which is now contained in this system of records. In general, the exemptions were claimed in order to protect properly classified information relating to national defense and foreign policy, to avoid interference during the conduct of criminal, civil, or administrative actions or investigations, to ensure protective services provided the President and others are not compromised, to protect the identity of confidential sources incident to Federal employment, military service, contract, and security clearance determinations, to preserve the confidentiality and integrity of Federal testing materials, and to safeguard evaluation materials used for military promotions when furnished by a confidential source. The exemption rule for the original records will identify the specific reasons why the records are exempt from specific provisions of 5 U.S.C. 552a.

(j) *System identifier:* CIG 23

(1) *System name:* Public Affairs Files.

(2) *Exemption:* During the course of processing a General Counsel action, exempt materials from other systems of records may in turn become part of the case records in this system. To the extent that copies of exempt records from those 'other' systems of records are entered into the Public Affairs Files, the Office of the Inspector General hereby claims the same exemptions for the records from those 'other' systems that are entered into this system, as claimed for the original primary systems of records which they are a part.

(3) *Authority:* 5 U.S.C. 552a(j)(2), (k)(1), (k)(2), (k)(3), (k)(4), (k)(5), (k)(6), and (k)(7).

(4) *Reasons:* Records are only exempt from pertinent provisions of 5 U.S.C. 552a to the extent (1) such provisions have been identified and an exemption claimed for the original record and (2) the purposes underlying the exemption for the original record still pertain to the record which is now contained in this system of records. In general, the exemptions were claimed in order to protect properly classified information relating to national defense and foreign policy, to avoid interference during the conduct of criminal, civil, or administrative actions or investigations, to ensure protective services provided the President and others are not compromised, to protect the identity of confidential sources incident to Federal employment, military service, contract, and security clearance determinations, to preserve the confidentiality and integrity of Federal testing materials, and to safeguard evaluation materials used for military promotions when furnished by a confidential source. The exemption rule for the original records will identify the specific reasons why the records are exempt from specific provisions of 5 U.S.C. 552a.

[56 FR 51976, Oct. 17, 1991, as amended at 57 FR 24547, June 10, 1992; 61 FR 2916, Jan. 30, 1996; 64 FR 72929, Dec. 29, 1999; 68 FR 37969, June 26, 2003; 69 FR 7366, Feb. 17, 2004; 71 FR 64632, Nov. 3, 2006]

§ 312.13 Ownership of OIG investigative records.

(a) Criminal and or civil investigative reports shall not be retained by DoD recipient organizations. Such reports are the property of OIG and are

on loan to the recipient organization for the purpose for which requested or provided. All copies of such reports shall be destroyed within 180 days after the completion of the final action by the requesting organization.

(b) Investigative reports which require longer periods of retention may be retained only with the specific written approval of OIG.

§ 312.14 Referral of records.

An OIG system of records may contain records other DoD Components or Federal agencies originated, and who may have claimed exemptions for them under the Privacy Act of 1974. When any action is initiated on a portion of any several records from another agency which may be exempt, consultation with the originating agency or component will be affected. Documents located within OIG system of records coming under the cognizance of another agency will be referred to that agency for review and direct response to the requester.

PART 313—THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF AND THE JOINT STAFF PRIVACY PROGRAM

AUTHORITY: Pub. L. 93–579, 88 Stat. 1896 (5 U.S.C. 552a).

§ 313.1 Source of regulations.

The Office of the Joint Chiefs of Staff is governed by the Privacy Act implementation regulations of the Office of the Secretary of Defense, 32 CFR part 311.

[40 FR 55535, Nov. 28, 1975. Redesignated at 56 FR 55631, Oct. 29, 1991, as amended at 56 FR 57802, Nov. 14, 1991]

PART 314—DEFENSE ADVANCED RESEARCH PROJECTS AGENCY, PRIVACY ACT OF 1974

AUTHORITY: Pub. L. 93–579, 88 Stat. 1896 (5 U.S.C. 552a).

§ 314.1 Source of regulations.

The Defense Advanced Research Projects Agency is governed by the Privacy Act implementation regulations of the Office of the Secretary of Defense, 32 CFR part 311.

[40 FR 55535, Nov. 28, 1975. Redesignated at 56 FR 55631, Oct. 29, 1991, as amended at 56 FR 57802, Nov. 14, 1991]

PART 315—UNIFORMED SERVICES UNIVERSITY OF HEALTH SCIENCES, PRIVACY ACT OF 1974

AUTHORITY: Pub. L. 93–579, 88 Stat. 1896 (5 U.S.C. 552a).

§ 315.1 Source of regulations.

The Uniformed Services University of the Health Sciences, is governed by the Privacy Act implementation regulations of the Office of the Secretary of Defense, 32 CFR part 311.

[40 FR 55535, Nov. 28, 1975. Redesignated at 56 FR 55631, Oct. 29, 1991, as amended at 56 FR 57802, Nov. 14, 1991]

PART 316—DEFENSE INFORMATION SYSTEMS AGENCY PRIVACY PROGRAM

Sec.

316.1 Purpose.
316.2 Applicability.
316.3 Authority.
316.4 Definitions.
316.5 Policy.
316.6 Procedures and responsibilities.
316.7 Questions.
316.8 Exemptions.

AUTHORITY: Pub. L. 93–579, 88 Stat. 1986 (5 U.S.C. 552a).

SOURCE: 40 FR 55535, Nov. 28, 1975, unless otherwise noted. Redesignated at 57 FR 6074, Feb. 20, 1992.

§ 316.1 Purpose.

This part delineates responsibility and provides guidance for the implementation of Pub. L. 93–579 (Privacy Act of 1974).

§ 316.2 Applicability.

This part applies to Headquarters, Defense Information Systems Agency (DISA) and DISA field activities.

[40 FR 55535, Nov. 28, 1975. Redesignated at 57 FR 6074, Feb. 20, 1992, as amended at 62 FR 26389, May 14, 1997]

§ 316.3 Authority.

This part is published in accordance with the authority contained in 32 CFR part 310, August 1975.

[40 FR 55535, Nov. 28, 1975. Redesignated and amended at 57 FR 6074, Feb. 20, 1992]

§ 316.4 Definitions.

Add to the definitions contained in 32 CFR 310.6 the following:

System Manager: The DISA official who is responsible for policies and procedures governing a DISA System of Record. His title and duty address will be found in the paragraph entitled Sysmanager in DISA's Record System Notices which are published in the FEDERAL REGISTER in compliance with provisions of the Privacy Act of 1974.

[40 FR 55535, Nov. 28, 1975. Redesignated and amended at 57 FR 6074, Feb. 20, 1992; 62 FR 26389, May 14, 1997]

§ 316.5 Policy.

It is the policy of DISA:

(a) To preserve the personal privacy of individuals, to permit an individual to know what records exist pertaining to him in the DISA, and to have access to and have a copy made of all or any portion of such records and to correct or amend such records.

(b) To collect, maintain, use, or disseminate any record of identifiable personal information in a manner that assures that such action is for a necessary and lawful purpose; that the information is timely and accurate for its intended use; and that adequate safeguards are provided to prevent misuse of such information.

[40 FR 55535, Nov. 28, 1975. Redesignated at 57 FR 6074, Feb. 20, 1992, as amended at 62 FR 26389, May 14, 1997]

§ 316.6 Procedures and responsibilities.

(a) The Counsel, DISA, is hereby designated the Privacy Act Officer for DISA and is responsible for insuring that an internal DISA Privacy Program is established and maintained. He will also insure that all echelons of DISA effectively comply with and implement 32 CFR part 310.

(b) The Civilian Assistant to the Chief of Staff will be responsible for the annual reporting requirements contained in 32 CFR 310.5.

(c) DISA System Managers and other appropriate DISA officials will:

(1) Insure compliance with the provisions of 32 CFR 310.9.

(2) Comply with the provisions of 32 CFR 286a.11. In this area the Assistant to the Director for Administration will provide assistance.

(3) Adhere to the following:

(i) Within DISA, the System Manager of any record system will assure that records pertaining to an individual will be disclosed, upon request, to the individual to whom the record pertains. The individual need not state a reason or otherwise justify the need to gain access. A person of the individual's choosing may accompany the individual when the record is disclosed. The System Manager may require the individual to furnish a written statement authorizing discussion of the individual's records in the presence of the accompanying person. If requested, the System Manager will have a copy made of all or any portion of the record pertaining to the individual in a form comprehensible to the requester.

(ii) The System Manager may release records to the individual's representative who has the written consent of the individual. The System Manager will require reasonable identification of individuals to assure that records are disclosed to the proper person. No verification of identity will be required of an individual seeking access to records which are otherwise available to any member of the public under the Freedom of Information Act. Identification requirements should be consistent with the nature of the records being disclosed. For disclosure of records to an individual in person, the System Manager will require that the individual show some form of identification. For records disclosed to an individual in person or by mail, the System Manager may require whatever identifying information is needed to locate the record; i.e., name, social security number, date of birth. If the sensitivity of the data warrants, the System Manager may require a signed notarized statement of identity. The System Manager may compare the signatures of the requester with those in the

records to verify identity. An individual will not be denied access to his record for refusing to disclose his social security number unless disclosure is required by statute or by regulation adopted before 1 January 1975. An individual will not be denied access to records pertaining to him because the records are exempted from disclosure under the provisions of the Freedom of Information Act.

(iii) The System Manager will not deny access to a record or a copy thereof to an individual solely because its physical presence is not readily available (i.e. on magnetic tape) or because the context of the record may disclose sensitive information about another individual. To protect the personal privacy of other individuals who may be identified in a record, the System Manager shall prepare an extract to delete only that information which would not be releasable to the requesting individual under the Freedom of Information Act.

(iv) When the System Manager is of the opinion that the disclosure of medical information could have an adverse effect upon the individual to whom it pertains, the System Manager will promptly request the individual to submit the name and address of a doctor who will determine whether the medical record may be disclosed directly to the individual. The System Manager will then request the opinion of the doctor named by the individual on whether a medical record may be disclosed to the individual. The System Manager shall disclose the medical record to the individual to whom it pertains unless, in the judgment of the doctor, access to the record could have an adverse effect upon the individual's physical or mental health. In this event the System Manager will transmit the record to the doctor and immediately inform the individual.

(v) The fees to be charged, if any, to an individual for making copies of his record, excluding the cost of any search for and review of the record, will be in accordance with the ''Schedule of Fees'' as set forth in 32 CFR 286.5 and 286.10.

(vi) The System Manager of the record will permit an individual to request amendment of a record pertaining to the individual. Requests to amend records shall be in person or in writing and shall be submitted to the System Manager who maintains the records. Such requests should contain as a minimum, identifying information needed to locate the record, a brief description of the item or items of information to be amended, and the reason for the requested change.

(vii) The System Manager will provide a written acknowledgment of the receipt of a request to amend a record to the individual who requested the amendment within 10 days (excluding Saturdays, Sundays, and legal public holidays) after the date of receipt of such request. Such an acknowledgment may, if necessary, request any additional information needed to make a determination. No acknowledgment is required if the request can be reviewed and processed and the individual notified of compliance or denial within the 10 day period.

(viii) The System Manager will promptly take one of the following actions on requests to amend records:

(A) Refer the request to the agency or office that has control of and maintains the record in those instances where the record requested remains the property of the controlling office or agency.

(B) In accordance with existing statute, regulation, or administrative procedure, make any correction of any portion thereof which the individual believes is not accurate, relevant, timely or complete, or

(C) Inform the individual of the System Manager's refusal to amend the record in accordance with the individual's request, the reason for the refusal, and the individual's right to request a review of the refusal by the Director, DISA, through the DISA Privacy Act Board.

(ix) The DISA Privacy Act Board will be comprised of the DISA Counsel, as Chairman; the Assistant to the Director for Administration, and the Assistant to the Director for Personnel; or in their absence, their authorized representatives. The individual who disagrees with the refusal of the System Manager to amend his record may request a review of this refusal by the DISA Privacy Act Board. The request

for the review may be made orally or in writing and shall be made to the System Manager. The System Manager will promptly forward the request for review to the Chairman of the Board to make a proper review. The Board will promptly review the matter. If, after review, the Board is unanimous in its decision that the record be amended in accordance with the request of the individual then the Chairman of the Board shall so notify the System Manager. The System Manager will immediately make the necessary corrections to the record and will promptly notify the individual. The System Manager will, if an accounting of disclosure of the record has been made, advise all previous recipients of the record, which was corrected, of the correction and its substance. This will be done in all instances when a record is amended. If, after review, the Board decides that the request for amendment should be denied, it will promptly forward its recommendation to the Director, DCA. A majority vote of the members of the Board will constitute a recommendation to the Director.

(x) The Director, DISA, upon receipt of the Board's recommendation, will complete the review and make a final determination.

(xi) If the Director, DISA, after his review, agrees with the individual's request to amend the record, he will, through the DISA Counsel, so advise the individual in writing. The System Manager will receive a copy of the Director's decision and will assure that the record is corrected accordingly and that if an accounting of disclosure of the record has been made, advise all previous recipients of the record which was corrected of the correction and its substance.

(xii) If, after his review, the Director refuses to amend the records as the individual requested, he will, through the DISA Counsel, advise the individual of his refusal and the reasons for it; of the individual's right to file a concise statement setting forth the reasons for the individual's disagreement with the decision of the Director, DISA; that the statement which is filed will be made available to anyone to whom the record is subsequently disclosed together with, at the discretion of the Agency, a brief statement by the Agency summarizing its reasons for refusing to amend the record; that prior recipients of the disputed record will be provided a copy of any statement of dispute to the extent that an accounting of disclosures was maintained; and of the individual's right to seek judicial review of the Agency's refusal to amend a record.

(xiii) The Director's final determination on the individual's request for a review of the System Manager's initial refusal to amend the record must be concluded within 30 days (excluding Saturdays, Sundays, and legal public holidays) from the date on which the individual requested such review unless the Director determines that a fair and equitable review cannot be made within that time. If additional time is required, the individual will be informed in writing of reasons for the delay and of the approximate date on which the review is expected to be completed.

(xiv) After the Director, DISA has refused to amend a record and the individual has filed a statement setting forth the reasons for the individual's disagreement with the decision of the Director, the System Manager will clearly note any portion of the record which is disputed. The System Manager's notation should make clear that the record is disputed and this should be apparent to anyone who may subsequently have access to, use, or disclose the record. When the System Manager has previously disclosed or will subsequently disclose that portion of the record which is disputed he will note that that portion of the record is disputed and will provide the recipients of the record with a copy of the individual's statement setting forth the reasons for the individual's disagreement with the decision of the Director not to amend the record. The System Manager will also provide recipients of the disputed record with a brief summary of the Director's reasons for not making the requested amendments to the record.

(xv) Nothing herein shall allow an individual access to any information compiled in reasonable anticipation of a civil action or proceeding.

(xvi) Any requests by an individual for access to or copies of his records

shall be processed in accordance with this part and 32 CFR part 310.

(d) DISA System Managers will be:

(1) Responsible for complying with the provisions contained in 32 CFR 310.8 relating to the disclosure to others of personal records, obtaining the written consent of individuals to whom the record pertains, and for keeping an accurate accounting of each disclosure of a record.

(2) Responsible for providing to the Civilian Assistant to the Chief of Staff the information requested in 32 CFR 310.5. However, the information will be reported on a quarterly basis with the first report due to the Civilian Assistant to the Chief of Staff by 31 December 1975.

(e) The Assistant to the Director for Administration, Headquarters, DCA will:

(1) Be responsible for furnishing written guidelines to assist System Managers and other DISA officials in evaluating and implementing paperwork management procedures required under the Privacy Act of 1974. In this regard it should be noted that the Act establishes a number of requirements. Among these are the requirements:

(i) To disclose records contained in a system of records only under conditions specified in the law,

(ii) To maintain an accounting of such disclosures,

(iii) To establish procedures for the disclosure to an individual of his record or information pertaining to him,

(iv) For reviewing a request concerning the amendment of such record, and

(v) For permitting individuals to file a statement of disagreement which will be forwarded with subsequent disclosures.

The guidelines will cover those portions of the Privacy Act which requires paperwork systems for implementation. In preparing those guidelines the Assistant to the Director for Administration will make use of the ''Records Management System for Implementing the Privacy Act'' as provided by the GSA and National Archives and Records Service, Office of Records Management. The GSA and NARA procedures and guidelines will be adapted and modified as required to meet DISA needs.

(2) Be responsible for providing the ''Forms'' which are required to comply with 32 CFR 310.9(b).

(f) The Assistant to the Director for Personnel, Headquarters, DISA will:

(1) Be responsible for development, within DISA, of an appropriate training program for all DISA personnel whose duties involve responsibilities for systems of records affected by the Privacy Act.

(2) Assure that DISA personnel involved in the design, development, operation, or maintenance of any system of records, as defined in 32 CFR 310.6 are informed of all requirements to protect the privacy of the individuals who are subjects of the records. The criminal penalties and civil suit aspects of the Privacy Act will be emphasized.

(3) Assure that within DISA administrative and physical safeguards are established to protect information from unauthorized or unintentional access, disclosure, modification or destruction and to insure that all persons whose official duties require access to or processing and maintenance of personal information are trained in the proper safeguarding and use of such information.

[40 FR 55535, Nov. 28, 1975. Redesignated and amended at 57 FR 6074, Feb. 20, 1992; 62 FR 26389, May 14, 1997]

§ 316.7 Questions.

Questions on both the substance and procedure of the Privacy Act and the DISA implementation thereof should be addressed to the DISA Counsel by the most expeditious means possible, including telephone calls.

[40 FR 55535, Nov. 28, 1975. Redesignated at 57 FR 6074, Feb. 20, 1992, as amended at 62 FR 26390, May 14, 1997]

§ 316.8 Exemptions.

Section 5 U.S.C. 552a (3)(j) and (3)(k) authorize an agency head to exempt certain systems of records or parts of certain systems of records from some of the requirements of the act. This part reserves to the Director, DISA, as head of an agency, the right to create exemptions pursuant to the exemption provisions of the act. All systems of

records maintained by DISA shall be exempt from the requirements of 5 U.S.C. 552a (d) pursuant to 5 U.S.C. 552a(3)(k)(1) to the extent that the system contains any information properly classified under Executive Order 11652, ''Classification and Declassification of National Security Information and Material,'' dated March 8, 1972 (37 FR 10053, May 19, 1972) and which is required by the executive order to be kept secret in the interest of national defense or foreign policy. This exemption, which may be applicable to parts of all systems of records, is necessary because certain record systems not otherwise specifically designated for exemptions may contain isolated information which has been properly classified.

[42 FR 20298, Apr. 19, 1977. Redesignated at 57 FR 6074, Feb. 20, 1992, as amended at 62 FR 26390, May 14, 1997]

PART 317—DCAA PRIVACY ACT PROGRAM

Sec.
317.1 Purpose.
317.2 Applicability and scope.
317.3 Policy.
317.4 Responsibilities.
317.5 Information requirements.
317.6 Procedures.

AUTHORITY: Pub. L. 93–579, 88 Stat. 1896 (5 U.S.C. 552a).

SOURCE: 65 FR 63799, Oct. 25, 2000, unless otherwise noted.

§ 317.1 Purpose

This part provides policies and procedures for the Defense Contract Audit Agency's implementation of the Privacy Act of 1974 (DCAA Regulation 5410.10,[1] as amended, (5 U.S.C. 552a); DoD 5400.11 and DoD 5400.11–R,[2] ''DoD Privacy Program'' (32 CFR part 310); and is intended to promote uniformity within DCAA.

§ 317.2 Applicability and scope.

(a) This part applies to all DCAA organizational elements and takes precedence over all regional regulatory issuances that supplement the DCAA Privacy Program.

(b) This part shall be made applicable by contract or other legally binding action to contractors whenever a DCAA contract provides for the operation of a system of records or portion of a system of records to accomplish an Agency function.

§ 317.3 Policy.

(a) It is DCAA policy that personnel will comply with the DCAA Privacy Program; the Privacy Act of 1974; and the DoD Privacy Program (32 CFR part 310). Strict adherence is necessary to ensure uniformity in the implementation of the DCAA Privacy Program and create conditions that will foster public trust. It is also Agency policy to safeguard personal information contained in any system of records maintained by DCAA organizational elements and to make that information available to the individual to whom it pertains to the maximum extent practicable.

(b) DCAA policy specifically requires that DCAA organizational elements:

(1) Collect, maintain, use, and disseminate personal information only when it is relevant and necessary to achieve a purpose required by statute or Executive Order.

(2) Collect personal information directly from the individuals to whom it pertains to the greatest extent practical.

(3) Inform individuals who are asked to supply personal information for inclusion in any system of records:

(i) The authority for the solicitation.

(ii) Whether furnishing the information is mandatory or voluntary.

(iii) The intended uses of the information.

(iv) The routine disclosures of the information that may be made outside of DoD.

(v) The effect on the individual of not providing all or any part of the requested information.

(4) Ensure that records used in making determinations about individuals and those containing personal information are accurate, relevant, timely, and complete for the purposes for which they are being maintained before making them available to any recipients

[1] Copies may be obtained from *http://www.deskbook.osd.mil*.

[2] Copies may be obtained from *http://web7.whs.osd.mil*.

outside of DoD, other than a Federal agency, unless the disclosure is made under DCAA Regulation 5410.8, DCAA Freedom of Information Act Program.[3]

(5) Keep no record that describes how individuals exercise their rights guaranteed by the First Amendment to the U.S. Constitution, unless expressly authorized by statute or by the individual to whom the records pertain or is pertinent to and within the scope of an authorized law enforcement activity.

(6) Notify individuals whenever records pertaining to them are made available under compulsory legal processes, if such process is a matter of public record.

(7) Establish safeguards to ensure the security of personal information and to protect this information from threats or hazards that might result in substantial harm, embarrassment, inconvenience, or unfairness to the individual.

(8) Establish rules of conduct for DCAA personnel involved in the design, development, operation, or maintenance of any system of records and train them in these rules of conduct.

(9) Assist individuals in determining what records pertaining to them are being collected, maintained, used, or disseminated.

(10) Permit individual access to the information pertaining to them maintained in any system of records, and to correct or amend that information, unless an exemption for the system has been properly established for an important public purpose.

(11) Provide, on request, an accounting of all disclosures of the information pertaining to them except when disclosures are made:

(i) To DoD personnel in the course of their official duties.

(ii) Under DCAA Regulation 5410.8, DCAA Freedom of Information Act Program.

(iii) To another agency or to an instrumentality of any governmental jurisdiction within or under control of the United States conducting law enforcement activities authorized by law.

(12) Advise individuals on their rights to appeal any refusal to grant access to or amend any record pertaining to them, and file a statement of disagreement with the record in the event amendment is refused.

[3] Copies may be obtained from *http://www.deskbook.osd.mil.*

§ 317.4 Responsibilities.

(a) The Assistant Director, Resources has overall responsibility for the DCAA Privacy Act Program and will serve as the sole appellate authority for appeals to decisions of respective initial denial authorities.

(b) The Chief, Administrative Management Division under the direction of the Assistant Director, Resources, shall:

(1) Establish, issue, and update policies for the DCAA Privacy Act Program; monitor compliance with this part; and provide policy guidance for the DCAA Privacy Act Program.

(2) Resolve conflicts that may arise regarding implementation of DCAA Privacy Act policy.

(3) Designate an Agency Privacy Act Advisor, as a single point of contact, to coordinate on matters concerning Privacy Act policy.

(4) Make the initial determination to deny an individual's written Privacy Act request for access to or amendment of documents filed in Privacy Act systems of records. This authority cannot be delegated.

(c) The DCAA Privacy Act Advisor under the supervision of the Chief, Administrative Management Division shall:

(1) Manage the DCAA Privacy Act Program in accordance with this part and applicable DCAA policies, as well as DoD and Federal regulations.

(2) Provide guidelines for managing, administering, and implementing the DCAA Privacy Act Program.

(3) Implement and administer the Privacy Act program at the Headquarters.

(4) Ensure that the collection, maintenance, use, or dissemination of records of identifiable personal information is in a manner that assures that such action is for a necessary and lawful purpose; that the information is timely and accurate for its intended use; and that adequate safeguards are provided to prevent misuse of such information.

(5) Maintain and publish DCAA Pamphlet 5410.13, DCAA Compilation of Privacy Act System Notices.[4]

(6) Prepare promptly any required new, amended, or altered system notices for systems of records subject to the Privacy Act and submit them to the Defense Privacy Office for subsequent publication in the FEDERAL REGISTER.

(7) Prepare the annual Privacy Act Report as required by DoD 5400.11–5, DoD Privacy program.

(8) Conduct training on the Privacy Act program for Agency personnel.

(d) Heads of Principal Staff Elements are responsible for:

(1) Reviewing all regulations or other policy and guidance issuances for which they are the proponent to ensure consistency with the provisions of this part.

(2) Ensuring that the provisions of this part are followed in processing requests for records.

(3) Forwarding to the DCAA Privacy Act Advisor, any Privacy Act requests received directly from a member of the public, so that the request may be administratively controlled and processed.

(4) Ensuring the prompt review of all Privacy Act requests, and when required, coordinating those requests with other organizational elements.

(5) Providing recommendations to the DCAA Privacy Act Advisor regarding the releasability of DCAA records to members of the public, along with the responsive documents.

(6) Providing the appropriate documents, along with a written justification for any denial, in whole or in part, of a request for records to the DCAA Privacy Act Advisor. Those portions to be excised should be bracketed in red pencil, and the specific exemption or exemptions cites which provide the basis for denying the requested records.

(e) The General Counsel is responsible for:

(1) Ensuring uniformity is maintained in the legal position, and the interpretation of the Privacy Act; 32 CFR part 310; and this part.

(2) Consulting with DoD General Counsel on final denials that are inconsistent with decisions of other DoD components, involve issues not previously resolved, or raise new or significant legal issues of potential significance to other Government agencies.

(3) Providing advice and assistance to the Assistant Director, Resources; Regional Directors; and the Regional Privacy Act Officer, through the DCAA Privacy Act Advisor, as required, in the discharge of their responsibilities.

(4) Coordinating Privacy Act litigation with the Department of Justice.

(5) Coordinating on Headquarters denials of initial requests.

(f) Each Regional Director is responsible for the overall management of the Privacy Act program within their respective regions. Under his/her direction, the Regional Resources Manager is responsible for the management and staff supervision of the program and for designating a Regional Privacy Act Officer. Regional Directors will, as designee of the Director, make the initial determination to deny an individual's written Privacy Act request for access to or amendment of documents filed in Privacy Act systems of records. This authority cannot be delegated.

(g) Regional Privacy Act Officers will:

(1) Implement and administer the Privacy Act program throughout the region.

(2) Ensure that the collection, maintenance, use, or dissemination of records of identifiable personal information is in a DCAAR 5410.10 manner that assures that such action is for a necessary and lawful purpose; that the information is timely and accurate for its intended use; and that adequate safeguards are provided to prevent misuse of such information.

(3) Prepare input for the annual Privacy Act Report when requested by the DCAA Information and Privacy Advisor.

(4) Conduct training on the Privacy Act program for regional and FAO personnel.

[4] Copies may be obtained from the Defense Contract Audit Agency, ATTN: DCAA-CMO, 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060–6219. Electronic copies of DCAA Privacy notices may be obtained from *http://www.defenselink.mil/privacy*.

(5) Provide recommendations to the Regional Director through the Regional Resources Manager regarding the releasability of DCAA records to members of the public.

(h) Managers, Field Audit Offices (FAOs) will:

(1) Ensure that the provisions of this part are followed in processing requests for records.

(2) Forward to the Regional Privacy Act Officer, any Privacy Act requests received directly from a member of the public, so that the request may be administratively controlled and processed.

(3) Ensure the prompt review of all Privacy Act requests, and when required, coordinating those requests with other organizational elements.

(4) Provide recommendation to the Regional Privacy Act Officer regarding the releasability of DCAA records to members of the public, along with the responsive documents.

(5) Provide the appropriate documents, along with a written justification for any denial, in whole or in part, of a request for records to the Regional Privacy Act Officer. Those portions to be excised should be bracketed in red pencil, and the specific exemption or exemptions cited which provide the basis for denying the requested records.

(i) DCAA Employees will:

(1) Not disclose any personal information contained in any system of records, except as authorized by this part.

(2) Not maintain any official files which are retrieved by name or other personal identifier without first ensuring that a notice for the system has been published in the FEDERAL REGISTER.

(3) Report any disclosures of personal information from a system of records or the maintenance of any system of records that are not authorized by this part to the appropriate Privacy Act officials for their action.

§ 317.5 Information requirements.

The Report Control Symbol. Unless otherwise directed, any report concerning implementation of the Privacy Program shall be assigned Report Control Symbol DD-DA&M(A)1379.

§ 317.6 Procedures.

Procedures for processing material in accordance with the Privacy Act of 1974 are outlined in DoD 5400.11–R, DoD Privacy Program (32 CFR part 310).

PART 318—DEFENSE THREAT REDUCTION AGENCY PRIVACY PROGRAM

Sec.

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AUTHORITY: Pub. L. 93–579, 88 Stat 1896 (5 U.S.C. 552a).

SOURCE: 65 FR 18894, Apr. 10, 2000, unless otherwise noted.

§ 318.1 Reissuance and purpose.

(a) This part updates the policies, responsibilities, and procedures of the DTRA Privacy Program under the Privacy Act of 1974, as amended (5 U.S.C. 552a), OMB Circular A–130,[1] and the DoD Privacy Program (32 CFR part 310).

(b) This rule establishes procedures whereby individuals can:

(1) Request notification of whether Defense Threat Reduction Agency (DTRA) maintains or has disclosed a record pertaining to them in any nonexempt system of records;

(2) Request a copy or other access to such a record or to an accounting of its disclosure;

[1] Copies may be obtained: *http://www.whitehouse.gov/OMB/circulars.*

(3) Request that the record be amended; and

(4) Appeal any initial adverse determination of any such request.

(c) Specifies those system of records which the Director, Defense Threat Reduction Agency has determined to be exempt from the procedures established by this rule and by certain provisions of the Privacy Act.

(d) DTRA policy encompasses the safeguarding of individual privacy from any misuse of DTRA records and the provides the fullest access practicable by individuals to DTRA records concerning them.

§ 318.2 Applicability.

(a) This part applies to all members of the Armed Forces and Department of Defense civilians assigned to the DTRA at any of its duty locations.

(b) This part shall be made applicable to DoD contractors who are operating a system of records on behalf of DTRA, to include any of the activities, such as collecting and disseminating records, associated with maintaining a system of records.

§ 318.3 Definitions.

Access. The review of a record or a copy of a record or parts thereof in a system of records by any individual.

Agency. For the purposes of disclosing records subject to the Privacy Act among DoD Components, the Department of Defense is considered a single agency. For all other purposes to include applications for access and amendment, denial of access or amendment, appeals from denials, and record keeping as regards release to non-DoD agencies; each DoD Component is considered an agency within the meaning of the Privacy Act.

Confidential source. A person or organization who has furnished information to the federal government under an express promise that the person's or the organization's identity will be held in confidence or under an implied promise of such confidentiality if this implied promise was made before September 27, 1975.

Disclosure. The transfer of any personal information from a system of records by any means of communication (such as oral, written, electronic, mechanical, or actual review) to any person, private entity, or government agency, other than the subject of the record, the subject's designated agent or the subject's legal guardian.

Individual. A living person who is a citizen of the United States or an alien lawfully admitted for permanent residence. The parent of a minor or the legal guardian of any individual also may act on behalf of an individual. Corporations, partnerships, sole proprietorships, professional groups, businesses, whether incorporated or unincorporated, and other commercial entities are not ''individuals.''

Law enforcement activity. Any activity engaged in the enforcement of criminal laws, including efforts to prevent, control, or reduce crime or to apprehend criminals, and the activities of prosecutors, courts, correctional, probation, pardon, or parole authorities.

Maintain. Includes maintain, collect, use or disseminate.

Official use. Within the context of this part, this term is used when officials and employees of a DoD Component have a demonstrated need for the use of any record or the information contained therein in the performance of their official duties, subject to DoD 5200.1–R,[2] ''DoD Information Security Program Regulation''.

Personal information. Information about an individual that identifies, relates or is unique to, or describes him or her; e.g., a social security number, age, military rank, civilian grade, marital status, race, salary, home/office phone numbers, etc.

Privacy Act request. A request from an individual for notification as to the existence of, access to, or amendment of records pertaining to that individual. These records must be maintained in a system of records.

Member of the public. Any individual or party acting in a private capacity to include federal employees or military personnel.

Record. Any item, collection, or grouping of information, whatever the storage media (e.g., paper, electronic, etc.), about an individual that is maintained by a DoD Component, including

[2] Copies may be obtained: *http://web7.whs.osd.mil/corres.htm.*

but not limited to, his or her education, financial transactions, medical history, criminal or employment history and that contains his or her name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a finger or voice print or a photograph.

Risk assessment. An analysis considering information sensitivity, vulnerabilities, and the cost to a computer facility or word processing activity in safeguarding personal information processed or stored in the facility or activity.

Routine use. The disclosure of a record outside the Department of Defense for a use that is compatible with the purpose for which the information was collected and maintained by the Department of Defense. The routine use must be included in the published system notice for the system of records involved.

Statistical record. A record maintained only for statistical research or reporting purposes and not used in whole or in part in making determinations about specific individuals.

System manager. The DoD Component official who is responsible for the operation and management of a system of records.

System of records. A group of records under the control of a DoD Component from which personal information is retrieved by the individual's name or by some identifying number, symbol, or other identifying particular assigned to an individual.

Word processing system. A combination of equipment employing automated technology, systematic procedures, and trained personnel for the primary purpose of manipulating human thoughts and verbal or written or graphic presentations intended to communicate verbally or visually with another individual.

Word processing equipment. Any combination of electronic hardware and computer software integrated in a variety of forms (firmware, programmable software, handwiring, or similar equipment) that permits the processing of textual data. Generally, the equipment contains a device to receive information, a computer-like processor with various capabilities to manipulate the information, a storage medium, and an output device

§ 318.4 Policy.

(a) It is DTRA policy that:

(1) The personal privacy of an individual shall be respected and protected. Personal information shall be collected, maintained, used, or disclosed to insure that:

(2) It shall be relevant and necessary to accomplish a lawful DTRA purpose required to be accomplished by Federal statute or Executive order;

(3) It shall be collected to the greatest extent practicable directly from the individual;

(4) The individual shall be informed as to why the information is being collected, the authority for collection, what uses will be made of it, whether disclosure is mandatory or voluntary, and the consequences of not providing the information;

(5) It shall be relevant, timely, complete and accurate for its intended use; and

(6) Appropriate administrative, technical, and physical safeguards shall be established, based on the media (e.g., paper, electronic, etc.) involved, to ensure the security of the records and to prevent compromise or misuse during storage or transfer.

(b) No record shall be maintained on how an individual exercises rights guaranteed by the First Amendment to the Constitution, except as specifically authorized by statute; expressly authorized by the individual on whom the record is maintained; or when the record is pertinent to and within the scope of an authorized law enforcement activity.

(c) Notices shall be published in the FEDERAL REGISTER and reports shall be submitted to Congress and the Office of Management and Budget, in accordance with, and as required by 5 U.S.C. 552a, OMB Circular A–130, and 32 CFR part 310, as to the existence and character of any system of records being established or revised by the DoD Components. Information shall not be collected, maintained, or disseminated until the required publication/review requirements are satisfied.

(d) Individuals shall be permitted, to the extent authorized by this part:

(1) To determine what records pertaining to them are contained in a system of records;

(2) Gain access to such records and obtain a copy of those records or a part thereof;

(3) Correct or amend such records on a showing the records are not accurate, relevant, timely, or complete.

(4) Appeal a denial of access or a request for amendment.

(e) Disclosure of records pertaining to an individual from a system of records shall be prohibited except with the consent of the individual or as otherwise authorized by 5 U.S.C. 552a and 32 CFR part 286. When disclosures are made, the individual shall be permitted, to the extent authorized by 5 U.S.C. 552a and 32 CFR part 310, to seek an accounting of such disclosures from DTRA.

(f) Computer matching programs between DTRA and Federal, State, or local governmental agencies shall be conducted in accordance with the requirements of 5 U.S.C. 552a, OMB Circular A–130, and 32 CFR part 310.

(g) DTRA personnel and Systems Managers shall conduct themselves, pursuant to established rules of conduct, so that personal information to be stored in a system of records shall only be collected, maintained, used, and disseminated as authorized by this part.

§ 318.5 Designations and responsibilities

(a) The Director, DTRA shall:

(1) Provide adequate funding and personnel to establish and support an effective Privacy Program.

(2) Appoint a senior official to serve as the Agency Privacy Act Officer.

(3) Serve as the Agency Appellate Authority.

(b) The Privacy Act Officer shall:

(1) Implement the Agency's Privacy Program in accordance with the specific requirements set forth in this part, 5 U.S.C. 552a, OMB Circular A–130, and 32 CFR part 310.

(2) Establish procedures, as well as rules of conduct, necessary to implement this part so as to ensure compliance with the requirements of 5 U.S.C. 552a, OMB Circular A–130, and 32 CFR part 310.

(3) Ensure that the DTRA Privacy Program periodically shall be reviewed by the DTRA Inspectors General or other officials, who shall have specialized knowledge of the DoD Privacy Program.

(4) Serve as the Agency Initial Denial Authority.

(c) *The Privacy Act Program Manager shall:*

(1) Manage activities in support of the DTRA Program oversight in accordance with part, 5 U.S.C. 552a, OMB Circular A–130, and 32 CFR part 310.

(2) Provide operational support, guidance and assistance to Systems Managers for responding to requests for access/amendment of records.

(3) Direct the day-by-day activities of the DTRA Privacy Program.

(4) Provide guidance and assistance to DTRA elements in their implementation and execution of the DTRA Privacy Program.

(5) Prepare and submit proposed new, altered, and amended systems of records, to include submission of required notices for publication in the Federal Register consistent with this part, 5 U.S.C. 552a, OMB Circular A–130, and 32 CFR part 310.

(6) Prepare and submit proposed DTRA privacy rulemaking, to include documentation for submission of the proposed rule to the Office of the Federal Register for publication. Additionally, provide required documentation for reporting to the OMB and Congress, consistent with this part, 5 U.S.C. 552a, OMB Circular A–130, and 32 CFR part 310.

(7) Provide advice and support to DTRA elements to ensure that:

(i) All information requirements developed to collect and/or maintain personal data conform to DoD Privacy Act Program standards;

(ii) Appropriate procedures and safeguards shall be developed, implemented, and maintained to protect personal information when it is stored in either a manual and/or automated system of records or transferred by electronic or non-electronic means; and

(iii) Specific procedures and safeguards shall be developed and implemented when personal data is collected and maintained for research purposes.

(8) Conduct reviews, and prepare and submit reports consistent with the requirements in this part, 5 U.S.C. 552a, OMB Circular A–130, and 32 CFR part 310, or as otherwise directed by the Defense Privacy Office.

(9) Conduct training for all assigned and employed DTRA personnel and for those individuals having primary responsibility for DTRA Privacy Act Record Systems consistent with requirements of this part, 5 U.S.C. 552a, OMB Circular A–130, and 32 CFR part 310.

(10) Serve as the principal points of contact for coordination of privacy and related matters.

(d) *The Directorate Heads and Office Chiefs shall:*

(1) Recognize and support the DTRA Privacy Act Program.

(2) Appoint an individual to serve as Privacy Act Point of Contact within their purview.

(3) Initiate prompt, constructive management actions on agreed-upon actions identified in agency Privacy Act reports.

(e) *The Chief, Information Systems shall:*

(1) Ensure that all personnel who have access to information from an automated system of records during processing or who are engaged in developing procedures for processing such information are aware of the provisions of this Instruction.

(2) Promptly notify automated system managers and the Privacy Act Officer whenever they are changes to Agency Information Technology that may require the submission of an amended system notice for any system of records.

(3) Establish rules of conduct for Agency personnel involved in the design, development, operation, or maintenance of any automated system of records and train them in these rules of conduct.

(f) Agency System Managers shall exercise the Rules of Conduct as specified in 32 CFR part 310.

(g) Agency personnel shall exercise the Rules of Conduct as specified in 32 CFR part 310.

§ 318.6 Procedures for requests pertaining to individual records in a record system.

(a) An individual seeking notification of whether a system of records, maintained by the Defense Threat Reduction Agency, contains a record pertaining to himself/herself and who desires to review, have copies made of such records, or to be provided an accounting of disclosures from such records, shall submit his or her request in writing. Requesters are encourage to review the systems of records notices published by the Agency so as to specifically identify the particular record system(s) of interest to be accessed.

(b) In addition to meeting the requirements set forth in this section 318.6, the individual seeking notification, review or copies, and an accounting of disclosures will provide in writing his or her full name, address, Social Security Number, and a telephone number where the requester can be contacted should questions arise concerning the request. This information will be used only for the purpose of identifying relevant records in response to an individual's inquiry. It is further recommended that individuals indicate any present or past relationship or affiliations, if any, with the Agency and the appropriate dates in order to facilitate a more thorough search. A notarized statement or an unsworn declaration in accordance with 28 U.S.C. 1746 may also be required.

(c) An individual who wishes to be accompanied by another individual when reviewing his or her records, must provide the Agency with written consent authorizing the Agency to disclose or discuss such records in the presence of the accompanying individual.

(d) Individuals should mail their written request to the FOIA/Privacy Act Division, Defense Threat Reduction Agency, 45045 Aviation Drive, Dulles, VA 20166–7517 and indicate clearly on the outer envelope ''Privacy Act Request.''

§ 318.7 Disclosure of requested information to individuals.

(a) The Defense Threat Reduction Agency, upon receiving a request for notification of the existence of a record

or for access to a record, shall acknowledge receipt of the request within 10 working days.

(b) Determine whether or not such record exists.

(c) Determine whether or not such request for access is available under the Privacy Act.

(d) Notify requester of determinations within 30 working days after receipt of such request.

(e) Provide access to information pertaining to that person which has been determined to be available within 30 working days.

(f) Notify the individual if fees will be assessed for reproducing copies of the records. Fee schedule and rules for assessing fees are contained in §318.11.

§ 318.8 Request for correction or amendment to a record.

(a) An individual may request that the Defense Threat Reduction Agency correct, amend, or expunge any record, or portions thereof, pertaining to the requester that he/she believe to be inaccurate, irrelevant, untimely, or incomplete.

(b) Such requests shall specify the particular portions of the records in question, be in writing and should be mailed to the FOIA/Privacy Act Division, Defense Threat Reduction Agency, 45045 Aviation Drive, Dulles, VA 20166–7517.

(c) The requester shall provide sufficient information to identify the record and furnish material to substantiate the reasons for requesting corrections, amendments, or expurgation.

§ 318.9 Agency review of request for correction or amendment of record.

(a) The Agency will acknowledge a request for correction or amendment within 10 working days of receipt. The acknowledgment will be in writing and will indicate the date by which the Agency expects to make its initial determination.

(b) The Agency shall complete its consideration of requests to correct or amend records within 30 working days, and inform the requester of its initial determination.

(c) If it is determined that records should be corrected or amended in whole or in part, the Agency shall advise the requester in writing of its determination; and correct or amend the records accordingly. The Agency shall then advise prior recipients of the records of the fact that a correction or amendment was made and provide the substance of the change.

(d) If the Agency determines that a record should not be corrected or amended, in whole or in part, as requested by the individual, the Agency shall advise the requester in writing of its refusal to correct or amend the records and the reasons therefor. The notification will inform the requester that the refusal may be appealed administratively and will advise the individual of the procedures for such appeals.

§ 318.10 Appeal of initial adverse Agency determination for access, correction or amendment.

(a) An individual who disagrees with the denial or partial denial of his or her request for access, correction, or amendment of Agency records pertaining the himself/herself, may file a request for administrative review of such refusal within 30 days after the date of notification of the denial or partial denial.

(b) Such requests shall be made in writing and mailed to the FOIA/Privacy Act Division, Defense Threat Reduction Agency, 45045 Aviation Drive, Dulles, VA 20166–7517.

(c) The requester shall provide a brief written statement setting for the reasons for his or her disagreement with the initial determination and provide such additional supporting material as the individual feels necessary to justify the appeal.

(d) Within 30 working days of receipt of the request for review, the Agency shall advise the individual of the final disposition of the request.

(e) In those cases where the initial determination is reversed, the individual will be so informed and the Agency will take appropriate action.

(f) In those cases where the initial determination is sustained, the individual shall be advised:

(1) In the case of a request for access to a record, of the individual's right to seek judicial review of the Agency refusal for access.

(2) In the case of a request to correct or amend the record:

(i) Of the individual's right to file a concise statement of his or her reasons for disagreeing with the Agency's decision in the record,

(ii) Of the procedures for filing a statement of the disagreement, and

(iii) Of the individual's right to seek judicial review of the Agency's refusal to correct or amend a record.

§ 318.11 Disclosure of record to persons other than the individual to whom it pertains.

(a) General. No record contained in a system of records maintained by DTRA shall be disclosed by any means to any person or agency within or outside the Department of Defense without the request or consent of the subject of the record, except as described in 32 CFR 310.41, Appendix C to part 310, and/or a Defense Threat Reduction Agency system of records notice.

(b) Accounting of disclosures. Except for disclosures made to members of the DoD in connection with their official duties, and disclosures required by the Freedom of Information Act, an accounting will be kept of all disclosures of records maintained in DTRA system of records.

(1) Accounting entries will normally be kept on a DTRA form, which will be maintained in the record file jacket, or in a document that is part of the record.

(2) Accounting entries will record the date, nature and purpose of each disclosure, and the name and address of the person or agency to whom the disclosure is made.

(3) Accounting records will be maintained for at least 5 years after the last disclosure, of for the life of the record, whichever is longer.

(4) Subjects of DTRA records will be given access to associated accounting records upon request, except for those disclosures made to law enforcement activities when the law enforcement activity has requested that the disclosure not be made, and/or as exempted under § 318.16.

§ 318.12 Fees.

Individuals may request copies for retention of any documents to which they are granted access in DTRA records pertaining to them. Requesters will not be charged for the first copy of any records provided; however, duplicate copies will require a charge to cover costs of reproduction. Such charges will be computed in accordance with 32 CFR part 310.

§ 318.13 Enforcement actions.

Procedures and sanctions are set forth in 5 U.S.C. 552a, OMB Circular A–130, and 32 CFR part 310.

§ 318.14 Blanket routine uses.

(a) *Blanket routine uses.* Certain 'blanket routine uses' of the records have been established that are applicable to every record system maintained within the Department of Defense unless specifically stated otherwise within a particular record system. These additional blanket routine uses of the records are published only once in the interest of simplicity, economy and to avoid redundancy.

(b) *Routine Use—Law Enforcement.* If a system of records maintained by a DoD Component, to carry out its functions, indicates a violation or potential violation of law, whether civil, criminal, or regulatory in nature, and whether arising by general statute or by regulation, rule, or order issued pursuant thereto, the relevant records in the system of records may be referred, as a routine use, to the agency concerned, whether Federal, State, local, or foreign, charged with the responsibility of investigating or prosecuting such violation or charged with enforcing or implementing the statute, rule, regulation, or order issued pursuant thereto.

(c) *Routine Use—Disclosure When Requesting Information.* A record from a system of records maintained by a Component may be disclosed as a routine use to a Federal, State, or local agency maintaining civil, criminal, or other relevant enforcement information or other pertinent information, such as current licenses, if necessary to obtain information relevant to a Component decision concerning the hiring or retention of an employee, the issuance of a security clearance, the letting of a contract, or the issuance of a license, grant, or other benefit.

(d) *Routine Use—Disclosure of Requested Information.* A record from a system of records maintained by a Component may be disclosed to a Federal agency, in response to its request, in connection with the hiring or retention of an employee, the issuance of a security clearance, the reporting of an investigation of an employee, the letting of a contract, or the issuance of a license, grant, or other benefit by the requesting agency, to the extent that the information is relevant and necessary to the requesting agency's decision on the matter.

(e) *Routine Use—Congressional Inquiries.* Disclosure from a system of records maintained by a Component may be made to a congressional office from the record of an individual in response to an inquiry from the congressional office made at the request of that individual.

(f) *Routine Use—Private Relief Legislation.* Relevant information contained in all systems of records of the Department of Defense published on or before August 22, 1975, will be disclosed to the OMB in connection with the review of private relief legislation as set forth in OMB Circular A–19 at any stage of the legislative coordination and clearance process as set forth in that Circular.

(g) *Routine Use—Disclosures Required by International Agreements.* A record from a system of records maintained by a Component may be disclosed to foreign law enforcement, security, investigatory, or administrative authorities to comply with requirements imposed by, or to claim rights conferred in, international agreements and arrangements including those regulating the stationing and status in foreign countries of DoD military and civilian personnel.

(h) *Routine Use—Disclosure to State and Local Taxing Authorities.* Any information normally contained in Internal Revenue Service (IRS) Form W-2 which is maintained in a record from a system of records maintained by a Component may be disclosed to State and local taxing authorities with which the Secretary of the Treasury has entered into agreements under 5 U.S.C. 5516, 5517, and 5520 and only to those State and local taxing authorities for which an employee or military member is or was subject to tax regardless of whether tax is or was withheld. This routine use is in accordance with Treasury Fiscal Requirements Manual Bulletin No. 76–07.

(i) *Routine Use—Disclosure to the Office of Personnel Management.* A record from a system of records subject to the Privacy Act and maintained by a Component may be disclosed to the Office of Personnel Management (OPM) concerning information on pay and leave, benefits, retirement deduction, and any other information necessary for the OPM to carry out its legally authorized government-wide personnel management functions and studies.

(j) *Routine Use—Disclosure to the Department of Justice for Litigation.* A record from a system of records maintained by this component may be disclosed as a routine use to any component of the Department of Justice for the purpose of representing the Department of Defense, or any officer, employee or member of the Department in pending or potential litigation to which the record is pertinent.

(k) *Routine Use—Disclosure to Military Banking Facilities Overseas.* Information as to current military addresses and assignments may be provided to military banking facilities who provide banking services overseas and who are reimbursed by the Government for certain checking and loan losses. For personnel separated, discharged, or retired from the Armed Forces, information as to last known residential or home of record address may be provided to the military banking facility upon certification by a banking facility officer that the facility has a returned or dishonored check negotiated by the individual or the individual has defaulted on a loan and that if restitution is not made by the individual, the U.S. Government will be liable for the losses the facility may incur.

(l) *Routine Use—Disclosure of Information to the General Services Administration (GSA).* A record from a system of records maintained by this component may be disclosed as a routine use to the General Services Administration (GSA) for the purpose of records management inspections conducted under authority of 44 U.S.C. 2904 and 2906.

(m) *Routine Use—Disclosure of Information to the National Archives and Records Administration (NARA).* A record from a system of records maintained by this component may be disclosed as a routine use to the National Archives and Records Administration (NARA) for the purpose of records management inspections conducted under authority of 44 U.S.C. 2904 and 2906.

(n) *Routine Use—Disclosure to the Merit Systems Protection Board.* A record from a system of records maintained by this component may be disclosed as a routine use to the Merit Systems Protection Board, including the Office of the Special Counsel for the purpose of litigation, including administrative proceedings, appeals, special studies of the civil service and other merit systems, review of OPM or component rules and regulations, investigation of alleged or possible prohibited personnel practices; including administrative proceedings involving any individual subject of a DoD investigation, and such other functions, promulgated in 5 U.S.C. 1205 and 1206, or as may be authorized by law.

(o) *Routine Use—Counterintelligence Purpose.* A record from a system of records maintained by this component may be disclosed as a routine use outside the DoD or the U.S. Government for the purpose of counterintelligence activities authorized by U.S. Law or Executive Order or for the purpose of enforcing laws which protect the national security of the United States.

§ 318.15 Rules of conduct

(a) DTRA personnel shall:

(1) Take such actions, as considered appropriate, to ensure that personal information contained in a system of records, to which they have access or are using incident to the conduct of official business, shall be protected so that the security and confidentiality of the information shall be preserved.

(2) Not disclose any personal information contained in any system of records except as authorized by 32 CFR part 310 or other applicable law or regulation. Personnel willfully making such a disclosure when knowing the disclosure is prohibited are subject to possible criminal penalties and/or administrative sanctions.

(3) Report any unauthorized disclosure of personal information from a system of records or the maintenance of any system of records that are not authorized by the Instruction to the DTRA Privacy Act Officer.

(b) DTRA system managers for each system of records shall:

(1) Ensure that all personnel who either have access to the system of records or who shall develop or supervise procedures for the handling of records in the system of records shall be aware of their responsibilities for protecting personnel information being collected and maintained under the DTRA Privacy Program.

(2) Promptly notify the Privacy Act Officer of any required new, amended, or altered system notices for the system of records.

(3) Not maintain any official files on individuals, which are retrieved by name or other personal identifier without first ensuring that a notice for the system of records shall have been published in the ''Federal Register.'' Any official who willfully maintains a system of records without meeting the publication requirements, as prescribed by 5 U.S.C. 552a, OMB Circular A–130, and 32 CFR part 310, is subject to possible criminal penalties and/or administrative sanctions.

§ 318.16 Exemption rules.

(a) *Exemption for classified material.* All systems of records maintained by the Defense Threat Reduction Agency shall be exempt under section (k)(1) of 5 U.S.C. 552a, to the extent that the systems contain any information properly classified under E.O. 12598 and that is required by that E.O. to be kept secret in the interest of national defense or foreign policy. This exemption is applicable to parts of all systems of records including those not otherwise specifically designated for exemptions herein which contain isolated items of properly classified information.

(b) *System identifier and name:* HDTRA 007, Security Operations.

(1) Exemption: Portions of this system of records may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d)(1) through (d)(4), (e)(1), (e)(4)(G), (H), (I), and (f).

(2) Authority: 5 U.S.C. 552a(k)(5).

(3) Reasons: (i) From subsection (c)(3) because it will enable DTRA to safeguard certain investigations and relay law enforcement information without compromise of the information, and protect the identities of confidential sources who might not otherwise come forward and who have furnished information under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise.)

(ii) From subsection (d)(1) through (d)(4) and (f) because providing access to records of a civil investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of security investigations. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1), (e)(4)(G), (H), (I) because it will provide protection against notification of investigatory material including certain reciprocal investigations and counterintelligence information, which might alert a subject to the fact that an investigation of that individual is taking place, and the disclosure of which would weaken the on-going investigation, reveal investigatory techniques, and place confidential informants in jeopardy who furnished information; under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise.)

(c) *System identifier and name:* HDTRA 011, Inspector General Investigation Files.

(1) Exemption: Portions of this system of records may be exempt from the provisions of 5 U.S.C. 552a(c)(3); (d)(1) through (4); (e)(1); (e)(4)(G), (H), and (I); and (f).

(2) Authority: 5 U.S.C. 552a(k)(2).

(3) Reasons: (i) From subsection (c)(3) because it will enable DTRA to conduct certain investigations and relay law enforcement information without compromise of the information, protection of investigative techniques and efforts employed, and identities of confidential sources who might not otherwise come forward and who furnished information under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise.)

(ii) From subsection (d)(1) through (d)(4) and (f) because providing access to records of a civil investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1), (e)(4)(G), (H), and (I) because it will provide protection against notification of investigatory material including certain reciprocal investigations and counterintelligence information, which might alert a subject to the fact that an investigation of that individual is taking place, and the disclosure of which would weaken the on-going investigation, reveal investigatory techniques, and place confidential informants in jeopardy who furnished information under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise).

(d) *System identifier and name:* HDTRA 021, Freedom of Information Act and Privacy Act Request Case Files.

(1) *Exemption:* During the processing of a Freedom of Information Act or Privacy Act request exempt materials from other systems of records may in turn become part of the case record in this system. To the extent that copies of exempt records from those 'other' systems of records are entered into this system, the Defense Threat Reduction Agency claims the same exemptions for the records from those 'other' systems that are entered into this system, as claimed for the original primary system of which they are a part.

(2) *Authority:* 5 U.S.C. 552a(j)(2), (k)(1), (k)(2), (k)(3), (k)(4), (k)(5), (k)(6) and (k)(7).

(3) *Reasons:* Records are only exempt from pertinent provisions of 5 U.S.C. 552a to the extent such provisions have been identified and an exemption claimed for the original record and the purposes underlying the exemption for the original record still pertain to the record which is now contained in this system of records. In general, the exemptions were claimed in order to protect properly classified information relating to national defense and foreign policy, to avoid interference during the conduct of criminal, civil, or administrative actions or investigations, to ensure protective services provided the President and others are not compromised, to protect the identity of confidential sources incident to Federal employment, military service, contract, and security clearance determinations, to preserve the confidentiality and integrity of Federal testing materials, and to safeguard evaluation materials used for military promotions when furnished by a confidential source. The exemption rule for the original records will identify the specific reasons why the records are exempt from specific provisions of 5 U.S.C. 552a.

[65 FR 18894, Apr. 10, 2000, as amended at 71 FR 64633, Nov. 3, 2006]

PART 319—DEFENSE INTELLIGENCE AGENCY PRIVACY PROGRAM

Sec.

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AUTHORITY: Pub. L. 93–579, 88 Stat 1896 (5 U.S.C. 552a).

SOURCE: 51 FR 44064, Dec. 8, 1986, unless otherwise noted. Redesignated at 56 FR 56595, Nov. 6, 1991 and 56 FR 57799, Nov. 14, 1991.

§ 319.1 Authority.

Pursuant to the requirements of section 553 of Title 5 of the United States Code, the Defense Intelligence Agency promulgates its rules for the implementation of the Privacy Act of 1974, Pub. L. 93–579, 5 U.S.C. 552a (f) and (k).

§ 319.2 Purpose.

(a) To promulgate rules providing procedures by which individuals may exercise their rights granted by the act to:

(1) Determine whether a Defense Intelligence Agency system of records contains a record pertaining to themselves;

(2) Be granted access to all or portions thereof;

(3) Request administrative correction or amendment of such records;

(4) Request an accounting of disclosures from such records; and

(5) Appeal any adverse determination for access or correction/amendment of records.

(b) To set forth Agency policy and fee schedule for cost of duplication.

(c) To identify records subject to the provisions of these rules.

(d) To specify those systems of records for which the Director, Defense Intelligence Agency, claims an exemption.

§ 319.3 Scope.

(a) Any individual who is a citizen of the United States or an alien lawfully admitted for permanent residence in the United States may submit an inquiry to the Defense Intelligence Agency.

(b) These rules apply to those systems of records:

(1) Maintained by the Defense Intelligence Agency;

(2) For which the Defense Intelligence Agency prescribes the content and disposition pursuant to statute or executive order of the President, which may be in the physical custody of another Federal agency;

(3) Not exempted from certain provisions of the act by the Director, Defense Intelligence Agency.

(c) The Defense Intelligence Agency may have physical custody of the official records of another Federal agency which exercises dominion and control over the records, their content, and access thereto. In such cases, the Defense Intelligence Agency maintenance of the records is considered subject to the rules of the other Federal agency. Except for a request for a determination of the existence of the record, when the Defense Intelligence Agency receives requests related to these records, the DIA will immediately refer the request to the controlling agency for all decisions regarding the request and will notify the individual making the request of the referral.

(d) Records subject to provisions of the Act which are transferred to the Washington National Records Center for storage shall be considered to be maintained by the Defense Intelligence Agency. Disclosure from such records—to other than an element of the Defense Intelligence Agency—can only be made with the prior approval of the Defense Intelligence Agency.

(e) Records subject to provisions of the act which are transferred to the National Archives shall be considered to be maintained by the National Archives and are no longer records of the Agency.

§ 319.4 Definitions.

(a) All terms used in this part which are defined in 5 U.S.C. 552a shall have the same meaning herein.

(b) As used in this part:

(1) The term *Act* means the Privacy Act of 1974, Pub. L. 93–579, 5 U.S.C. 552a.

(2) The term *Agency* means the Defense Intelligence Agency.

§ 319.5 Procedures for requests pertaining to individual records in a record system.

(a) An individual seeking notification of whether a system of records, maintained by the Defense Intelligence Agency, contains a record pertaining to himself/herself and who desires to review, have copies made of such records, or to be provided an accounting of disclosures from such records, shall submit his or her request in writing. Requesters are encouraged to review the systems of records notices published by the Agency so as to specifically identify the particular record system(s) of interest to be accessed.

(b) In addition to meeting the requirements set forth in § 319.5 of this part, the individual seeking notification, review or copies, and an accounting of disclosures will provide in writing his or her full name, address, social security account number or date of birth and a telephone number where the requester can be contacted should questions arise concerning his or her request. This information will be used only for the purpose of identifying relevant records in response to an individual's inquiry. It is further recommended that individuals indicate any present or past relationship or affiliations, if any, with the Agency and the appropriate dates in order to facilitate a more thorough search of the record system specified and any other system which may contain information concerning the individual. A signed notarized statement may also be required.

(c) An individual who wishes to be accompanied by another individual when reviewing his or her records, must provide the Agency with written consent authorizing the Agency to disclose or discuss such records in the presence of the accompanying individual.

(d) A request for medical records must be submitted as set forth in § 319.7, of this part.

(e) Individuals should mail their written request to the Defense Intelligence Agency, DSP–1A, Washington, DC 20340–3299 and indicate clearly on the outer envelope ''Privacy Act Request''.

(f) An individual who makes a request on behalf of a minor or legal incompetent shall provide a signed notarized statement affirming the relationship.

(g) When an individual wishes to authorize another person access to his or her records, the individual shall provide a signed notarized statement authorizing and consenting to access by the designated person.

(h) Except as provided by section 552a(b) of the act, 5 U.S.C. 552a(b), the written request or prior written consent of the individual to whom a record pertains shall be required before such record is disclosed to any person or to another agency outside the Department of Defense.

(i) Any person who knowingly and willfully requests or obtains any record concerning an individual from this Agency under false pretenses shall be guilty of a misdemeanor and fined not more than $5,000.

[51 FR 44064, Dec. 8, 1986. Redesignated at 56 FR 56595, Nov. 6, 1991 and 56 FR 57799, Nov. 14, 1991, and amended at 56 FR 56595, Nov. 6, 1991]

§ 319.6 Disclosure of requested information to individuals.

The Defense Intelligence Agency, upon receiving a request for notification of the existence of a record or for access to a record, shall:

(a) Determine whether such record exists;

(b) Determine whether access is available under the Privacy Act;

(c) Notify the requester of those determinations within 10 days (excluding Saturday, Sunday and legal public holidays); and

(d) Provide access to information pertaining to that person which has been determined to be available.

§ 319.7 Special procedures: Medical records.

Medical records, requested pursuant to § 319.5 of this part, will be disclosed to the requester unless the disclosure of such records directly to the requester could, in the judgment of a physician, have an adverse effect on the physical or mental health or safety and welfare of the requester or other persons with whom he may have contact. In such an instance, the information will be transmitted to a physician named by the requester or to a person qualified to make a psychiatric or medical determination.

[51 FR 44064, Dec. 8, 1986. Redesignated at 56 FR 56595, Nov. 6, 1991 and 56 FR 57799, Nov. 14, 1991, and amended at 56 FR 56595, Nov. 6, 1991]

§ 319.8 Request for correction or amendment to record.

(a) An individual may request that the Defense Intelligence Agency correct, amend, or expunge any record, or portions thereof, pertaining to the requester that he believes to be inaccurate, irrelevant, untimely, or incomplete.

(b) Such requests shall be in writing and may be mailed to DSP–1A as indicated in § 319.5.

(c) The requester shall provide sufficient information to identify the record and furnish material to substantiate the reasons for requesting corrections, amendments or expurgation.

[51 FR 44064, Dec. 8, 1986. Redesignated at 56 FR 56595, Nov. 6, 1991 and 56 FR 57799, Nov. 14, 1991, and amended at 56 FR 56595, Nov. 6, 1991]

§ 319.9 Agency review of request for correction or amendment of record.

(a) The Agency will acknowledge a request for correction or amendment of a record within 10 days (excluding Saturday, Sunday, and legal public holidays) of receipt. The acknowledgment will be in writing and will indicate the date by which the Agency expects to make its initial determination.

(b) The Agency shall complete its consideration of requests to correct or amend records within 30 days (excluding Saturday, Sunday, and legal holidays) and inform the requester of its initial determination.

(c) If it is determined that records should be corrected or amended in whole or in part, the Agency shall advise the requester in writing of its determination; and correct or amend the

records accordingly. The Agency shall then advise prior recipients of the records of the fact that a correction or amendment was made and provide the substance of the change.

(d) If the Agency determines that a record should not be corrected or amended, in whole or in part, as requested by the individual, the Agency shall advise the requester in writing of its refusal to correct or amend the records and the reasons therefor. The notification will inform the requester that the refusal may be appealed administratively and will advise the individual of the procedures for such appeals.

§ 319.10 Appeal of initial adverse Agency determination for access, correction or amendment.

(a) An individual who disagrees with the denial or partial denial of his or her request for access, correction, or amendment of Agency records pertaining to himself/herself, may file a request for administrative review of such refusal within 30 days after the date of notification of the denial or partial denial.

(b) Such requests should be in writing and may be mailed to RTS–1 as indicated in § 319.5.

(c) The requester shall provide a brief written statement setting forth the reasons for his or her disagreement with the initial determination and provide such additional supporting material as the individual feels necessary to justify his or her appeal.

(d) Within 30 days (excluding Saturday, Sunday, and legal public holidays) of the receipt of request for review, the Agency shall advise the individual of the final disposition of his or her request.

(e) In those cases where the initial determination is reversed, the individual will be so informed and the Agency will take appropriate action.

(f) In those cases where the initial determinations are sustained, the individual shall be advised:

(1) In the case of a request for access to a record, of the individual's right to seek judicial review of the Agency refusal for access.

(2) In the case of a request to correct or amend the record:

(i) Of the individual's right to file with record in question a concise statement of his or her reasons for disagreeing with the Agency's decision,

(ii) Of the procedures for filing a statement of disagreement, and

(iii) Of the individual's right to seek judicial review of the Agency's refusal to correct or amend a record.

[51 FR 44064, Dec. 8, 1986. Redesignated at 56 FR 56595, Nov. 6, 1991 and 56 FR 57799, Nov. 14, 1991, and amended at 56 FR 56595, Nov. 6, 1991]

§ 319.11 Fees.

(a) The schedule of fees chargeable is contained at § 286.60 *et seq*. As a component of the Department of Defense, the applicable published Departmental rules and schedules with respect to fees will also be the policy of DIA.

(b) Current employees of the Agency will not be charged for the first copy of a record provided by the Agency.

(c) In the absence of an agreement to pay required anticipated costs, the time for responding to a request begins on resolution of this agreement to pay.

(d) The fees may be paid by check, draft or postal money order payable to the Treasurer of the United States. Remittance will be forwarded to the office designated in § 319.5(e).

[51 FR 44064, Dec. 8, 1986. Redesignated at 56 FR 56595, Nov. 6, 1991 and 56 FR 57799, Nov. 14, 1991, and amended at 56 FR 56595, Nov. 6, 1991]

§ 319.12 General exemptions. [Reserved]

§ 319.13 Specific exemptions.

(a) All systems of records maintained by the Director Intelligence Agency shall be exempt from the requirements of 5 U.S.C. 552a(d) pursuant to 5 U.S.C. 552a(k)(1) to the extent that the system contains any information properly classified under Executive order to be kept secret in the interest of national defense or foreign policy. This exemption, which may be applicable to parts of all systems of records, is necessary because certain record systems not specifically designated for exemption may contain isolated information which has been properly classified.

(b) The Director, Defense Intelligence Agency, designated the systems of

records listed below for exemptions under the specified provisions of the Privacy Act of 1974, as amended (Pub. L. 93–579):

(c) *System identification and name:* LDIA 0271, Investigations and Complaints.

(1) *Exemption:* Any portion of this record system which falls within the provisions of 5 U.S.C. 552a(k) (2) and (5) may be exempt from the following subsections of 5 U.S.C. 552a: (c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), and (e)(4)(I).

(2) *Authority:* 5 U.S.C. 552a(k) (2) and (5).

(3) *Reasons:* The reasons for asserting these exemptions are to ensure the integrity of the Inspector General process within the Agency. The execution requires that information be provided in a free and open manner without fear of retribution or harassment in order to facilitate a just, thorough and timely resolution of the complaint or inquiry. Disclosures from this system can enable individuals to conceal their wrongdoing or mislead the course of the investigation by concealing, destroying or fabricating evidence or documents. Also, disclosures can subject sources and witnesses to harassment or intimidation which may cause individuals not to seek redress for wrongs through Inspector General channels for fear of retribution or harassment.

(d) *System identification and name:* LDIA 0275, DoD Hotline Referrals.

(1) *Exemption:* Any portion of this record system which falls within the provisions of 5 U.S.C. 552a(k) (2) and (5) may be exempt from the following subsections of 5 U.S.C. 552a: (c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), and (e)(4)(I).

(2) *Authority:* 5 U.S.C. 552a(k) (2) and (5).

(3) *Reason:* The reasons for asserting these exemptions are to ensure that informants can report instances of fraud and mismanagement without fear of reprisal or unauthorized disclosure of their identity. The execution of this function requires that information be provided in a free and open manner without fear of retribution of harassment in order to facilitate a just, thorough and timely resolution of the case. These records are privileged Director, DIA, documents and information contained therein is not routinely released or disclosed to anyone.

(e) *System identification and name:* LDIA 0660, Security Files.

(1) *Exemption:* Any portion of this record system which falls within the provisions of 5 U.S.C. 552a(k) (2) and (5) may be exempt from the following subsections of 5 U.S.C. 552a: (c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), and (e)(4)(I).

(2) *Authority:* 5 U.S.C. 552a(k) (2) and (5).

(3) *Reason:* The reasons for asserting these exemptions are to ensure the integrity of the adjudication process used by the Agency to determine the suitability, eligibility or qualification for Federal service with the Agency and to make determinations concerning the questions of access to classified materials and activities. The proper execution of this function requires that the Agency have the ability to obtain candid and necessary information in order to fully develop or resolve pertinent information developed in the process. Potential sources, out of fear or retaliation, exposure or other action, may be unwilling to provide needed information or may not be sufficiently frank to be a value in personnel screening, thereby seriously interfering with the proper conduct and adjudication of such matters.

(f) *System identification and name:* LDIA 0800, Operation Record System.

(1) *Exemption:* Any portion of this record system which falls within the provisions of 5 U.S.C. 552a(k) (2) and (5) may be exempt from the following subsections of 5 U.S.C. 552a: (c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), and (e)(4)(I).

(2) *Authority:* 5 U.S.C. 552a(k) (2) and (5).

(3) *Reason:* The reasons for asserting these exemptions are to ensure the integrity of ongoing foreign intelligence collection and/or training activities conducted by the Defense Intelligence Agency and the Department of Defense. The execution of these functions requires that information in response to national level intelligence requirements be provided in a free and open manner without fear of retribution or unauthorized disclosure. Disclosures from this system can jeopardize sensitive sources and methodology.

[56 FR 56595, Nov. 6, 1991]

PART 320—NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY PRIVACY

Sec.
320.1 Purpose and scope.
320.2 Definitions.
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320.6 Requests for correction or amendment to record.
320.7 Agency review of request for correction or amendment of record.
320.8 Appeal of initial adverse agency determination on correction or amendment.
320.9 Disclosure of record to person other than the individual to whom it pertains.
320.10 Fees.
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320.12 Exemptions.

AUTHORITY: Pub. L. 93–579, 88 Stat. 1986 (5 U.S.C. 552a).

SOURCE: 66 FR 52681, Oct. 17, 2001, unless otherwise noted.

EDITORIAL NOTE: Nomenclature changes to part 320 appear at 69 FR 2066, Jan. 14, 2004.

§ 320.1 Purpose and scope.

(a) This part is published pursuant to the Privacy Act of 1974, as amended (5 U.S.C. 552a), (hereinafter the ''Privacy Act''). This part:

(1) Establishes or advises of the procedures whereby an individual can:

(i) Request notification of whether the National Geospatial-Intelligence Agency (NGA) maintains or has disclosed a record pertaining to him in any nonexempt system of records,

(ii) Request a copy or other access to such a record or to an accounting of its disclosure,

(iii) Request that the record be amended and

(iv) Appeal any initial adverse determination of any such request;

(2) Specifies those systems of records which the Director, Headquarters NGA has determined to be exempt from the procedures established by this regulation and from certain provisions of the Privacy Act. NGA policy encompasses the safeguarding of individual privacy from any misuse of NGA records and the provision of the fullest access practicable to individuals to NGA records concerning them.

§ 320.2 Definitions.

As used in this part:

(a) *Appellate authority (AA).* A NGA employee who has been granted authority to review the decision of the Initial Denial Authority (IDA) that has been appealed by the Privacy Act requester and make the appeal determination for NGA on the release ability of the records in question.

(b) *Individual.* A living person who is a citizen of the United States or an alien lawfully admitted for permanent residence. The parent of a minor or the legal guardian of any individual also may act on behalf of an individual. Corporations, partnerships, sole proprietorships, professional groups, businesses, whether incorporated or unincorporated, and other commercial entities are not ''individuals''.

(c) *Initial denial authority (IDA).* A NGA employee, or designee, who has been granted authority to make an initial determination for NGA that records requested in a Privacy Act request should be withheld from disclosure or release.

(d) *Maintain.* Includes maintain, collect, use or disseminate.

(e) *Personal information.* Information about an individual that identifies, relates to or is unique to, or describes him or her; e.g., a social security number, age, military rank, civilian grade, marital status, race, or salary, home/office phone numbers, etc.

(f) *Record.* Any item, collection, or grouping of information, whatever the storage media (e.g., paper, electronic, etc.), about an individual that is maintained by NGA, including, but not limited to education, financial transactions, medical history, criminal or employment history, and that contains the individual's name or the identifying number, symbol or other identifying particulars assigned to the individual such as a finger or voice print or a photograph.

(g) *Routine use.* The disclosure of a record outside the Department of Defense for a use that is compatible with the purpose for which the information was collected and maintained by the Department of Defense. The routine use must be included in the published system notice for the system of records involved.

(h) *System of records.* A group of records under the control of NGA from which personal information is retrieved by the individual's name or by some identifying number, symbol, or other identifying particular assigned to the individual.

(i) *System manger.* The NGA official who is responsible for the operation and management of a system of records.

§ 320.3 Responsibilities.

(a) Director of NGA:

(1) Implements the NGA privacy program.

(2) Designates the Director of the Public Affairs Office as the NGA Initial Denial Authority;

(3) Designates the Chief of Staff as the Appellate Authority.

(4) Designates the General Counsel as the NGA Privacy Act Officer and the principal point of contact for matters involving the NGA privacy program.

(b) NIMA General Counsel:

(1) Oversees systems of records maintained throughout NIMA, administered by Information Services. This includes coordinating all notices of new systems of records and changes to existing systems for publication in the FEDERAL REGISTER.

(2) Coordinates all denials of requests for access to or amendment of records.

(3) Assesses and collects fees for costs associated with processing Privacy Act requests and approves or denies requests for fee waivers. Fees collected are forwarded through Financial Management Directorate to the U.S. Treasury.

(4) Prepares the annual report to the Defense Privacy Office.

(5) Oversees investigations of allegations of unauthorized maintenance, disclosure, or destruction of records.

(6) Conducts or coordinates Privacy Act training for NGA personnel as needed, including training for public affairs officers and others who deal with the public and news media.

(c) NIMA System Managers:

(1) Ensure that all personnel who either have access to a system of records or who are engaged in developing or supervising procedures for handling records in a system of records are aware of their responsibilities for protecting personal information.

(2) Prepare notices of new systems of records and changes to existing systems for publication in the FEDERAL REGISTER.

(3) Ensure that no records subject to this part are maintained for which a systems notice has not been published.

(4) Respond to requests by individuals for access, correction, or amendment to records maintained pursuant to the NGA privacy program.

(5) Provide recommendations to General Counsel for responses to requests from individuals for access, correction, or amendment to records.

(6) Safeguard records to ensure that they are protected from unauthorized alteration or disclosure.

(7) Dispose of records in accordance with accepted records management practices to prevent inadvertent compromise. Disposal methods such as tearing, burning, melting, chemical decomposition, pulping, pulverizing, shredding, or mutilation are considered adequate if the personal data is rendered unrecognizable or beyond reconstruction.

§ 320.4 Procedures for requesting information.

(a) Upon request in person or by mail, any individual, as defined in § 320.2, shall be informed whether or not any NGA system of records contains a record pertaining to him.

(b) Any individual requesting such information in person may appear at NGA General Counsel Office (refer to the NGA address list at paragraph (e) of this section) or at the NGA office thought to maintain the record in question and shall provide:

(1) Information sufficient to identify the record, e.g., the individual's own name, date of birth, place of birth, and, if possible, an indication of the type of record believed to contain information concerning the individual, and

(2) Acceptable identification to verify the individual's identity, e.g., driver's license, employee identification card or Medicare card.

(c) Any individual requesting such information by mail shall address the request to the Office of General Counsel (refer to paragraph (e) of this section)

or NGA office thought to maintain the record in question and shall include in such request the following:

(1) Information sufficient to identify the record, e.g., the individual's own name, date of birth, place of birth, and, if possible, an indication of the type of record believed to contain information concerning the individual, and

(2) A notarized statement or unsworn declaration in accordance with 28 U.S.C. 1746 to verify the individual's identity, if, in the opinion of the NGA system manager, the sensitivity of the material involved warrants.

(d) NGA procedures on requests for information. Upon receipt of a request for information made in accordance with these regulations, notice of the existence or nonexistence of any records described in such requests will be furnished to the requesting party within ten working days of receipt.

(e) Written requests for access to records should be sent to NGA Bethesda, ATTN: NGA/GC, Mail Stop D–10, 4600 Sangamore Road, Bethesda, MD 20816–5003.

(f) Requests for information made under the Freedom of Information Act are processed in accordance with ''DoD Freedom of Information Act Program Regulation'' (32 CFR part 286).

(g) Requests for personal information from the Government Accounting Office (GAO) are processed in accordance with DoD Directive 7650.1[1] ''GAO Access to Records''.

§ 320.5 Disclosure of requested information.

(a) Upon request by an individual made in accordance with the procedures set forth in this section, such individual shall be granted access to any pertinent record which is contained in a nonexempt NGA system of records. However, nothing in this section shall allow an individual access to any information compiled by NGA in reasonable anticipation of a civil or criminal action or proceeding.

(b) Procedures for requests for access to records. Any individual may request access to a pertinent NGA record in person or by mail.

(1) Any individual making such request in person shall appear at Office of General Counsel, NGA Bethesda, ATTN: NGA/GC, Mail Stop D–10, 4600 Sangamore Road, Bethesda, MD 20816–5003, and shall provide identification to verify the individuals' identity, e.g., driver's license, employee identification card, or Medicare card.

(2) Any individual making a request for access to records by mail shall address such request to the Office of General Counsel, NIMA Bethesda, ATTN: NGA/GC, Mail Stop D–10, 4600 Sangamore Road, Bethesda, MD 20816–5003; and shall include therein a signed, notarized statement, or an unsworn statement or declaration in accordance with 28 U.S.C. 1746, to verify identity.

(3) Any individual requesting access to records under this section in person may be accompanied by a person of the individual's own choosing while reviewing the record requested. If an individual elects to be so accompanied, said individual shall give notice of such election in the request and shall provide a written statement authorizing disclosure of the record in the presence of the accompanying person. Failure to so notify NGA in a request for access shall be deemed to be a decision by the individual not to be accompanied.

(c) NGA determination of requests for access.

(1) Upon receipt of a request made in accordance with this section, the NGA Office of General Counsel or NGA office having responsibility for maintenance of the record in question shall release the record, or refer it to an Initial Denial Authority, who shall:

(i) Determine whether such request shall be granted.

(ii) Make such determination and provide notification within 30 working days after receipt of such request.

(iii) Notify the individual that fees for reproducing copies of records will be assessed and should be remitted before the copies may be delivered. Fee schedule and rules for assessing fees are contained in § 320.9.

(iv) Requests for access to personal records may be denied only by an agency official authorized to act as an Initial Denial Authority or Final Denial Authority, after coordination with the Office of General Counsel.

[1] Copies may be obtained via Internet at *http://www.dtic.mil/whs/directives.*

(2) If access to a record is denied because such information has been compiled by NGA in reasonable anticipation of a civil or criminal action or proceeding, the individual will be notified of such determination and his right to judicial appeal under 5 U.S.C. 552a(g).

(d) Manner of providing access.

(1) If access is granted, the individual making the request shall notify NGA whether the records requested are to be copied and mailed.

(2) If the records are to be made available for personal inspection the individual shall arrange for a mutually agreeable time and place for inspection of the record. NIMA reserves the right to require the presence of a NIMA officer or employee during personal inspection of any record pursuant to this section and to request of the individual that a signed acknowledgment of the fact be provided that access to the record in question was granted by NIMA.

§ 320.6 Request for correction or amendment to record.

(a) Any individual may request amendment of a record pertaining to said individual.

(b) After inspection of a pertinent record, the individual may file a request in writing with the NGA Office of General Counsel for amendment. Such requests shall specify the particular portions of the record to be amended, the desired amendments and the reasons, supported by documentary proof, if available.

§ 320.7 Agency review of request for correction or amendment of record.

(a) Not later than 10 working days after receipt of a request to amend a record, in whole or in part, the NGA Office of General Counsel, or NGA office having responsibility for maintenance of the record in question, shall correct any portion of the record which the individual demonstrates is not accurate, relevant, timely or complete, and thereafter either inform the individual of such correction or process the request for denial.

(b) Denials of requests for amendment of a record will be made only by an agency official authorized to act as an Initial Denial Authority, after coordination with the Office of General Counsel. The denial letter will inform the individual of the denial to amend the record setting forth the reasons therefor and notifying the individual of his right to appeal the decision to NGA.

(c) Any person or other agency to whom the record has been previously disclosed shall be informed of any correction or notation of dispute with respect to such records.

(d) These provisions for amending records are not intended to permit the alteration of evidence previously presented during any administrative or quasi-judicial proceeding, such as an employee grievance case. Any changes in such records should be made only through the established procedures for such cases. Further, these provisions are not designed to permit collateral attack upon what has already been the subject of an administrative or quasi-judicial action. For example, an individual may not use this procedure to challenge the final decision on a grievance, but the individual would be able to challenge the fact that such action has been incorrectly recorded in his file.

§ 320.8 Appeal of initial adverse agency determination on correction or amendment.

(a) An individual whose request for amendment of a record pertaining to him may further request a review of such determination in accordance with this section.

(b) Not later than 30 working days following receipt of notification of denial to amend, an individual may file an appeal of such decision with NGA. The appeal shall be in writing, mailed or delivered to NGA, ATTN: Mail Stop D–10, 4600 Sangamore Road, Bethesda, MD 20816–5003. The appeal must identify the records involved, indicate the dates of the request and adverse determination, and indicate the express basis for that determination. In addition, the letter of appeal shall state briefly and succinctly the reasons why the adverse determination should be reversed.

(c) Upon appeal from a denial to amend a record the NGA Appellate Authority or designee shall make a determination whether to amend the record and must notify the individual of that determination by mail, not later than 10 working days after receipt of such appeal, unless extended pursuant to paragraph (d) of this section.

(1) The Appellate Authority or designee shall also notify the individual of the provisions of the Privacy Act of 1974 regarding judicial review of the NGA Appellate Authority's determination.

(2) If on appeal the denial to amend the record is upheld, the individual shall be permitted to file a statement setting forth the reasons for disagreement with the Appellate Authority's determination and such statement shall be appended to the record in question.

(d) The Appellate Authority or designee may extend up to 30 days the time period in which to make a determination on an appeal from denial to amend a record for the reason that a fair and equitable review cannot be completed within the prescribed time period.

§ 320.9 Disclosure of record to person other than the individual to whom it pertains.

(a) No officer or employee of NGA will disclose any record which is contained in a system of records, by any means of communication to any person or agency within or outside the Department of Defense without the request or consent of the individual to whom the record pertains, except as described in to 32 CFR 310.41; Appendix C to part 310 of this chapter; and/or a NGA Privacy Act system of records notice.

(b) Any such record may be disclosed to any person or other agency only upon written request, of the individual to whom the record pertains.

(c) In the absence of a written consent from the individual to whom the record pertains, such record may be disclosed only provided such disclosure is:

(1) To those officers and employees of the DoD who have a need for the record in the performance of their duties.

(2) Required under the Freedom of Information Act (32 CFR part 286).

(3) For a routine use established within the system of records notice.

(4) To the Bureau of Census for purposes of planning or carrying out a census or survey or related activity pursuant to the provisions of title 13.

(5) To a recipient who has provided the NGA with adequate advance written assurance that the record will be used solely as a statistical research or reporting record and the record is transferred in a form that is not individually identifiable and will not be used to make any decisions about the rights, benefits or entitlements of an individual.

(6) To the National Archives of the United States as a record which has sufficient historical or other value to warrant its continued preservation by the U.S. Government or for evaluation by the Administrator of the General Services Administration or his designee to determine whether the record has such value.

(7) To another agency or to an instrumentality of any governmental jurisdiction within or under the control of the U.S. for a civil or criminal law enforcement activity authorized by law, provided the head of the agency or instrumentality has made a prior written request to the Director, NGA specifying the particular record and the law enforcement activity for which it is sought.

(8) To a person pursuant to a showing of compelling circumstances affecting the health or safety of an individual, if upon such disclosure notification is transmitted to the last known address of such individual.

(9) To either house of Congress, and, to the extent of the matter within its jurisdiction, any committee or subcommittee or joint committee of Congress.

(10) To the Comptroller General or any of his authorized representatives in the course of the performance of the duties of the GAO.

(11) Under an order of a court of competent jurisdiction.

(12) To a consumer reporting agency in accordance with section 3711(f) of title 31.

(d) Except for disclosures made pursuant to paragraphs (c)(1) and (2) of this section, an accurate accounting will be kept of the data, nature and purpose of each disclosure of a record to any person or agency, and the name and address of the person or agency to whom the disclosure was made. The accounting of disclosures will be made available for review by the subject of a record at his request except for disclosures made pursuant to paragraph (c)(7) of this section. If an accounting of disclosure has been made, any person or agency contained therein will be informed of any correction or notation of dispute made pursuant to section 320.6 of this part.

§ 320.10 Fees.

Individuals may request copies for retention of any documents to which they are granted access to NGA records pertaining to them. Requesters will not be charged for the first copy of any records provided; however, duplicate copies will require a charge to cover costs of reproduction. Such charges will be computed in accordance with 32 CFR part 310.

§ 320.11 Penalties.

The Privacy Act of 1974 (5 U.S.C. 552a(i)(3)) makes it a misdemeanor subject to a maximum fine of $5,000, to knowingly and willfully request or obtain any record concerning an individual under false pretenses. The Act also establishes similar penalties for violations by NGA employees of the Act or regulations established thereunder.

§ 320.12 Exemptions.

(a) *Exempt systems of record.* All systems of records maintained by the NGA and its components shall be exempt from the requirements of 5 U.S.C. 552a(d) pursuant to 5 U.S.C. 552a(k)(1) to the extent that the system contains any information properly classified under Executive Order 12958 and that is required by Executive Order to be withheld in the interest of national defense or foreign policy. This exemption is applicable to parts of all systems of records, including those not otherwise specifically designated for exemptions herein, which contain isolated items of properly classified information.

(b) *System identifier and name:* B0210–07, Inspector General Investigative and Complaint Files.

(1) *Exemptions:* (i) Investigative material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source.

(ii) Investigative material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iii) Therefore, portions of this system of records may be exempt pursuant to 5 U.S.C. 552a(k)(2) and/or (k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (H) and (I), and (f).

(2) *Authority:* 5 U.S.C. 552a(k)(2) and (k)(5).

(3) *Reasons:* (i) From subsection (c)(3) because to grant access to the accounting for each disclosure as required by the Privacy Act, including the date, nature, and purpose of each disclosure and the identity of the recipient, could alert the subject to the existence of the investigation or prosecutable interest by the NGA or other agencies. This could seriously compromise case preparation by prematurely revealing its existence and nature; compromise or interfere with witnesses or make witnesses reluctant to cooperate; and lead to suppression, alteration, or destruction of evidence.

(ii) From subsections (d) and (f) because providing access to investigative records and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly

and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because this system of records is compiled for investigative purposes and is exempt from the access provisions of subsections (d) and (f).

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NGA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(vi) Consistent with the legislative purpose of the Privacy Act of 1974, NGA will grant access to nonexempt material in the records being maintained. Disclosure will be governed by NGA's Privacy Regulation, but will be limited to the extent that the identity of confidential sources will not be compromised; subjects of an investigation of an actual or potential criminal or civil violation will not be alerted to the investigation; the physical safety of witnesses, informants and law enforcement personnel will not be endangered; the privacy of third parties will not be violated; and that the disclosure would not otherwise impede effective law enforcement. Whenever possible, information of the above nature will be deleted from the requested documents and the balance made available. The controlling principle behind this limited access is to allow disclosures except those indicated in this paragraph. The decisions to release information from these systems will be made on a case-by-case basis.

[66 FR 52681, Oct. 17, 2001, as amended at 67 FR 55724, Aug. 30, 2002]

PART 321—DEFENSE SECURITY SERVICE PRIVACY PROGRAM

Sec.

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AUTHORITY: Pub. L. 93–579, 88 Stat 1896 (5 U.S.C. 552a).

SOURCE: 64 FR 49660, Sept. 14, 1999, unless otherwise noted.

§ 321.1 Purpose and applicability.

(a) This part establishes rules, policies and procedures for the disclosure of personal records in the custody of the Defense Security Service (DSS) to the individual subjects, the handling of requests for amendment or correction of such records, appeal and review of DSS decisions on these matters, and the application of general and specific exemptions, under the provisions of the Privacy Act of 1974. It also prescribes other policies and procedures to effect compliance with the Privacy Act of 1974 and DoD Directive 5400.11[1].

(b) The procedures set forth in this part do not apply to DSS personnel seeking access to records pertaining to themselves which previously have been

[1] Copies may be obtained via internet at *http://web7.whs.osd.mil/corres.htm.*

available. DSS personnel will continue to be granted ready access to their personnel, security, and other records by making arrangements directly with the maintaining office. DSS personnel should contact the Office of Freedom of Information and Privacy, DSSHQ, for access to investigatory records pertaining to themselves or any assistance in obtaining access to other records pertaining to themselves, and may follow the procedures outlined in these rules in any case.

§ 321.2 Definitions.

(a) All terms used in this part which are defined in 5 U.S.C. 552a shall have the same meaning herein.

(b) As used in this part, the term agency means the Defense Security Service.

§ 321.3 Information and procedures for requesting notification.

(a) *General.* Any individual may request and receive notification of whether he is the subject of a record in any system of records maintained by DSS using the information and procedures described in this section.

(1) Paragraphs (b) and (c) of this section give information that will assist an individual in determining in what systems of DSS records (if any) he may be the subject. This information is presented as a convenience to the individual in that he may avoid consulting the lengthy systems notices elsewhere in the Federal Register.

(2) Paragraph (d) of this section details the procedure an individual should use to contact DSS and request notification. It will be helpful if the individual states what his connection with DSS has or may have been, and about what record system(s) he is inquiring. Such information is not required, but its absence may cause some delay.

(b) *DSS Records Systems.* A list of DSS records systems is available by contacting Defense Security Service, Office of FOI and Privacy, 1340 Braddock Place, Alexandria, VA, 22314-1551.

(c) *Categories of individuals in DSS Record Systems.* (1) Any person who is the subject or co-subject of an ongoing or completed investigation by DSS should have an investigative case file/record in system V5-01, if the record meets retention criteria. An index to such files should be in V5-02.

(2) If an individual has ever made a formal request to DSS under the Freedom of Information Act or the Privacy Act of 1974, a record pertaining to that request under the name of the requester, or subject matter, will be in system V1-01.

(3) Persons of Counterintelligence interest who have solicited from industrial contractors/DoD installations information which may appear to be sensitive in nature may have a record in system V5-04.

(4) Individuals who have been applicants for employment with DSS, or nominees for assignment to DSS, but who have not completed their DSS affiliation, may be subjects in systems V4-04, V5-01, V5-02, V5-03, or V6-01.

(5) Any individual who is a subject, victim or cross-referenced personally in an investigation by an investigative element of any DoD component, may be referenced in the Defense Clearance and Investigations Index, system V5-02, in an index to the location, file number, and custodian of the case record.

(6) Individuals who have ever presented a complaint to or have been connected with a DSS Inspector General inquiry may be subjects of records in system V2-01.

(7) If an individual has ever attended the Defense Industrial Security Institute or completed training with the DSS Training Office he should be subject of a record in V7-01.

(8) If an individual has ever been a guest speaker or instructor at the Defense Industrial Security Institute, he should be the subject of a record in V7-01.

(9) If an individual is an employee or major stockholder of a government contractor or other DoD-affiliated company or agency and has been issued, now possesses or has been processed for a security clearance, he may be subject to a record in V5-03.

(d) *Procedures.* The following procedures should be followed to determine if an individual is a subject of records maintained by DSS, and to request notification and access.

(1) Individuals should submit inquiries in person or by mail to the Defense

Security Service, Office of FOI and Privacy, 1340 Braddock Place, Alexandria, VA 22314-1651. Inquiries by personal appearance should be made Monday through Friday from 8:30 to 11:30 a.m. and 1:00 to 4:00 p.m. The information requested in Sec. 321.4 must be provided if records are to be accurately identified. Telephonic requests for records will not be honored. In a case where the system of records is not specified in the request, only systems that would reasonably contain records of the individual will be checked, as described in paragraph (b) of this section.

(2) Only the Director or Chief, Office of FOI and Privacy may authorize exemptions to notification of individuals in accordance with § 321.13.

§ 321.4 Requirements for identification.

(a) *General.* Only upon proper identification, made in accordance with the provisions of this section, will any individual be granted notification concerning and access to all releasable records pertaining to him which are maintained in a DSS system.

(b) *Identification.* Identification of individuals is required both for accurate record identification and to verify identity in order to avoid disclosing records to unauthorized persons. Individuals who request notification of, access to, or amendment of records pertaining to themselves, must provide their full name (and additional names such as aliases, maiden names, alternate spellings, etc., if a check of these variants is desired), date and place of birth, and social security number (SSN).

(1) Where reply by mail is requested, a mailing address is required, and a telephone number is recommended to expedite certain matters. For military requesters residing in the United States, home address or P.O. Box number is preferred in lieu of duty assignment address.

(2) Signatures must be notarized on requests received by mail. Exceptions may be made when the requester is well known to releasing officials. For requests made in person, a photo identification card, such as military ID, driver's license or building pass, must be presented.

(3) While it is not required as a condition of receiving notification, in many cases the SSN may be necessary to obtain an accurate search of DCII (V5-02) records.

(c) A DSS Form 30 (Request for Notification of/Access to Personal Records) will be provided to any individual inquiring about records pertaining to himself whose mailed request was not notarized. This form is also available at the DSS Office of FOI and Privacy, 1340 Braddock Place, Alexandria, VA 22314-1651, for those who make their requests in person.

§ 321.5 Access by subject individuals.

(a) *General.* (1) Individuals may request access to records pertaining to themselves in person or by mail in accordance with this section. However, nothing in this section shall allow an individual access to any information compiled or maintained by DSS in reasonable anticipation of a civil or criminal action or proceeding, or otherwise exempted under the provisions of § 321.13.

(2) A request for a pending personnel security investigation will be held in abeyance until completion of the investigation and the requester will be so notified.

(b) *Manner of access.* (1) Requests by mail or in person for access to DSS records should be made to the DSS Office of FOI and Privacy, 1340 Braddock Place, Alexandria, VA 22314-1651.

(2) Any individual who makes a request for access in person shall:

(i) Provide identification as specified in Sec. 321.4.

(ii) Complete and sign a request form.

(3) Any individual making a request for access to records by mail shall include a signed and notarized statement to verify his identity, which may be the DSS request form if he has received one.

(4) Any individual requesting access to records in person may be accompanied by an identified person of his own choosing while reviewing the record. If the individual elects to be accompanied, he shall make this known in his written request, and include a statement authorizing disclosure of the record contents to the accompanying person. Without written authorization

of the subject individual, records will not be disclosed to third parties accompanying the subject.

(5) During the course of official business, members of DSS field elements may be given access to records maintained by the field elements/Operations Center without referral to the Office of FOI and Privacy. An account of such access will be kept for reporting purposes.

(6) In all requests for access, the requester must state whether he or she desires access in person or mailed copies of records. During personal access, where copies are made for retention, a fee for reproduction and postage may be assessed as provided in Sec. 321.11. Where copies are mailed because personal appearance is impractical, there will be no fee.

(7) All individuals who are not affiliates of DSS will be given access to records, if authorized, in the Office of FOI and Privacy, or by means of mailed copies.

§ 321.6 Medical records.

General. Medical records that are part of DSS records systems will generally be included with those records when access is granted to the subject to which they pertain. However, if it is determined that such access could have an adverse effect upon the individual's physical or mental health, the medical record in question will be released only to a physician named by the requesting individual.

§ 321.7 Request for correction or amendment.

(a) *General.* Upon request and proper identification by any individual who has been granted access to DSS records pertaining to himself or herself, that individual may request, either in person or through the mail, that the record be amended. Such a request must be made in writing and addressed to the Defense Security Service, Office of FOI and Privacy, 1340 Braddock Place, Alexandria, VA 22314-1651.

(b) *Content.* The following information must be included to insure effective action on the request:

(1) Description of the record. Requesters should specify the number of pages and documents, the titles of the documents, form numbers if there are any, dates on the documents and names of individuals who signed them. Any reasonable description of the document is acceptable.

(2) Description of the items to be amended. The description of the passages, pages or documents to be amended should be as clear and specific as possible.

(i) Page, line and paragraph numbers should be cited where they exist.

(ii) A direct quotation of all or a portion of the passage may be made if it isn't otherwise easily identifiable. If the passage is long, a quotation of its beginning and end will suffice.

(iii) In appropriate cases, a simple substantive request may be appropriate, e.g., 'delete all references to my alleged arrest in July 1970.'

(iv) If the requester has received a copy of the record, he may submit an annotated copy of documents he wishes amended.

(3) Type of amendment. The requester must clearly state the type of amendment he is requesting.

(i) Deletion or expungement, i.e., a complete removal from the record of data, sentences, passages, paragraphs or documents.

(ii) Correction of the information in the record to make it more accurate, e.g., rectify mistaken identities, dates, data pertaining to the individual, etc.

(iii) Additions to make the record more relevant, accurate or timely may be requested.

(iv) Other changes may be requested; they must be specifically and clearly described.

(4) Reason for amendment. Requests for amendment must be based on specific reasons, included in writing. Categories of reasons are as follows:

(i) Accuracy. Amendment may be requested where matters of fact are believed incorrectly recorded, e.g., dates, names, addresses, identification numbers, or any other information concerning the individual. The request, whenever possible, should contain the accurate information, copies of verifying documents, or indication of how the information can be verified.

(ii) Relevance. Amendment may be requested when information in a record

is believed not to be relevant or necessary to the purposes of the record system.

(iii) Timeliness. Amendment may be requested when information is thought to be so old as to no longer be pertinent to the stated purposes of the records system. It may also be requested when there is recent information of a pertinent type that is not included in the record.

(iv) Completeness. Amendment may be requested where information in a record is incomplete with respect to its purpose. The data thought to have been omitted should be included or identified with the request.

(v) Fairness. Amendment may be requested when a record is thought to be unfair concerning the subject, in terms of the stated purposes of the record. In such cases, a source of additional information to increase the fairness of the record should be identified where possible.

(vi) Other reasons. Reasons for requesting amendment are not limited to those cited above. The content of the records is authorized in terms of their stated purposes which should be the basis for evaluating them. However, any matter believed appropriate may be submitted as a basis of an amendment request.

(vii) Court orders and statutes may require amendment of a file. While they do not require a Privacy Act request for execution, such may be brought to the attention of DSS by these procedures.

(c) *Assistance.* Individuals seeking to request amendment of records pertaining to themselves that are maintained by DSS will be assisted as necessary by DSS officials. Where a request is incomplete, it will not be denied, but the requester will be contacted for the additional information necessary to his request.

(d) This section does not permit the alteration of evidence presented to courts, boards and other official proceedings.

§ 321.8 DSS review of request for amendment.

(a) *General.* Upon receipt from any individual of a request to amend a record pertaining to himself and maintained by the Defense Security Service, Office of FOI and Privacy will handle the request as follows:

(1) A written acknowledgment of the receipt of a request for amendment of a record will be provided to the individual within 10 working days, unless final action regarding approval or denial can be accomplished within that time. In that case, the notification of approval or denial will constitute adequate acknowledgment.

(2) Where there is a determination to grant all or a portion of a request to amend a record, the record shall be promptly amended and the requesting individual notified. Individuals, agencies or components shown by accounting records to have received copies of the record, or to whom disclosure has been made, will be notified, if necessary, of the amendment by the responsible official. Where a DoD recipient of an investigative record cannot be located, the notification, if necessary, will be sent to the personnel security element of the parent Component.

(3) Where there is a determination to deny all or a portion of a request to amend a record, the office will promptly:

(i) Advise the requesting individual of the specifics of the refusal and the reasons;

(ii) Inform the individual that he may request a review of the denial(s) from 'Director, Defense Security Service, 1340 Braddock Place, Alexandria, VA 22314-1651.' The request should be brief, in writing, and enclose a copy of the denial correspondence.

(b) DSS determination to approve or deny. Determination to approve or deny and request to amend a record or portion thereof may necessitate additional investigation or inquiry be made to verify assertions of individuals requesting amendment. Coordination will be made with the Director for Investigations and the Director of the Personnel Investigations Center in such instances.

§ 321.9 Appeal of initial amendment decision.

(a) *General.* Upon receipt from any individual of an appeal to review a DSS refusal to amend a record, the Defense

Security Service, Office of FOI and Privacy will assure that such appeal is handled in compliance with the Privacy Act of 1974 and DoD Directive 5400.11 and accomplish the following:

(1) Review the record, request for amendment, DSS action on the request and the denial, and direct such additional inquiry or investigation as is deemed necessary to make a fair and equitable determination.

(2) Recommend to the Director whether to approve or deny the appeal.

(3) If the determination is made to amend a record, advise the individual and previous recipients (or an appropriate office) where an accounting of disclosures has been made.

(4) Where the decision has been made to deny the individual's appeal to amend a record, notify the individual:

(i) Of the denial and the reason;

(ii) Of his right to file a concise statement of reasons for disagreeing with the decision not to amend the record;

(iii) That such statement may be sent to the Defense Security Service, Office of FOI and Privacy, (GCF), 1340 Braddock Place, Alexandria, VA 22314-1651, and that it will be disclosed to users of the disputed record;

(iv) That prior recipients of the disputed record will be provided a copy of the statement of disagreement, or if they cannot be reached (e.g., through deactivation) the personnel security element of their DoD component;

(v) And, that he may file a suit in a Federal District Court to contest DSS's decision not to amend the disputed record.

(b) *Time limit for review of appeal.* If the review of an appeal of a refusal to amend a record cannot be accomplished within 30 days, the Office of FOI and Privacy will notify the individual and advise him of the reasons, and inform him of when he may expect the review to be completed.

§ 321.10 Disclosure to other than subject.

(a) *General.* No record contained in a system of records maintained by DSS shall be disclosed by any means to any person or agency outside the Department of Defense, except with the written consent or request of the individual subject of the record, except as provided in this section. Disclosures that may be made without the request or consent of the subject of the record are as follows:

(1) To those officials and employees of the Department of Defense who have a need for the record in the performance of their duties, when the use is compatible with the stated purposes for which the record is maintained.

(2) Required to be disclosed by the Freedom of Information Act.

(3) For a routine use as described in DoD Directive 5400.11.

(4) To the Census Bureau, National Archives, the U.S. Congress, the Comptroller General or General Accounting Office under the conditions specified in DoD Directive 5400.11.

(5) At the written request of the head of an agency outside DoD for a law enforcement activity as authorized by DoD Directive 5400.11.

(6) For statistical purposes, in response to a court order, or for compelling circumstances affecting the health or safety of an individual as described in DoD Directive 5400.11.

(7) Legal guardians recognized by the Act.

(b) *Accounting of disclosures.* Except for disclosures made to members of the DoD in connection with their routine duties, and disclosures required by the Freedom of Information Act, an accounting will be kept of all disclosures of records maintained in DSS systems.

(1) Accounting entries will normally be kept on a DSS form, which will be maintained in the record file jacket, or in a document that is part of the record.

(2) Accounting entries will record the date, nature and purpose of each disclosure, and the name and address of the person or agency to whom the disclosure is made.

(3) An accounting of disclosures made to agencies outside the DoD of records in the Defense Clearance and Investigations Index (V5-02) will be kept as prescribed by the Director of Systems, DSS.

(4) Accounting records will be maintained for at least 5 years after the last disclosure, or for the life of the record, whichever is longer.

(5) Subjects of DSS records will be given access to associated accounting records upon request, except as exempted under § 321.13.

§ 321.11 Fees.

Individuals may request copies for retention of any documents to which they are granted access in DSS records pertaining to them. Requestors will not be charged for the first copy of any records provided; however, duplicate copies will require a charge to cover costs of reproduction. Such charges will be computed in accordance with DoD Directive 5400.11.

§ 321.12 Penalties.

(a) An individual may bring a civil action against the DSS to correct or amend the record, or where there is a refusal to comply with an individual request or failure to maintain any record with accuracy, relevance, timeliness and completeness, so as to guarantee fairness, or failure to comply with any other provision of 5 U.S.C. 552a. The court may order correction or amendment. It may assess against the United States reasonable attorney fees and other costs, or may enjoin the DSS from withholding the records and order the production to the complainant.

(b) Where it is determined that the action was willful or intentional with respect to 5 U.S.C. 552a(g)(1) (C) or (D), the United States shall be liable for the actual damages sustained, but in no case less than the sum of $1,000 and the costs of the action with attorney fees.

(c) Criminal penalties may be imposed against an officer or employee of the DSS who fully discloses material, which he knows is prohibited from disclosure, or who willfully maintains a system of records without the notice requirements; or against any person who knowingly and willfully requests or obtains any record concerning an individual from an agency under false pretenses. These offenses shall be misdemeanors with a fine not to exceed $5,000.

§ 321.13 Exemptions.

(a) *General.* The Director of the Defense Security Service establishes the following exemptions of records systems (or portions thereof) from the provisions of these rules, and other indicated portions of Pub. L. 93-579, in this section. They may be exercised only by the Director, Defense Security Service and the Chief of the Office of FOI and Privacy. Exemptions will be exercised only when necessary for a specific, significant and legitimate reason connected with the purpose of a records system, and not simply because they are authorized by statute. Personal records releasable under the provisions of 5 U.S.C. 552 will not be withheld from subject individuals based on these exemptions.

(b) All systems of records maintained by DSS shall be exempt from the requirements of 5 U.S.C. 552a(d) pursuant to 5 U.S.C. 552a(k)(1) to the extent that the system contains any information properly classified under Executive Order 12958 and which is required by the Executive Order to be withheld in the interest of national defense of foreign policy. This exemption, which may be applicable to parts of all systems of records, is necessary because certain record systems not otherwise specifically designated for exemptions herein may contain items of information that have been properly classified.

(c) *System identifier:* V1-01.

(1) System name: Privacy and Freedom of Information Request Records.

(2) Exemptions: (i) Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source.

(ii) Records maintained in connection with providing protective services to the President and other individuals under 18 U.S.C. 3506, may be exempt pursuant to 5 U.S.C. 552a(k)(3).

(iii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be

exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iv) Any portion of this system that falls under the provisions of 5 U.S.C. 552a(k)(2), (k)(3), (k)(5) may be exempt from the following subsections of 5 U.S.C. 552a(c)(3); (d); (e)(1); (e)(4)(G), (H) and (I); and (f).

(3) Authority: 5 U.S.C. 552a(k)(2), (k)(3), (k)(5).

(4) Reasons: (i) From subsection (c)(3) because it will enable DSS to conduct certain investigations and relay law enforcement information without compromise of the information, protection of investigative techniques and efforts employed, and identities of confidential sources who might not otherwise come forward and who furnished information under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise);

(ii) From subsections (e)(1), (e)(4)(G), (H), and (I) because it will provide protection against notification of investigatory material including certain reciprocal investigations and counterintelligence information, which might alert a subject to the fact that an investigation of that individual is taking place, and the disclosure of which would weaken the on-going investigation, reveal investigatory techniques, and place confidential informants in jeopardy who furnished information under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise);

(iii) From subsections (d) and (f) because requiring DSS to grant access to records and agency rules for access and amendment of records would unfairly impede the agency's investigation of allegations of unlawful activities. To require DSS to confirm or deny the existence of a record pertaining to a requesting individual may in itself provide an answer to that individual relating to an on-going investigation. The investigation of possible unlawful activities would be jeopardized by agency rules requiring verification of record, disclosure of the record to the subject, and record amendment procedures.

(d) *System identifier:* V5-01.

(1) System name: Investigative Files System

(2) Exemption: (i) Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source.

(ii) Records maintained in connection with providing protective services to the President and other individuals under 18 U.S.C. 3506, may be exempt pursuant to 5 U.S.C. 552a(k)(3).

(iii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iv) Any portion of this system that falls under the provisions of 5 U.S.C. 552a(k)(2), (k)(3), or (k)(5) may be exempt from the following subsections of 5 U.S.C. 552a(c)(3); (d); (e)(1); (e)(4)(G), (H), and (I); and (f).

(3) Authority: 5 U.S.C. 552a(k)(2), (k)(3), or (k)(5).

(4) Reasons: (i) From subsection (c)(3) because it will enable DSS to conduct certain investigations and relay law enforcement information without compromise of the information, protection of investigative techniques and efforts employed, and identities of confidential sources who might not otherwise come forward and who furnished information under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise).

(ii) From subsections (e)(1), (e)(4)(G), (H), and (I) because it will provide protection against notification of investigatory material including certain reciprocal investigations and counterintelligence information, which might

alert a subject to the fact that an investigation of that individual is taking place, and the disclosure of which would weaken the on-going investigation, reveal investigatory techniques, and place confidential informants in jeopardy who furnished information under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise).

(iii) From subsections (d) and (f) because requiring DSS to grant access to records and agency rules for access and amendment of records would unfairly impede the agency's investigation of allegations of unlawful activities. To require DSS to confirm or deny the existence of a record pertaining to a requesting individual may in itself provide an answer to that individual relating to an on-going investigation. The investigation of possible unlawful activities would be jeopardized by agency rules requiring verification of record, disclosure of the record to the subject, and record amendment procedures.

(e) *System identifier:* V5-02.

(1) System name: Defense Clearance and Investigations Index (DCII).

(2) Exemption: Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source. Any portion of this system that falls under the provisions of 5 U.S.C. 552a(k)(2) may be exempt from the following subsections of 5 U.S.C. 552a(c)(3); (d); (e)(1); (e)(4)(G), (H), and (I), and (f).

(3) Authority: 5 U.S.C. 552a(k)(2).

(4) Reasons: (i) From subsection (c)(3) because it will enable DSS to conduct certain investigations and relay law enforcement information without compromise of the information, protection of investigative techniques and efforts employed, and identities of confidential sources who might not otherwise come forward and who furnished information under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise).

(ii) From subsections (e)(1), (e)(4)(G), (H), and (I) because it will provide protection against notification of investigatory material including certain reciprocal investigations and counterintelligence information, which might alert a subject to the fact that an investigation of that individual is taking place, and the disclosure of which would weaken the on-going investigation, reveal investigatory techniques, and place confidential informants in jeopardy who furnished information under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise).

(iii) From subsections (d) and (f) because requiring DSS to grant access to records and agency rules for access and amendment of records would unfairly impede the agency's investigation of allegations of unlawful activities. To require DSS to confirm or deny the existence of a record pertaining to a requesting individual may in itself provide an answer to that individual relating to an on-going investigation. The investigation of possible unlawful activities would be jeopardized by agency rules requiring verification of record, disclosure of the record to the subject, and record amendment procedures.

(f) *System identifier:* V5-03.

(1) System name: Case Control Management System (CCMS).

(2) Exemption: (i) Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source.

(ii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be

exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source. Any portion of this system that falls under the provisions of 5 U.S.C. 552a(k)(2) or (k)(5) may be exempt from the following subsections of 5 U.S.C. 552a: (c)(3); (d); (e)(1); (e)(4)(G), (H), and (I); and (f).

(3) Authority. 5 U.S.C. 552a(k)(2) and (k)(5).

(4) Reasons. (i) From subsection (c)(3) because it will enable DSS to conduct certain investigations and relay law enforcement information without compromise of the information, protection of investigative techniques and efforts employed, and identities of confidential sources who might not otherwise come forward and who furnished information under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise).

(ii) From subsections (e)(1), (e)(4)(G), (H), and (I) because it will provide protection against notification of investigatory material including certain reciprocal investigations and counterintelligence information, which might alert a subject to the fact that an investigation of that individual is taking place, and the disclosure of which would weaken the on-going investigation, reveal investigatory techniques, and place confidential informants in jeopardy who furnished information under an express promise that the sources' identity would be held in confidence (or prior to the effective date of the Act, under an implied promise).

(iii) From subsections (d) and (f) because requiring DSS to grant access to records and agency rules for access and amendment of records would unfairly impede the agency's investigation of allegations of unlawful activities. To require DSS to confirm or deny the existence of a record pertaining to a requesting individual may in itself provide an answer to that individual relating to an on-going investigation. The investigation of possible unlawful activities would be jeopardized by agency rules requiring verification of record, disclosure of the record to the subject, and record amendment procedures.

(g) *System identifier:* V5-04.

(1) System name: Counterintelligence Issues Database (CII-DB).

(2) Exemption: (i) Information specifically authorized to be classified under E.O. 12958, as implemented by DoD 5200.1-R, may be exempt pursuant to 5 U.S.C. 552a(k)(1).

(ii) Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source.

(iii) Records maintained in connection with providing protective services to the President and other individuals under 18 U.S.C. 3506, may be exempt pursuant to 5 U.S.C. 552a(k)(3).

(iv) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(v) Any portion of this system that falls within the provisions of 5 U.S.C. 552a(k)(1), (k)(2), (k)(3) and (k)(5) may be exempt from the following subsections (c)(3); (d)(1) through (d)(5); (e)(1); (e)(4)(G), (H), and (I); and (f).

(3) Authority. 5 U.S.C. 552a(k)(1), (k)(2), (k)(3) and (k)(5).

(4) Reasons. (i) From subsection (c)(3) because giving the individual access to the disclosure accounting could alert the subject of an investigation to the existence and nature of the investigation and reveal investigative or prosecutive interest by other agencies, particularly in a joint-investigation situation. This would seriously impede or compromise the investigation and case preparation by prematurely revealing its existence and nature; compromise or interfere with witnesses or make witnesses reluctant to cooperate with the investigators; lead to suppression, alteration, fabrication, or destruction

of evidence; and endanger the physical safety of confidential sources, witnesses, law enforcement personnel and their families.

(ii) From subsection (d) because the application of these provisions could impede or compromise an investigation or prosecution if the subject of an investigation had access to the records or were able to use such rules to learn of the existence of an investigation before it would be completed. In addition, the mere notice of the fact of an investigation could inform the subject and others that their activities are under or may become the subject of an investigation and could enable the subjects to avoid detection or apprehension, to influence witnesses improperly, to destroy evidence, or to fabricate testimony.

(iii) From subsection (e)(1) because during an investigation it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear. In other cases, what may appear to be a relevant and necessary piece of information may become irrelevant in light of further investigation. In addition, during the course of an investigation, the investigator may obtain information that related primarily to matters under the investigative jurisdiction of another agency, and that information may not be reasonably segregated. In the interest of effective law enforcement, DSS investigators should retain this information, since it can aid in establishing patterns of criminal activity and can provide valuable leads for Federal and other law enforcement agencies.

(iv) From subsections (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f) because this system is exempt from subsection (d) of the Act, concerning access to records. These requirements are inapplicable to the extent that these records will be exempt from these subsections. However, DSS has published information concerning its notification and access procedures, and the records source categories because under certain circumstances, DSS could decide it is appropriate for an individual to have access to all or a portion of his/her records in this system of records.

(h) *System identifier:* V5–05.

(1) System name: Joint Personnel Adjudication System (JPAS).

(2) Exemption: (i) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, military service, Federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(ii) Therefore, portions of this system of records may be exempt pursuant to 5 U.S.C. 552a(k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), and (e)(1).

(3) Authority: 5 U.S.C. 552a(k)(5).

(4) Reasons: (i) From subsections (c)(3) and (d) when access to accounting disclosures and access to or amendment of records would cause the identity of a confidential source to be revealed. Disclosure of the source's identity not only will result in the Department breaching the promise of confidentiality made to the source but it will impair the Department's future ability to compile investigatory material for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, Federal contracts, or access to classified information. Unless sources can be assured that a promise of confidentiality will be honored, they will be less likely to provide information considered essential to the Department in making the required determinations.

(ii) From subsection (e)(1) because in the collection of information for investigatory purpose, it is not always possible to determine the relevance and necessity of particular information in the early stages of the investigation. It is only after the information is evaluated in light of other information that its relevance and necessity becomes clear. Such information permits more informed decision-making by the Department when making required suitability, eligibility, and qualification determinations.

[64 FR 49660, Sept. 14, 1999, as amended at 70 FR 38009, July 1, 2005]

§ 321.14 DSS implementation policies.

(a) *General.* The implementation of the Privacy Act of 1974 within DSS is as prescribed by DoD Directive 5400.11. This section provides special rules and information that extend or amplify DoD policies with respect to matters of particular concern to the Defense Security Service.

(b) *Privacy Act rules application.* Any request which cites neither Act, concerning personal record information in a system or records, by the individual to whom such information pertains, for access, amendment, correction, accounting of disclosures, etc., will be governed by the Privacy Act of 1974, DoD Directive 5400.11 and these rules exclusively. Requests for like information which cite only the Freedom of Information Act will be governed by the Freedom of Information Act, DoD Regulation 5400.7R[2]. Any denial or exemption of all or part of a record from notification, access, disclosure, amendment or other provision, will also be processed under these rules, unless court order or other competent authority directs otherwise.

(c) *First amendment rights.* No DSS official or element may maintain any information pertaining to the exercise by an individual of his rights under the First Amendment without the permission of that individual unless such collection is specifically authorized by statute or necessary to and within the scope of an authorized law enforcement activity.

(d) *Standards of accuracy and validation of records.* (1) All individuals or elements within DSS which create or maintain records pertaining to individuals will insure that they are reasonably accurate, relevant, timely and complete to serve the purpose for which they are maintained and to assure fairness to the individual to whom they pertain. Information that is not pertinent to a stated purpose of a system of records will not be maintained within those records. Officials compiling investigatory records will make every reasonable effort to assure that only reports that are impartial, clear, accurate, complete, fair and relevant with respect to the authorized purpose of such records are included, and that reports not meeting these standards or serving such purposes are not included in such records.

(2) Prior to dissemination to an individual or agency outside DoD of any record about an individual (except for a Freedom of Information Act action or access by a subject individual under these rules) the disclosing DSS official will by review, make a reasonable effort to assure that such record is accurate, complete, timely, fair and relevant to the purpose for which they are maintained.

(e) *The Defense Clearance and Investigations Index (DCII).* It is the policy of DSS, as custodian, that each DoD component or element that has direct access to or contributes records to the DCII (V5-02), is individually responsible for compliance with the Privacy Act of 1974 and DoD Directive 5400.11 with respect to requests for notification, requests for access by subject individuals, granting of such access, request for amendment and corrections by subjects, making amendments or corrections, other disclosures, accounting for disclosures and the exercise of exemptions, insofar as they pertain to any record placed in the DCII by that component or element. Any component or element of the DoD that makes a disclosure of any record whatsoever to an individual or agency outside the DoD, from the DCII, is individually responsible to maintain an accounting of that disclosure as prescribed by the Privacy Act of 1974 and DoD Directive 5400.11 and to notify the element placing the record in the DCII of the disclosure. Use of and compliance with the procedures of the DCII Disclosure Accounting System will meet these requirements. Any component or element of DoD with access to the DCII that, in response to a request concerning an individual, discovers a record pertaining to that individual placed in the DCII by another component or element, may refer the requester to the DoD component that placed the record into the DCII without making an accounting of such referral, although it involves the divulging of the existence of that record. Generally, consultation with, and referral to, the component or element placing a record in the DCII

[2] See footnote 1 to 321.1.

should be effected by any component receiving a request pertaining to that record to insure appropriate exercise of amendment or exemption procedures.

(f) *Investigative operations.* (1) DSS agents must be thoroughly familiar with and understand these rules and the authorities, purposes and routine uses of DSS investigative records, and be prepared to explain them and the effect of refusing information to all sources of investigative information, including subjects, during interview, in response to questions that go beyond the required printed and oral notices. Agents shall be guided by DSS Handbook for Personnel Security Investigations in this respect.

(2) All sources may be advised that the subject of an investigative record may be given access to it, but that the identities of sources may be withheld under certain conditions. Such advisement will be made as prescribed in DSS Handbook for Personnel Security Investigations, and the interviewing agent may not urge a source to request a grant of confidentiality. Such pledges of confidence will be given sparingly and then only when required to obtain information relevant and necessary to the stated purpose of the investigative information being collected.

(g) *Non-system information on individuals.* The following information is not considered part of personal records systems reportable under the Privacy Act of 1974 and may be maintained by DSS members for ready identification, contact, and property control purposes only. If at any time the information described in this paragraph is to be used for other than these purposes, that information must become part of a reported, authorized record system. No other information concerning individuals except that described in the records systems notice and this paragraph may be maintained within DSS.

(1) Identification information at doorways, building directories, desks, lockers, name tags, etc.

(2) Identification in telephone directories, locator cards and rosters.

(3) Geographical or agency contact cards.

(4) Property receipts and control logs for building passes, credentials, vehicles, weapons, etc.

(5) Temporary personal working notes kept solely by and at the initiative of individual members of DSS to facilitate their duties.

(h) *Notification of prior recipients.* Whenever a decision is made to amend a record, or a statement contesting a DSS decision not to amend a record is received from the subject individual, prior recipients of the record identified in disclosure accountings will be notified to the extent possible. In some cases, prior recipients cannot be located due to reorganization or deactivations. In these cases, the personnel security element of the receiving Defense Component will be sent the notification or statement for appropriate action.

(i) *Ownership of DSS Investigative Records.* Personnel security investigative reports shall not be retained by DoD recipient organizations. Such reports are considered to be the property of the investigating organization and are on loan to the recipient organization for the purpose for which requested. All copies of such reports shall be destroyed within 120 days after the completion of the final personnel security determination and the completion of all personnel action necessary to implement the determination. Reports that are required for longer periods may be retained only with the specific written approval of the investigative organization.

(j) *Consultation and referral.* DSS system of records may contain records originated by other components or agencies which may have claimed exemptions for them under the Privacy Act of 1974. When any action that may be exempted is initiated concerning such a record, consultation with the originating agency or component will be effected. Where appropriate such records will be referred to the originating component or agency for approval or disapproval of the action.

PART 322—NATIONAL SECURITY AGENCY/CENTRAL SECURITY SERVICES PRIVACY ACT PROGRAM

Sec.

322.1 Purpose and applicability.
322.2 Definitions.

322.3 Policy.
322.4 Responsibilities.
322.5 Procedures.
322.6 Establishing exemptions.
322.7 Exempt systems of records.

AUTHORITY: Pub. L. 93–579, 88 Stat. 1896 (5 U.S.C. 552a).

SOURCE: 68 FR 28757, May 27, 2003, unless otherwise noted.

§ 322.1 Purpose and applicability.

(a) This part implements the Privacy Act of 1974 (5 U.S.C. 552a), as amended and the Department of Defense Privacy Program (32 CFR part 310) within the National Security Agency/Central Security Service (NSA/CSS); establishes policy for the collection and disclosure of personal information about individuals; assigns responsibilities and establishes procedures for collecting personal information and responding to first party requests for access to records, amendments of those records, or an accounting of disclosures.

(b) This part applies to all NSA/CSS elements, field activities and personnel and governs the release or denial of any information under the terms of the Privacy Act of 1974 (5 U.S.C. 552a), as amended.

§ 322.2 Definitions.

Access. The review of a record or a copy of a record or parts thereof in a system of records by an individual.

Confidential source. A person or organization who has furnished information to the federal government under an express promise that the person's or the organization's identity will be held in confidence or under an implied promise of such confidentiality if this implied promise was made before September 27, 1975.

Disclosure. The transfer of any personal information from a system of records by any means of communication (such as oral, written, electronic, mechanical, or actual review) to any person, private entity, or government agency, other than the subject of the record, the subject's designated agent or the subject's legal guardian.

Employees of NSA/CSS. Individuals employed by, assigned or detailed to the NSA/CSS. This part also applies to NSA/CSS contractor personnel who administer NSA/CSS systems of records that are subject to the Privacy Act.

FOIA Request. A written request for NSA/CSS records, made by any person, that either explicitly or implicitly invokes the Freedom of Information Act (FOIA) (5 U.S.C. 552), as amended. FOIA requests will be accepted by U.S. mail or its equivalent, facsimile, or the Internet, or employees of NSA/CSS may hand deliver them.

Individual. A living person who is a citizen of the United States or an alien lawfully admitted for permanent residence. The parent of a minor or the legal guardian of any individual also may act on behalf of an individual. Corporations, partnerships sole proprietorships, professional groups, businesses, whether incorporated or unincorporated, and other commercial entities are not individuals.

Maintain. Includes maintain, collect, use or disseminate.

Medical Records. Documents relating to the physical care and treatment of an individual.

Privacy Act Request. A written request containing a signature submitted by a U.S. citizen or alien admitted for permanent residence for access to or amendment of records on himself/herself which are contained in a PA system of records. PA requests will be accepted via mail or facsimile, or NSA/CSS employees may hand deliver them. Digital signatures will be accepted via the Internet by October 21, 2003. Until then, PA requests will not be accepted via the Internet. Requests received via the Internet will not be acknowledged. Regardless of whether the requester cites the FOIA, PA, or no law, the request for records will be processed under both this part and the FOIA. Requests for amendments will be processed pursuant to the PA.

Personal information. The collection of two or more pieces of information that is about an individual: e.g., name and date of birth, Social Security Number.

Personal notes. Notations created in paper or electronic form for the convenience and at the discretion of the originator, for the originator's eyes only, and over which NSA/CSS exercises no control. Personal notes are not agency records within the meaning of

the Privacy Act (PA) or the Freedom of Information Act (FOIA). However, once the personal note, or information contained therein, is shared with another individual, it becomes an Agency record and is subject to the provisions of the FOIA and, if appropriate, the PA.

Psychological Records. Documents relating to the psychological care and treatment of an individual.

Record. Any item, collection, or grouping of information, whatever the storage media (paper, electronic, etc.) about an individual or his or her education, financial transactions, medical history, criminal or employment history, and that contains his or her name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a fingerprint, voice print, or a photograph. The record must be in existence and under the control of NSA/CSS at the time a request is made.

Routine use. The disclosure of a record outside NSA/CSS or the DoD for a use that is compatible with the purpose for which the information was collected and maintained by NSA/CSS. The routine use must be included in the published system of records.

System of Records. A group of records under the control of a federal agency from which personal information is retrieved by the individual's name or by some identifying number, symbol, or other identifying particular assigned to an individual

§ 322.3 Policy.

(a) The National Security Agency/Central Security Service shall maintain in its records only such information about an individual that is relevant and necessary to accomplish a purpose of the Agency, and that is required or authorized to be maintained by statute or Executive Order. Information about an individual shall, to the greatest extent practicable, be collected directly from the individual if the information may result in adverse determinations about the individual's rights, benefits, and privileges under any Federal program. Records used by this Agency in making adverse determinations about an individual shall be maintained with such accuracy, relevance, timeliness and completeness as is reasonably necessary to assure fairness to the individual. The Agency shall protect the privacy of individuals identified in its records, and shall permit an individual to request access to personal information in records on himself/herself and to request correction or amendment of factual information contained in such records. These policies are consistent with the spirit and intent of the PA, and are subject to exemptions under the Act, as defined in § 322.7, and legal requirements to protect sensitive NSA information such as the intelligence sources and methods the Agency employs to fulfill its mission.

(b) Pursuant to written requests submitted in accordance with the PA, the NSA/CSS shall make records available consistent with the Act and the need to protect government interests pursuant to subsections (d) and (k) of the Privacy Act. Oral requests for information shall not be accepted. Before the Agency responds to a request, the request must comply with the provisions of this part.

(c) In order that members of the public have timely access to unclassified information regarding NSA activities, requests for information that would not be withheld if requested under the FOIA or the PA may be honored through appropriate means without requiring the requester to invoke the FOIA or the PA. Although a record may require minimal redaction before its release, this fact alone shall not require the Agency to direct the requester to submit a formal FOIA or PA request for the record.

§ 322.4 Responsibilities.

(a) The Director's Chief of Staff (DC) is responsible for overseeing the administration of the PA. The Director of Policy (DC3), or the Deputy Director of Policy, if so designated, shall carry out this responsibility on behalf of the Chief of Staff and shall:

(1) Provide policy guidance to NSA/CSS on PA issues.

(2) Provide policy guidance to PA coordinators for processing PA requests from NSA/CSS employees who will be using the records within NSA/CSS spaces.

(3) Provide training of NSA/CSS employees and contractors in the requirements of the PA. Specialized training is provided to special investigators and employees who deal with the news media or the public.

(4) Receive, process, and respond to PA requests from individuals and employees who require the information for use outside of NSA/CSS spaces.

(i) Conduct the appropriate search for and review of records.

(ii) Provide the requester with copies of all releasable material.

(iii) Notify the requester of any adverse determination, including his/her right to appeal an adverse determination to the NSA/CSS Appeal Authority.

(iv) Assure the timeliness of responses.

(5) Receive, process and respond to PA amendment requests to include:

(i) Obtain comments and supporting documentation from the organization originating the record.

(ii) Conduct a review of all documentation relevant to the request.

(iii) Advise the requester of the Agency's decision.

(iv) Notify the requester of any adverse determination, including his/her right to appeal the adverse determination to the NSA/CSS Appeal Authority.

(v) Direct the appropriate Agency organization to amend a record and advise other record holders to amend the record when a decision is made in favor of a requester.

(vi) Assure the timeliness of responses.

(6) Ensure that Agency employees (internal requesters) that have access to NSA/CSS spaces are given access to all or part of a PA record to which the employee was denied by the record holder when, after a review of the circumstances by the Director of Policy, it is determined that access should be granted. For those individuals who do not have access to NSA/CSS spaces see § 322.6 of this part.

(7) Conduct Agency reviews in accordance with OMB Circular A–130[1] and 32 CFR part 310.

(8) Deposit in the U.S. Treasury all fees collected as a result of charges levied for the duplication of records provided under the PA and maintain the necessary accounting records for such fees.

(b) The NSA/CSS Privacy Act Appeal Authority is designated as the reviewing authority for requests for review of denials by the Director of Policy to provide access to a record and/or to amend a record. The PA Appeal Authority is the Deputy Director, NSA. In the absence of the Deputy Director, the Director's Chief of Staff serves as the Appeal Authority.

(c) The General Counsel (GC) or his designee shall:

(1) Advise on all legal matters concerning the PA.

(2) Advise the Director of Policy and other NSA/CSS organizations, as appropriate, of legal decisions including rulings by the Justice Department and actions by the DoD Privacy Board involving the PA.

(3) Review proposed responses to PA requests to ensure legal sufficiency, as appropriate.

(4) Provide a legal review of proposed Privacy Act notices and amendments for submission to the Defense Privacy Office.

(5) Assist, as required, in the preparation of PA reports for the Department of Defense and other authorities.

(6) Review proposals to collect PA information for legal sufficiency, assist in the development of PA statements and warning statements when required and approve prior to use.

(7) Represent the Agency in all judicial actions related to the PA by providing support to the Department of Justice and by keeping the DoD Office of General Counsel apprised of pending PA litigation. A litigation status sheet will be provided to the Defense Privacy Office.

(8) Assist in the education of new and current employees, including contractors, to the requirements of the PA.

(9) Review PA and PA Amendment appeals, prepare responses, and submit them to the NSA/CSS Appeal Authority for final decision.

(10) Notify the Director of Policy of the outcome of all appeals.

(d) The Associate Director for Human Resources Services or designee shall:

[1] Available from *http://www.whitehouse.gov/omb/circulars/index.html*.

(1) Establish the physical security requirements for the protection of personal information and ensure that such requirements are maintained.

(2) Establish and ensure compliance with procedures governing the pledging of confidentiality to sources of information interviewed in connection with inquiries to determine suitability, eligibility or qualifications for Federal employment, Federal contracts, or access to classified information.

(3) Retain copies of records processed pursuant to the PA. The retention schedule is six years from the date records were provided to the requester if deletions were made and two years if records were provided in their entirety.

(4) Ensure the prompt delivery of all PA requests to the Director of Policy.

(5) Ensure the prompt delivery of all Privacy Act appeals of an adverse determination to the NSA/CSS PA Appeal Authority staff.

(6) Ensure that forms used to collect PA information meet the requirements of the PA.

(7) Compile, when required, estimates of cost incurred in the preparation or modification of forms requiring PA Statements.

(8) Assist in the development of training courses to educate new and current Agency employees, including contractors, of the provisions of the PA.

(9) Respond to PA requests for access to records, as appropriate.

(10) Establish procedures for the protection of personal information and ensure compliance with the procedures.

(e) The Inspector General (IG) shall: (1) Be alert to Privacy Act compliance and to managerial administrative, and operational problems associated with the implementation of this part and document any such problems and remedial actions, if any, in official reports to responsible Agency officials, when appropriate.

(2) Respond, as appropriate, to PA requests.

(3) Establish procedures for the protection of personal records under the control or in the possession of OIG and ensure compliance with the procedures.

(f) Chiefs of Directorates, Associate Directorates, and Field Elements shall: (1) Ensure that no systems or subsets of Systems of Records other than those published in the FEDERAL REGISTER are maintained within their components or field elements.

(2) Establish rules of conduct for persons who design, use or maintain Systems of Records within their components or field elements and ensure compliance with these rules.

(3) Establish, in consultation with the Associate Director of Human Resources or designee, the physical security requirements for the protection of personal information and ensure that such requirements are maintained.

(4) Ensure that no records are maintained within their components or field elements which describe how any individual exercises rights guaranteed by the First Amendment to the Constitution of the United States unless expressly authorized by statute, or by the individual about whom the record is maintained, or unless pertinent to, and within the scope of, an authorized law enforcement activity.

(5) Ensure that records contained in the Systems of Records within their components or field elements are not disclosed to anyone other than in conformance with the Privacy Act, to include the routine uses for such records published in the FEDERAL REGISTER.

(6) Maintain only such information about an individual as is relevant and necessary to accomplish a purpose of the Agency required to be accomplished by statute and Executive Order.

(7) Maintain all records which are used by the Agency in making any determination about any individual with such accuracy, relevancy, timeliness, and completeness as is reasonably necessary to ensure fairness to the individual in any determination.

(8) Establish procedures for protecting the confidentiality of personal records maintained or processed by computer systems and ensure compliance with the procedures.

(9) Designate a primary and alternate PA coordinator to be responsible for PA matters and inform the Office of Policy of the designations. Subordinate PA coordinators may be appointed at office level.

(10) Ensure that the Privacy Act coordinators acquire the necessary training in the theory and administration of the Privacy Act.

(11) Ensure that the Privacy Act coordinators conduct, to the extent practicable, on-the-job PA training of supervisors and records handlers in their organizations.

(12) Respond to PA requests to review records, as appropriate.

(13) Establish procedures for the protection of personal records and ensure compliance with the procedures.

(14) Establish procedures to ensure that requests for copies of PA records needed for external use, outside of NSA/CSS, shall be delivered to the Director of Policy immediately upon receipt once the request is identified as a Privacy Act request or appears to be intended as such a request.

(15) Publish, as necessary, internal PA procedures which are consistent with the Privacy Act and this part.

(16) Maintain an accounting of disclosures of records as described in § 322.5 of this part.

(17) Coordinate with the Office of the General Counsel any proposed new record systems or changes (either alterations or amendments) to existing systems. Notice of new record systems or alterations to existing systems must be published in the FEDERAL REGISTER at least 30 days and Congress and the Office of Management and Budget must be given 40 days to review the new/altered system before implementation.

(18) Collect and forward to the Director of Policy information necessary to prepare reports, as requested.

(19) Respond promptly to the Director of Policy and the PA Appeal Authority decisions concerning the granting access to records, amending records, or filing statements of disagreements.

(20) Ensure that forms (paper or electronic) used to collect PA information meet the requirements of the PA.

(21) Establish procedures to ensure that requests to conduct computer matching are forwarded to the Director of Policy.

(g) Each field element shall designate a Privacy Act (PA) Coordinator to ensure compliance with this part and to receive and, where appropriate, process PA requests. Section 322.6 of this part describes the procedure for individuals to gain access to records and the responsibilities of the PA Coordinators. Consistent with the provisions of 32 CFR parts 285 and 286 and 32 CFR part 310 special procedures apply to the disclosure of certain medical records and psychological records. Field elements should consult the PA Coordinator of the Office of Occupational Health, Environment and Safety Services before disclosing such information. (*See* paragraph (d)(9) of this section.)

(h) All NSA/CSS organizations and field elements responsible for electronic/paper forms or other methods used to collect personal information from individuals shall determine, with General Counsel's concurrence, which of those forms or methods require Privacy Act Statements and shall prepare the required statements. The Office of Policy requires all organizations or elements using such forms or methods shall ensure that respondents read, understand, and sign the statements before supplying the requested information. In addition, organizations must obtain the Director of Policy and the Office of General Counsel approval prior to the collection of personal information in electronic format.

§ 322.5 Procedures.

(a) The Director of Policy, or the Deputy Director of Policy, if so designated, shall provide guidance to Privacy Act Coordinators for processing requests and releasing NSA/CSS information within the confines of the NSA/CSS. If any organization or element believes a request to review a PA record should be denied, it shall advise the requester of the procedures for requesting a review of the circumstances of the case by the Director of Policy.

(b) Persons Authorized Access to NSA/CSS Facilities: (1) Requests from NSA/CSS affiliates with authorized access to NSA/CSS facilities to review and/or obtain a copy of PA records in a Systems of Records for use within NSA/CSS spaces or for the inspection of an accounting of disclosures of the record shall be in writing, using the Privacy Act Information Request form. Requests shall normally be submitted

directly to the Privacy Act Coordinator in the office holding the record. In the case of requests for access to records maintained in the individual's own organization, the Privacy Act Coordinator for that organization shall direct the requester to the person or office holding the record. A Privacy Act Information Request form shall be submitted to the holder of each record desired. The Privacy Act Coordinator shall assist supervisors and record handlers in processing the request and shall maintain an accounting for reporting purposes. Individuals shall not be permitted to review or obtain an internal copy of IG, OGC and/or certain security records. The Personnel File, which was available upon request prior to the implementation of the Privacy Act, shall continue to be available for review without citing the Privacy Act or using the Privacy Act Information Request form.

(2) Requests to obtain a copy of PA records for use outside of NSA/CSS shall be forwarded to the Director of Policy, FOIA/PA Services (DC321) using the Privacy Act Information Request form or in any written format and must contain the individual's full name, signature, social security number, description of the records sought and a work or home phone number. Requests shall be processed pursuant to the Privacy Act and the FOIA.

(c) Persons Not Authorized Access to NSA/CSS Facilities: (1) Requests from individuals who do not have authorized access to NSA/CSS facilities must be in writing, contain the individual's full name, current address, signature, social security number and a description of the records sought. The mailing address for the FOIA/PA office is: National Security Agency, ATTN: FOIA/PA Services (DC321), 9800 Savage Road, Suite 6248, Ft. George G. Meade, MD 20755–6248.

(2) FOIA/PA Services may, at its discretion, require an unsworn declaration or a notarized statement of identity. In accordance with 28 U.S.C. 1746, the language for an unsworn declaration is as follows:

(i) If executed without the United States: 'I declare (or certify, verify, or state) under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on (date). (Signature)'.

(ii) If executed within the United States, its territories, possessions, or commonwealths: 'I declare (or certify, verify, or state) under penalty of perjury that the foregoing is true and correct. Executed on (date). (Signature)'.

(d) General provisions regarding access and processing procedures: (1) The requester need not state a reason or otherwise justify the request. If the requester wishes to be accompanied by another person, the individual may be required to furnish a statement authorizing discussion or disclosure of the records in the presence of the other individual. If the requester wishes another person to obtain the records on his/her behalf, the requester shall provide a written statement appointing that person as his/her representative, authorizing that individual access to the records and affirming that such access shall not constitute an invasion of the requester's privacy or a violation of his/her rights under the Privacy Act. In addition, requests from parents or legal guardians for records on a minor may be accepted providing the individual is acting on behalf of the minor and evidence is provided to support his or her parentage (birth certificate showing requester as a parent) or guardianship (a court order establishing guardianship).

(2) The Director of Policy and FOIA/PA Services (DC321) shall endeavor to respond to a direct request to the NSA/CSS within 20 working days of receipt. In the event the FOIA/PA Services cannot respond within 20 working days due to unusual circumstances, the requester shall be advised of the reason for the delay and negotiate a completion date with the requester. Direct requests to NSA/CSS shall be processed in the order in which they are received. Requests referred to NSA/CSS by other government agencies shall be placed in the processing queue according to the date the requester's letter was received by the referring agency, if that date is known. If it is not known, it shall be placed in the appropriate processing queue according to the date of the requester's letter.

(3) FOIA/PA requests for copies of records shall be worked in chronological order within six queues (''super easy,'' ''sensitive/personal easy,'' ''non-personal easy,'' ''sensitive/personal voluminous,'' ''non-personal complex,'' and ''expedite''). The processing queues are defined as follows:

(i) *Super Easy Queue*—The super easy queue is for requests for which no responsive records are located or for material that requires minimal specialized review.

(ii) *Sensitive/Personal Easy Queue*—The sensitive/personal easy queue contains FOIA and PA records that contain sensitive personal information, typically relating to the requester or requester's relatives, and that do not require a lengthy review. DC321 staff members who specialize in handling sensitive personal information process these requests.

(iii) *Non-Personal Easy Queue*—The non-personal easy queue contains all other types of NSA records not relating to the requester, that often contain classified information that may require coordinated review among NSA components, and that do not require a lengthy review. DC321 staff members who specialize in complex classification issues process these requests.

(iv) *Sensitive/Personal Voluminous Queue*—The sensitive/personal voluminous queue contains FOIA and PA records that contain sensitive personal information, typically relating to the requester or requester's relatives, and that require a lengthy review because of the high volume of responsive records. These records may also contain classified information that may require coordinated review in several NSA components. DC321 staff members who specialize in handling sensitive personal information process these requests.

(v) *Non-Personal Complex Queue*—The non-personal complex queue contains FOIA records not relating to the requester that require a lengthy review because of the high volume and/or complexity of responsive records. These records contain classified, often technical information that requires coordinated review among many specialized NSA components, as well as consultation with other government agencies. DC321 staff members who specialize in complex classification issues process these requests.

(vi) *Expedite Queue*—Cases meeting the criteria for expeditious processing as defined in this section will be processed in turn within that queue by the appropriate processing team.

(4) Requesters shall be informed immediately if no responsive records are located. Following a search for and retrieval of responsive material, the initial processing team shall determine which queue in which to place the material, based on the criteria above, and shall so advise the requester. If the material requires minimal specialized review (super easy), the initial processing team shall review, redact if required, and provide the non-exempt responsive material to the requester immediately. The appropriate specialized processing team on a first in, first out basis within its queue shall process all other material. These procedures are followed so that a requester will not be required to wait a long period of time to learn that the Agency has no records responsive to his request or to obtain records that require minimal review.

(5) Requests for expeditious processing must include justification and a statement certifying that the information is true and correct to the best of the requester's knowledge. Expedited processing shall be granted if the requester demonstrates a compelling need for the information. Compelling need is defined as the failure to obtain the records on an expedited basis could reasonably be expected to pose an imminent threat to the life or physical safety of an individual or there would be an imminent loss of substantial due process rights.

(6) A request for expedited handling shall be responded to within 10 calendar days of receipt. The requester shall be notified whether his/her request meets the criteria for expedited processing within that time frame. If a request for expedited processing has been granted, a substantive response shall be provided within 20 working days of the date of the expedited decision. If a substantive response cannot be provided within 20 working days, a response shall be provided as soon as practicable and the chief of FOIA/PA

Services shall attempt to negotiate an acceptable completion date with the requester, taking into account the number of cases preceding it in the expedite queue and the volume or complexity of the responsive material.

(7) Upon receipt of a request, FOIA/PA Services (DC321) shall review the request and direct the appropriate PA coordinator to search for responsive records. If the search locates the requested records, the PA coordinator shall furnish copies of the responsive documents to the FOIA/PA office that in turn shall make a determination as to the releasability of the records. All releasable records, or portions thereof, shall be provided to the requester. However, if information is exempt pursuant to the FOIA and PA, the requester shall be advised of the statutory basis for the denial of the information and the procedure for filing an appeal. In the instance where no responsive records are located, the requester shall be advised of the negative results and his/her right to appeal what could be considered an adverse determination. NSA does not have the authority to release another agency's information; therefore, information originated by another government agency shall be referred to the originating agency for its direct response to the requester or for review and return to NSA for response to the requester. The requester shall be advised that a referral has been made, except when notification would reveal exempt information.

(8) The requester shall not be charged a fee for the making of a comprehensible copy to satisfy the request for a copy of the documents. The requester may be charged for duplicate copies of the documents. However, if the direct cost of the duplicate copy is less than $25.00, the fee shall be waived. Duplicating fees shall be assessed according to the following schedule: Office Copy $.15 per page, Microfiche $.25 per page, and Printed Material $.02 per page. All payments shall be made by certified check or money order made payable to the Treasurer of the United States.

(9) A medical/psychological record shall normally be disclosed to the individual to whom it pertains. However, and consistent with 5 U.S.C. 552a(f)(3) of the Privacy Act, if in the judgment of an authorized Agency physician, the release of such information could have an adverse effect on the individual, the individual shall be advised that it is in his best interest to receive the records through a physician of the requester's choice or, in the case of psychological records, through a licensed Psychiatrist or licensed Clinical Psychologist of the requester's choice. NSA/CSS may require certification that the individual is licensed to practice the appropriate specialty. Although the requester shall pay any fees charged by the physician or psychologist, NSA/CSS encourages individuals to take advantage of receiving their records through this means. If, however, the individual wishes to waive receiving the records through this means, the records shall be sent directly to the individual.

(10) Recipients of requests from NSA/CSS employees and affiliates for access to records within the confines of the NSA/CSS campus shall acknowledge the request within 10 working days of receipt, and access should be provided within 20 working days. If, for good cause, access cannot be provided within that time, the requester shall be advised in writing as to the reason and shall be given a date by which it is expected that access can be provided. If an office denies a request for access to a record, or any portion thereof, it shall notify the requester of its refusal and the reasons for it and shall advise the individual of the procedures for requesting a review of the circumstances by the Director of Policy. If the Director of Policy denies a request for access to a record or any portion thereof, the requester shall be notified of the refusal and the reasons the information was denied. The Director of Policy shall also advise the requester of the procedure for appealing to the NSA/CSS Privacy Act Appeal Authority. (*See* paragraph (e) of this section).

(11) Although classified portions of NSA/CSS records are exempt from disclosure pursuant to exemption (k)(1) of the Privacy Act and exemption (b)(1) of the FOIA, NSA, in its sole discretion, may choose to provide an NSA affiliate access to the classified portions of

records about the affiliate if the affiliate possesses the requisite security clearance, special access approvals, and appropriate need-to-know for the classified information at issue. Classified records may only be accessed by fully cleared personnel in NSA/CSS spaces. Disclosure of classified records under this provision shall not operate as a waiver of PA exemption (k)(1), FOIA exemption (b)(1), or of any other exemption or privilege that would otherwise authorize the Agency to withhold the classified records from disclosure. NSA's determination regarding an affiliate's need-to-know is not subject to appeal under this or any other authority. All copies of classified records made available to an NSA affiliate under the procedures of this Part shall carry the following statement: ''This classified material is provided to you under the provisions of the Privacy Act of 1974. Furnishing you this material does not relieve you of your obligations under the laws of the United States (*See*, e.g., section 798 of Title 18, U.S. Code) to protect classified information. You may retain this material under proper protection as specified in the NSA/CSS Classification Manual; you may not remove it from NSA/CSS facilities.''

(12) The procedures described in this part do not entitle an individual to have access to any information compiled in reasonable anticipation of a civil action or proceeding, nor do they require that a record be created.

(13) Requesting or obtaining access to records under false pretenses is a violation of the Privacy Act and is subject to criminal penalties.

(e) Appeal of Denial of an Adverse Determination: (1) Any individual advised of an adverse determination shall be notified of the right to appeal the initial decision within 60 calendar days of the date of the response letter and that the appeal must be addressed to the NSA/CSS FOIA/PA Appeal Authority, National Security Agency, 9800 Savage Road, Suite 6248, Fort George G. Meade, MD 20755–6248. The following actions are considered adverse determinations:

(i) Denial of records or portions of records.

(ii) Inability of NSA/CSS to locate responsive records.

(iii) Denial of a request for expeditious treatment.

(iv) Non-agreement regarding completion date of request.

(v) The appeal shall reference the initial denial of access and shall contain, in sufficient detail and particularity, the grounds upon which the requester believes the appeal should be granted.

(2) The GC or his/her designee shall process appeals and make a recommendation to the Appeal Authority:

(i) Upon receipt of an appeal regarding the denial of information or the inability of the Agency to locate records on an individual, the GC or his/her designee shall provide a legal review of the denial and/or the adequacy of the search for responsive material, and make other recommendations as appropriate.

(ii) If the Appeal Authority determines that additional information may be released, the information shall be made available to the requester within 20 working days from receipt of the appeal. The conditions for responding to an appeal for which expedited treatment is sought by the requester are the same as those for expedited treatment on the initial processing of a request.

(iii) If the Appeal Authority determines that the denial was proper, the requester must be advised 20 days after receipt of the appeal that the appeal is denied. The requester likewise shall be advised of the basis for the denial and the provisions for judicial review of the Agency's appellate determination.

(iv) If a new search for records is conducted and produces additional records, the additional material shall be forwarded to the Director of Policy, as the initial denial authority (IDA), for review. Following review, the Director of Policy shall return the material to the GC with its recommendation for release or withholding. The GC will provide a legal review of the material, and the Appeal Authority shall make the release determination. Upon denial or release of additional information, the Appeal Authority shall advise the requester that more material was located and that the IDA and the Appeal Authority each conducted an independent review of the documents. In the case of

denial, the requester shall be advised of the basis of the denial and the right to seek judicial review of the Agency's action.

(v) When a requester appeals the absence of a response to a request within the statutory time limits, the GC shall process the absence of a response as it would denial of access to records. The Appeal authority shall advise the requester of the right to seek judicial review.

(vi) Appeals shall be processed using the same multi-track system as initial requests. If an appeal cannot be responded to within 20 days, the requirement to obtain an extension from the requester is the same as with initial requests. The time to respond to an appeal, however, may be extended by the number of working days (not to exceed 10) that were not used as additional time for responding to the initial request. That is, if the initial request is processed within 20 days so that the extra 10 days of processing which an agency can negotiate with the requester are not used, the response to the appeal may be delayed for that 10 days (or any unused portion of the 10 days).

(f) Amendment of Records:

(1) Minor factual errors may be corrected without resort to the Privacy Act or the provisions of this part, provided the requester and record holder agree to that procedure. Whenever possible, a copy of the corrected record should be provided to the requester.

(2) Requests for substantive changes to include deletions, removal of records, and amendment of significant factual information, because the information is incorrect or incomplete, shall be processed under the Privacy Act and the provisions of this part. The PA amendment process is limited to correcting records that are not accurate (factually correct), relevant, timely or complete.

(3) The amendment process is not intended to replace other existing NSA/CSS Agency procedures such as those for registering grievances or appealing performance appraisal ratings. Also, since the amendment process is limited to correcting factual information, it may not be used to challenge official judgments, such as performance ratings, promotion potential, and performance appraisals as well as subjective judgments made by supervisors, which reflect his/her observations and evaluations.

(4) Requests for amendments must be in writing, include the individual's name, signature, a copy of the record under dispute or sufficient identifying particulars to permit timely retrieval of the affected record, a description of the information under dispute and evidence to support the amendment request. The mailing address for the FOIA/PA office is National Security Agency, ATTN: FOIA/PA Services (DC321), 9800 Savage Road, Suite 6248, Fort George G. Meade, MD 20755–6248. Individuals who have access to NSA/CSS spaces may send their request through the internal mail system to DC321.

(5) FOIA/PA Services (DC321) shall acknowledge the amendment request within 10 working days of receipt and respond within 30 working days. The organization/individual who originated the information under dispute shall be given 10 working days to comment. On receipt of a response, FOIA/PA Services (DC321) shall review all documentation and determine if the amendment request shall be granted. If FOIA/PA Services (DC321) agrees with the request, it shall notify the requester and the office holding the record. The latter shall promptly amend the record and notify all holders and recipients of the records of the correction. If the amendment request is denied, the requester shall be advised of the reasons for the denial and the procedures for filing an appeal.

(g) Appeal of Refusals To Amend Records—

(1) If the Director of Policy, as the Initial Denial Authority, refuses to amend any part of a record it shall notify the requester of its refusal, the reasons for the denial and the procedures for requesting a review of the decision by the NSA/CSS Appeal Authority. The Appeal Authority shall render a final decision within 30 working days, except when circumstances necessitate an extension. If an extension is necessary, the requester shall be informed, in writing, of the reasons for the delay and of the approximate date on which

the review is expected to be completed. If the NSA/CSS Appeal Authority determines that the record should be amended, the requester, FOIA/PA Services, and the office holding the record will be advised. The latter shall promptly amend the record and notify all recipients.

(2) If the NSA/CSS Privacy Act Appeal Authority denies any part of the request for amendment, the requester shall be advised of the reasons for denial, his or her right to file a concise statement of reasons for disputing the information contained in the record, and his or her right to seek judicial review of the Agency's refusal to amend the record. Statements of disagreement and related notifications and summaries of the Agency's reasons for refusing to amend the record shall be processed in the manner prescribed by 32 CFR part 310.

(h) Disclosures and Accounting of Disclosures.

(1) No record contained in a System of Records maintained within the Department of Defense shall be disclosed by any means of communication to any person, or to any agency outside the Department of Defense, except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains, unless disclosure of the record will be:

(i) To those officials and employees of the Agency who have a need for the record in the performance of their duties and the use is compatible with the purpose for which the record is maintained.

(ii) Required to be disclosed under the Freedom of Information Act, as amended.

(iii) For a routine use as described in NSA/CSS systems of records notices. The DoD ''Blanket Routine Uses'' may also apply to NSA/CSS systems of records. (*See* Appendix C to 32 CFR part 310).

(iv) To the Bureau of the Census for the purpose of planning or carrying out a census or survey or related activity authorized by law.

(v) To a recipient who has provided the Department of Defense or the Agency with advance, adequate written assurance that:

(A) The record will be used solely as a statistical research or reporting record;

(B) The record is to be transferred in a form that is not individually identifiable (*i.e.*, the identity of the individual cannot be determined by combining various statistical records); and

(C) The record will not be used to make any decisions about the rights, benefits, or entitlements of an individual.

(vi) To the National Archives and Records Administration as a record which has sufficient historical or other value to warrant its continued preservation by the United States Government, or for evaluation by the Archivist of the United States or the designee of the Archivist to determine whether the record has such value. A record transferred to a Federal records center for safekeeping or storage does not fall within this category since Federal records center personnel act on behalf of the Department of Defense in this instance and the records remain under the control of the NSA/CSS. No disclosure accounting record of the transfer of records to Federal records center need be maintained.

(vii) To another agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity if the activity is authorized by law, and if the head of the agency or instrumentality has made a written request to the NSA/CSS specifying the particular portion and the law enforcement activity for which the record is sought. Blanket requests for all records pertaining to an individual will not be accepted. A record may also be disclosed to a law enforcement agency at the initiative of the NSA/CSS when criminal conduct is suspected, provided that such disclosure has been established in advance as a ''routine use.''

(viii) To a person pursuant to a showing of compelling circumstances affecting the health or safety of an individual if upon such disclosure notification is transmitted to the last known address of the individual to whom the record pertains.

(ix) To Congress, or, to the extent of matter within its jurisdiction, any

committee or subcommittee thereof, or any joint committee of Congress or subcommittee of any such joint committee. This does not authorize the disclosure of any record subject to this part to members of Congress acting in their individual capacities or on behalf of their constituents, unless the individual consents.

(x) To the Comptroller General, or any of his authorized representatives, in the course of the performance of the duties of the General Accounting Office.

(xi) Pursuant to an order of a court of competent jurisdiction.

(A) When a record is disclosed under compulsory legal process and when the issuance of that order or subpoena is made public by the court that issued it, efforts shall be made to notify the individual to whom the record pertains. This may be accomplished by notifying the individual by mail at his most recent address as contained in the Component's records.

(B) Upon being served with an order to disclose a record, the General Counsel shall endeavor to determine whether the issuance of the order is a matter of public record and, if it is not, seek to be advised when it becomes public. An accounting of the disclosure shall be made at the time the NSA/CSS complies with the order or subpoena.

(xii) To a consumer reporting agency in accordance with section 3711(f) of Title 31.

(2) Except for disclosures made in accordance with paragraphs (h)(1)(i) and (ii) of this section, an accurate accounting of disclosures shall be kept by the record holder in consultation with the Privacy Act Coordinator.

(i) The accounting shall include the date, nature, and purpose of each disclosure of a record to any person or to another agency; and the name and address of the person or agency to whom the disclosure is made. There need not be a notation on a single document of every disclosure of a particular record, provided the record holder can construct from its System the required accounting information:

(A) When required by the individual;

(B) When necessary to inform previous recipients of any amended records, or

(C) When providing a cross reference to the justification or basis upon which the disclosure was made (including any written documentation as required in the case of the release of records for statistical or law enforcement purposes).

(ii) The accounting shall be retained for at least five years after the last disclosure, or for the life of the record, whichever is longer. No record of the disclosure of this accounting need be maintained.

(iii) Except for disclosures made under paragraph (h)(1)(vii) of this section, the accounting of disclosures shall be made available to the individual to whom the record pertains. The individual shall submit a Privacy Act Information Request form to the Privacy Act Coordinator in the office keeping the accounting of disclosures.

(3) Disclosures made under circumstances not delineated in paragraphs (h)(1)(i) through (xii) of this section shall only be made after written permission of the individual involved has been obtained. Written permission shall be recorded on or appended to the document transmitting the personal information to the other agency, in which case no separate accounting of the disclosure need be made. Written permission is required in each separate case; *i.e.*, once obtained, written permission for one case does not constitute blanket permission for other disclosures.

(4) An individual's name and address may not be sold or rented unless such action is specifically authorized by law. This provision shall not be construed to require withholding of names and addresses otherwise permitted to be made public. Lists or compilations of names and home addresses, or single home addresses will not be disclosed, without the consent of the individual involved, to the public, including, but not limited to individual Congressmen, creditors, and commercial and financial institutions. Requests for home addresses may be referred to the last known address of the individual for reply at his discretion and the requester will be notified accordingly.

§ 322.6 Establishing exemptions.

(a) Neither general nor specific exemptions are established automatically for any system of records. The head of the DoD Component maintaining the system of records must make a determination whether the system is one for which an exemption properly may be claimed and then propose and establish an exemption rule for the system. No system of records within the Department of Defense shall be considered exempted until the head of the Component has approved the exemption and an exemption rule has been published as a final rule in the FEDERAL REGISTER.

(b) No system of records within NSA/CSS shall be considered exempt under subsection (j) or (k) of the Privacy Act until the exemption rule for the system of records has been published as a final rule in the FEDERAL REGISTER.

(c) An individual is not entitled to have access to any information compiled in reasonable anticipation of a civil action or proceeding (5 U.S.C. 552a(d)(5)).

(d) Proposals to exempt a system of records will be forwarded to the Defense Privacy Office, consistent with the requirements of 32 CFR part 310, for review and action.

(e) Consistent with the legislative purpose of the Privacy Act of 1974, NSA/CSS will grant access to nonexempt material in the records being maintained. Disclosure will be governed by NSA/CSS's Privacy Regulation, but will be limited to the extent that the identity of confidential sources will not be compromised; subjects of an investigation of an actual or potential criminal or civil violation will not be alerted to the investigation; the physical safety of witnesses, informants and law enforcement personnel will not be endangered, the privacy of third parties will not be violated; and that the disclosure would not otherwise impede effective law enforcement. Whenever possible, information of the above nature will be deleted from the requested documents and the balance made available. The controlling principle behind this limited access is to allow disclosures except those indicated above. The decisions to release information from these systems will be made on a case-by-case basis.

(f) Do not use an exemption to deny an individual access to any record to which he or she would have access under the Freedom of Information Act (5 U.S.C. 552).

(g) Disclosure of records pertaining to personnel, or the functions and activities of the National Security Agency shall be prohibited to the extent authorized by Pub. L. No. 86–36 (1959) and 10 U.S.C. 424.

(h) Exemptions NSA/CSS may claim.

(1) *General exemption*. The general exemption established by 5 U.S.C. 552a(j)(2) may be claimed to protect investigative records created and maintained by law enforcement activities of the NSA.

(2) *Specific exemptions*. The specific exemptions permit certain categories of records to be exempt from certain specific provisions of the Privacy Act.

(i) *(k)(1) exemption*. Information properly classified under Executive Order 12958 and that is required by Executive Order to be kept secret in the interest of national defense or foreign policy.

(ii) *(k)(2) exemption*. Investigatory information compiled for law-enforcement purposes by non-law enforcement activities and which is not within the scope of Sec. 310.51(a). If an individual is denied any right, privilege or benefit that he or she is otherwise entitled by federal law or for which he or she would otherwise be eligible as a result of the maintenance of the information, the individual will be provided access to the information except to the extent that disclosure would reveal the identity of a confidential source. This subsection when claimed allows limited protection of investigative reports maintained in a system of records used in personnel or administrative actions.

(iii) *(k)(3) exemption*. Records maintained in connection with providing protective services to the President and other individuals identified under 18 U.S.C. 3506.

(iv) *(k)(4) exemption*. Records maintained solely for statistical research or program evaluation purposes and which are not used to make decisions on the rights, benefits, or entitlement of an individual except for census

records which may be disclosed under 13 U.S.C. 8.

(v) *(k)(5) exemption.* Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information, but only to the extent such material would reveal the identity of a confidential source. This provision allows protection of confidential sources used in background investigations, employment inquiries, and similar inquiries that are for personnel screening to determine suitability, eligibility, or qualifications.

(vi) *(k)(6) exemption.* Testing or examination material used solely to determine individual qualifications for appointment or promotion in the federal or military service, if the disclosure would compromise the objectivity or fairness of the test or examination process.

(vii) *(k)(7) exemption.* Evaluation material used to determine potential for promotion in the Military Services, but only to the extent that the disclosure of such material would reveal the identity of a confidential source.

§ 322.7 Exempt systems of records.

(a) All systems of records maintained by the NSA/CSS and its components shall be exempt from the requirements of 5 U.S.C. 552a(d) pursuant to 5 U.S.C. 552a(k)(1) to the extent that the system contains any information properly classified under Executive Order 12958 and that is required by Executive Order to be kept secret in the interest of national defense or foreign policy. This exemption is applicable to parts of all systems of records including those not otherwise specifically designated for exemptions herein, which contain isolated items of properly classified information.

(b) GNSA 01.

(1) *System name:* Access, Authority and Release of Information File.

(2) *Exemption:* (i) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(ii) Therefore, portions of this system may be exempt pursuant to 5 U.S.C. 552a(k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), and (e)(1).

(3) AUTHORITY: 5 U.S.C. 552a(k)(5).

(4) *Reasons:* (i) From subsection (c)(3) and (d) when access to accounting disclosures and access to or amendment of records would cause the identity of a confidential sources to be revealed. Disclosure of the source's identity not only will result in the Department breaching the promise of confidentiality made to the source but it will impair the Department's future ability to compile investigatory material for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, Federal contracts, or access to classified information. Unless sources can be assured that a promise of confidentiality will be honored, they will be less likely to provide information considered essential to the Department in making the required determinations.

(ii) From (e)(1) because in the collection of information for investigatory purposes, it is not always possible to determine the relevance and necessity of particular information in the early stages of the investigation. In some cases, it is only after the information is evaluated in light of other information that its relevance and necessity becomes clear. Such information permits more informed decision-making by the Department when making required suitability, eligibility, and qualification determinations.

(c) GNSA 02.

(1) *System name:* Applicants.

(2) *Exemption:* (i) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(ii) Therefore, portions of this system may be exempt pursuant to 5 U.S.C.

552a(k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), and (e)(1).

(3) AUTHORITY: 5 U.S.C. 552a(k)(5).

(4) *Reasons:* (i) From subsection (c)(3) and (d) when access to accounting disclosures and access to or amendment of records would cause the identity of a confidential source to be revealed. Disclosure of the source's identity not only will result in the Department breaching the promise of confidentiality made to the source but it will impair the Department's future ability to compile investigatory material for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, Federal contracts, or access to classified information. Unless sources can be assured that a promise of confidentiality will be honored, they will be less likely to provide information considered essential to the Department in making the required determinations.

(ii) From (e)(1) because in the collection of information for investigatory purposes, it is not always possible to determine the relevance and necessity of particular information in the early stages of the investigation. In some cases, it is only after the information is evaluated in light of other information that its relevance and necessity becomes clear. Such information permits more informed decision-making by the Department when making required suitability, eligibility, and qualification determinations.

(d) GNSA 03.

(1) *System name:* Correspondence, Cases, Complaints, Visitors, Requests.

(2) *Exemption:* (i) Investigatory material compiled for law enforcement purposes, other than material within the scope of subsection 5 U.S.C. 552a(j)(2), may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of the information, the individual will be provided access to the information exempt to the extent that disclosure would reveal the identity of a confidential source. NOTE: When claimed, this exemption allows limited protection of investigative reports maintained in a system of records used in personnel or administrative actions.

(ii) Records maintained solely for statistical research or program evaluation purposes and which are not used to make decisions on the rights, benefits, or entitlement of an individual except for census records which may be disclosed under 13 U.S.C. 8, may be exempt pursuant to 5 U.S.C. 552a(k)(4).

(iii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iv) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(2), (k)(4), and (k)(5) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(2), (k)(4), and (k)(5).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets

that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(e) GNSA 04.

(1) *System name:* Military Reserve Personnel Data Base.

(2) *Exemption:* (i) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(ii) Therefore, portions of this system may be exempt pursuant to 5 U.S.C. 552a(k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), and (e)(1).

(3) AUTHORITY: 5 U.S.C. 552a(k)(5).

(4) *Reasons:* (i) From subsection (c)(3) and (d) when access to accounting disclosures and access to or amendment of records would cause the identity of a confidential sources to be revealed. Disclosure of the source's identity not only will result in the Department breaching the promise of confidentiality made to the source but it will impair the Department's future ability to compile investigatory material for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, Federal contracts, or access to classified information. Unless sources can be assured that a promise of confidentiality will be honored, they will be less likely to provide information considered essential to the Department in making the required determinations.

(ii) From (e)(1) because in the collection of information for investigatory purposes, it is not always possible to determine the relevance and necessity of particular information in the early stages of the investigation. In some cases, it is only after the information is evaluated in light of other information that its relevance and necessity becomes clear. Such information permits more informed decision-making by the Department when making required suitability, eligibility, and qualification determinations.

(f) GNSA 05.

(1) *System name:* Equal Employment Opportunity Data.

(2) *Exemption:* (i) Investigatory material compiled for law enforcement purposes, other than material within the scope of subsection 5 U.S.C. 552a(j)(2), may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of the information, the individual will be provided access to the information exempt to the extent that disclosure would reveal the identity of a confidential source. NOTE: When claimed, this exemption allows limited protection of investigative reports maintained in a system of records used in personnel or administrative actions.

(ii) Records maintained solely for statistical research or program evaluation purposes and which are not used to make decisions on the rights, benefits, or entitlement of an individual except

for census records which may be disclosed under 13 U.S.C. 8, may be exempt pursuant to 5 U.S.C. 552a(k)(4).

(iii) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(2) and (k)(4) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(2) and (k)(4).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(g) GNSA 06.

(1) *System name:* Health, Medical and Safety Files.

(2) *Exemption:* (i) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(ii) Testing or examination material used solely to determine individual qualifications for appointment or promotion in the Federal service may be exempt pursuant to 5 U.S.C. 552a(k)(6), if the disclosure would compromise the objectivity or fairness of the test or examination process.

(iii) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(5) and (k)(6) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(5) and (k)(6).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be

made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(h) GNSA 08.

(1) *System name:* Payroll and Claims.

(2) *Exemption:* (i) Investigatory material compiled for law enforcement purposes, other than material within the scope of subsection 5 U.S.C. 552a(j)(2), may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of the information, the individual will be provided access to the information exempt to the extent that disclosure would reveal the identity of a confidential source. NOTE: When claimed, this exemption allows limited protection of investigative reports maintained in a system of records used in personnel or administrative actions.

(ii) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(2) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(2).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only

after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(i) GNSA 09.

(1) *System name:* Personnel File.

(2) *Exemption:* (i) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(ii) Testing or examination material used solely to determine individual qualifications for appointment or promotion in the Federal service may be exempt pursuant to 5 U.S.C. 552a(k)(6), if the disclosure would compromise the objectivity or fairness of the test or examination process.

(iii) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(5) and (k)(6) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(5) and (k)(6).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(j) GNSA 10.

(1) *System name:* Personnel Security File.

(2) *Exemption:* (i) Investigatory material compiled for law enforcement purposes, other than material within the scope of subsection 5 U.S.C. 552a(j)(2), may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of the information, the individual will be provided access to the information exempt to the extent that disclosure would reveal the identity of a confidential source. NOTE: When claimed, this exemption allows limited protection of investigative reports maintained in a system of records used in personnel or administrative actions.

(ii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iii) Testing or examination material used solely to determine individual qualifications for appointment or promotion in the Federal service may be exempt pursuant to 5 U.S.C. 552a(k)(6), if the disclosure would compromise the objectivity or fairness of the test or examination process.

(iv) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(2), (k)(5), and (k)(6) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(2), (k)(5), and (k)(6).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(k) GNSA 12.

(1) *System name:* Training.

(2) *Exemption:* (i) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or

qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(ii) Testing or examination material used solely to determine individual qualifications for appointment or promotion in the Federal service may be exempt pursuant to 5 U.S.C. 552a(k)(6), if the disclosure would compromise the objectivity or fairness of the test or examination process.

(iii) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(5) and (k)(6) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(5), and (k)(6).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(l) GNSA 13.

(1) *System name:* Archival Records.

(2) *Exemption:* (i) Records maintained solely for statistical research or program evaluation purposes and which are not used to make decisions on the rights, benefits, or entitlement of an individual except for census records which may be disclosed under 13 U.S.C. 8, may be exempt pursuant to 5 U.S.C. 552a(k)(4).

(ii) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(4) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(4).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of

those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(m) GNSA 14.

(1) *System name:* Library Patron File Control System.

(2) *Exemption:* (i) Records maintained solely for statistical research or program evaluation purposes and which are not used to make decisions on the rights, benefits, or entitlement of an individual except for census records which may be disclosed under 13 U.S.C. 8, may be exempt pursuant to 5 U.S.C. 552a(k)(4).

(ii) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(4) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(4).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the

system and to make amendments to and corrections of the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(n) GNSA 15.

(1) *System name:* Computer Users Control System.

(2) *Exemption:* (i) Investigatory material compiled for law enforcement purposes, other than material within the scope of subsection 5 U.S.C. 552a(j)(2), may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of the information, the individual will be provided access to the information exempt to the extent that disclosure would reveal the identity of a confidential source. NOTE: When claimed, this exemption allows limited protection of investigative reports maintained in a system of records used in personnel or administrative actions.

(ii) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(2) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(2).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(o) GNSA 17.

(1) *System name:* Employee Assistance Service (EAS) Case Record System.

(2) *Exemption:* (i) Investigatory material compiled for law enforcement purposes, other than material within the scope of subsection 5 U.S.C. 552a(j)(2), may be exempt pursuant to 5 U.S.C.

552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of the information, the individual will be provided access to the information exempt to the extent that disclosure would reveal the identity of a confidential source. NOTE: When claimed, this exemption allows limited protection of investigative reports maintained in a system of records used in personnel or administrative actions.

(ii) Records maintained solely for statistical research or program evaluation purposes and which are not used to make decisions on the rights, benefits, or entitlement of an individual except for census records which may be disclosed under 13 U.S.C. 8, may be exempt pursuant to 5 U.S.C. 552a(k)(4).

(iii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iv) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(2), (k)(4), and (k)(5) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(2), (k)(4), and (k)(5).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(p) GNSA 18.

(1) *System name:* Operations Files.

(2) *Exemption:* (i) Investigatory material compiled for law enforcement purposes, other than material within the scope of subsection 5 U.S.C. 552a(j)(2), may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of the information,

the individual will be provided access to the information exempt to the extent that disclosure would reveal the identity of a confidential source. NOTE: When claimed, this exemption allows limited protection of investigative reports maintained in a system of records used in personnel or administrative actions.

(ii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iii) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(2) and (k)(5) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) AUTHORITY: 5 U.S.C. 552a(k)(2) and (k)(5).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments and corrections to the information in the system.

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NSA will, nevertheless, continue to publish such a notice in broad generic terms, as is its current practice.

(q) GNSA 20.

(1) *System name:* NSA Police Operational Files.

(2) *Exemption:* (i) Investigatory material compiled for law enforcement purposes, other than material within the scope of subsection 5 U.S.C. 552a(j)(2), may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of the information, the individual will be provided access to the information exempt to the extent that disclosure would reveal the identity of a confidential source. NOTE: When claimed, this exemption allows limited protection of investigative reports maintained in a system of records used in personnel or administrative actions.

(ii) Records maintained solely for statistical research or program evaluation purposes and which are not used to make decisions on the rights, benefits,

or entitlement of an individual except for census records which may be disclosed under 13 U.S.C. 8, may be exempt pursuant to 5 U.S.C. 552a(k)(4).

(iii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iv) All portions of this system of records which fall within the scope of 5 U.S.C. 552a(k)(2), (k)(4), and (k)(5) may be exempt from the provisions of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

(3) *Authority:* 5 U.S.C. 552a(k)(2), (k)(4), and (k)(5).

(4) *Reasons:* (i) From subsection (c)(3) because the release of the disclosure accounting would place the subject of an investigation on notice that they are under investigation and provide them with significant information concerning the nature of the investigation, thus resulting in a serious impediment to law enforcement investigations.

(ii) From subsections (d) and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because this system of records is compiled for investigative purposes and is exempt from the access provisions of subsections (d) and (f).

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants.

[68 FR 28757, May 27, 2003, as amended at 69 FR 62408, Oct. 26, 2004]

PART 323—DEFENSE LOGISTICS AGENCY PRIVACY PROGRAM

Sec.

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AUTHORITY: Privacy Act of 1974, Pub. L. 93–579, Stat. 1896 (5 U.S.C. 552a).

SOURCE: DLAR 5400.21, 51 FR 33595, Sept. 22, 1986, unless otherwise noted. Redesignated at 56 FR 57803, Nov. 14, 1991.

§ 323.1 Purpose and scope.

This part 323 implements the Privacy Act of 1974 (5 U.S.C. 552a) and DoD Directive and DoD Regulation 5400.11, Department of Defense Privacy Program

(32 CFR part 286a). It applies to Headquarters, Defense Logistics Agency (HQ DLA) and all DLA field activities.

§ 323.2 Policy.

It is the policy of DLA to safeguard personal information contained in any system of records maintained by DLA activities and to make that information available to the individual to whom it pertains to the maximum extent practicable. DLA policy specifically requires that DLA activities:

(a) Collect, maintain, use, and disseminate personal information only when it is relevant and necessary to achieve a purpose required by statute or Executive Order.

(b) Collect personal information directly from the individuals to whom it pertains to the greatest extent practical.

(c) Inform individuals who are asked to supply personal information for inclusion in any system of records:

(1) The authority for the solicitation.

(2) Whether furnishing the information is mandatory or voluntary.

(3) The intended uses of the information.

(4) The routine disclosures of the information that may be made outside DoD.

(5) The effect on the individual of not providing all of any part of the requested information.

(d) Ensure that all records used in making determinations about individuals are accurate, relevant, timely, and complete.

(e) Make reasonable efforts to ensure that records containing personal information are accurate, relevant, timely, and complete for the purposes for which they are being maintained before making them available to any recipients outside DoD, other than a Federal agency, unless the disclosure is made under DLAR 5400.14, DLA Freedom of Information Act Program (32 CFR part 1285).

(f) Keep no record that describes how individuals exercise their rights guaranteed by the First Amendment of the U.S. Constitution, unless expressly authorized by statute or by the individual to whom the records pertain or is pertinent to and within the scope of an authorized law enforcement activity.

(g) Make reasonable efforts, when appropriate, to notify individuals whenever records pertaining to them are made available under compulsory legal process, if such process is a matter of public record.

(h) Establish safeguards to ensure the security of personal information and to protect this information from threats or hazards that might result in substantial harm, embarrassment, inconvenience, or unfairness to the individual.

(i) Establish rules of conduct for DoD personnel involved in the design, development, operation, or maintenance of any system of records and train them in these rules of conduct.

(j) Assist individuals in determining what records pertaining to them are being collected, maintained, used, or disseminated.

(k) Permit individual access to the information pertaining to them maintained in any system of records, and to correct or amend that information, unless an exemption for the system has been properly established for an important public purpose.

(l) Provide, on request, an accounting of all disclosures of the information pertaining to them except when disclosures are made:

(1) To DoD personnel in the course of their official duties.

(2) Under 32 CFR part 1285 (DLAR 5400.14).

(m) Advise individuals on their rights to appeal any refusal to grant access to or amend any record pertaining to them, and to file a statement of disagreement with the record in the event amendment is refused.

[DLAR 5400.21, 51 FR 33595, Sept. 22, 1986, unless otherwise noted. Redesignated at 56 FR 57803, Nov. 14, 1991, as amended at 66 FR 41781, Aug. 9, 2001]

§ 323.3 Definitions.

(a) *Access.* The review of a record or a copy of a record or parts thereof in a system of records by any individual.

(b) *Agency.* For the purpose of disclosing records subject to the Privacy Act among DoD Components, the Department of Defense is considered a single agency. For all other purposes including applications for access and

amendment, denial of access or amendment, appeals from denials, and record-keeping as regards release to non-DoD agencies, DLA is considered an agency within the meaning of the Privacy Act.

(c) *Confidential source.* A person or organization who has furnished information to the Federal Government under an express promise that the person's or the organization's identity will be held in confidence or under an implied promise of such confidentiality if this implied promise was made before September 27, 1975.

(d) *Disclosure.* The transfer of any personal information from a system of records by any means of communication to any person, private entity, or Government agency, other than the subject of the record, the subject's designated agent or the subject's legal guardian.

(e) *Individual.* A living citizen of the United States or an alien lawfully admitted to the United States for permanent residence. The legal guardian of an individual has the same rights as the individual and may act on his or her behalf.

(f) *Individual access.* Access to information pertaining to the individual by the individual or his or her designated agent or legal guardian.

(g) *Maintain.* Includes maintain, collect, use, or disseminate.

(h) *Member of the public.* Any individual or party acting in a private capacity to include Federal employees or military personnel.

(i) *Official use.* Within the context of this part, this term is used when officials and employees of a DLA activity have a demonstrated need for the use of any record or the information contained therein in the performance of their official duties.

(j) *Personal information.* Information about an individual that is intimate or private to the individual, as distinguished from information related solely to the individual's official functions or public life.

(k) *Privacy Act.* The Privacy Act of 1974, as amended, 5 U.S.C. 552a.

(l) *Privacy Act request.* A request from an individual for notification as to the existence of, access to, or amendment of records pertaining to that individual. These records must be maintained in a system of records. The request must indicate that it is being made under the Privacy Act to be considered a Privacy Act request.

(m) *Record.* Any item, collection, or grouping of information about an individual that is maintained by DLA, including, but not limited to, the individual's education, financial transactions, medical history, and criminal or employment history, and that contains the individual's name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a finger or voice print or a photograph.

(n) *Risk assessment.* An analysis considering information sensitivity, vulnerabilities, and the cost to a computer facility or word processing activity in safeguarding personal information processed or stored in the facility or activity.

(o) *Routine use.* The disclosure of a record outside DoD for a use that is compatible with the purpose for which the information was collected and maintained by DoD. The routine use must be included in the published system notice for the system of records involved.

(p) *Statistical record.* A record maintained only for statistical research or reporting purposes and not used in whole or in part in making determinations about specific individuals.

(q) *System of Records.* A group of records under the control of a DLA activity from which information is retrieved by the individual's name or by some identifying number, symbol, or other identifying particular assigned to the individual. System notices for all Privacy Act systems of records must be published in the FEDERAL REGISTER.

§ 323.4 Responsibilities.

(a) Headquarters Defense Logistics Agency.

(1) The Staff Director, Corporate Communications, DLA Support Services (DSS-C) will:

(i) Formulate policies, procedures, and standards necessary for uniform compliance with the Privacy Act by DLA activities.

(ii) Serve as the DLA Privacy Act Officer and DLA representative on the Defense Privacy Board.

(iii) Maintain a master registry of system notices published by DLA.

(iv) Develop or compile the rules, notices, and reports required under this part.

(v) Establish training programs for all individuals with public affairs duties, and all other personnel whose duties require access to or contact with systems of records affected by the Privacy Act. Initial training will be given to new employees and military members upon assignment. Refresher training will be provided annually or more frequently if conditions warrant.

(2) The General Counsel, DLA (DLA-GC) will:

(i) Serve as the appellate authority for denials of individual access and amendment of records.

(ii) Provide representation to the Defense Privacy Board Legal Committee.

(iii) Advise the Defense Privacy Office on the status of DLA privacy litigation.

(3) The DLA Chief Information Office (J–6) will formulate and implement protective standards for personal information maintained in automated data processing systems and facilities.

(b) The Heads of DLA Primary Level Field Activities (PLFAs) will:

(1) Ensure that the collection, maintenance, use, or dissemination of records of identifiable personal information is in a manner that assures that such action is for a necessary and lawful purpose; that the information is timely and accurate for its intended use; and that adequate safeguards are provided to prevent misuse of such information.

(2) Designate a Privacy Act Officer to serve as the principal point of contact on privacy matters.

(3) Ensure the internal operating procedures provide for effective compliance with the Privacy Act.

(4) Establish training programs for all individuals with public affairs duties, and all other personnel whose duties require access to or contact with systems of records affected by the Privacy Act. Initial training will be given to new employees and military members upon assignment. Refresher training will be provided annually or more frequently if conditions warrant.

[DLAR 5400.21, 51 FR 33595, Sept. 22, 1986, unless otherwise noted. Redesignated at 56 FR 57803, Nov. 14, 1991, as amended at 66 FR 41781, Aug. 9, 2001]

§ 323.5 Procedures.

(a) *Individual access.* (1) The access provisions of this part are intended for use by individuals whose records are maintained in systems of records. Release of personal information to individuals under this part is not considered public release of information.

(2) Individuals will address requests for access to personal information about themselves in a system of records to the system manager or to the office designated in the system notice. Before being granted access to personal data, an individual may be required to provide reasonable verification of his or her identity. Identity verification procedures will be simple so as not to discourage individuals from seeking access to information about themselves; or be required of an individual seeking access to records which normally would be available under 32 CFR part 1285 (DLAR 5400.14).

(i) Normally, when individuals seek personal access to records pertaining to themselves, identification will be made from documents that normally are readily available, such as employee and military identification cards, driver's license, other licenses, permits, or passes used for routine identification purposes.

(ii) When access is requested by mail, identity verification may consist of the individual providing certain minimum identifying data, such as full name, date and place of birth, or such other personal information necessary to locate the record sought. If the information sought is sensitive, additional identifying data may be required. If notarization of requests is required, procedures will be established for an alternate method of verification for individuals who do not have access to notary services, such as military members overseas.

(3) If an individual wishes to be accompanied by a third party when seeking access to his or her records or to

have the records released directly to a third party, the individual may be required to furnish a signed access authorization granting the third party access. An individual will not be refused access to his or her record solely for failure to divulge his or her social security number (SSN) unless it is the only method by which retrieval can be made. The individual is not required to explain or justify his or her need for access to any record under this part.

(4) Disclose medical records to the individual to whom they pertain, even if a minor, unless a judgment is made that access to such records could have an adverse effect on the mental or physical health of the individual. Normally, this determination will be made in consultation with a medical doctor. If it is determined that the release of the medical information may be harmful to the mental or physical health of the individual, send the record to a physician named by the individual and in the transmittal letter to the physician, explain why access by the individual without proper professional supervision could be harmful (unless it is obvious from the record). Do not require the physician to request the records for the individual. If the individual refuses or fails to designate a physician, the record will not be provided. Such refusal of access is not considered a denial for reporting purposes.

(5) Requests by individuals for access to investigatory records pertaining to themselves and compiled for law enforcement purposes are processed under this part or 32 CFR part 1285 depending on which part gives them the greatest degree of access.

(6) Certain documents under the physical control of DoD personnel and used to assist them in performing official functions, are not considered ''agency records'' within the meaning of this part. Uncirculated personal notes and records that are not disseminated or circulated to any person or organization (for example, personal telephone lists or memory aids) that are retained or discarded at the author's discretion and over which DLA exercises no direct control, are not considered agency records. However, if personnel are officially directed or encouraged, either in writing or orally, to maintain such records, they may become ''agency records,'' and may be subject to the Privacy Act of 1974 (5 U.S.C. 552a) and this part.

(7) Acknowledge requests for access within 10 working days after receipt and provide access within 30 working days.

(b) *Denial of individual access.* (1) Individuals may be formally denied access to a record pertaining to them only if the record was compiled in reasonable anticipation of civil action; is in a system of records that has been exempted from the access provisions of this part under one of the permitted exemptions; contains classified information that has been exempted from the access provision of this part under the blanket exemption for such material claimed for all DoD records systems; or is contained in a system of records for which access may be denied under some other Federal statute. Only deny the individual access to those portions of the records from which the denial of access serves some legitimate Governmental purpose.

(2) An individual may be refused access if the record is not described well enough to enable it to be located with a reasonable amount of effort on the part of an employee familiar with the file; or access is sought by an individual who fails or refuses to comply with the established procedural requirements, including refusing to name a physician to receive medical records when required or to pay fees. Always explain to the individual the specific reason access has been refused and how he or she may obtain access.

(3) Formal denials of access must be in writing and include as a minimum:

(i) The name, title or position, and signature of the appropriate Head of the HQ DLA principal staff element or primary level field activity.

(ii) The date of the denial.

(iii) The specific reason for the denial, including specific citation to the appropriate sections of the Privacy Act of 1974 (5 U.S.C. 552a) or other statutes, this part, or DLAR 5400.21 authorizing the denial.

(iv) Notice to the individual of his or her right to appeal the denial within 60 calendar days of the date of the denial letter and to file any such appeal with

the HQ DLA Privacy Act Officer, Defense Logistics Agency (DSS-CA), 8725 John J. Kingman Road, Suite 2533, Fort Belvoir, VA 22060–6221.

(4) DLA will process all appeals within 30 days of receipt unless a fair an equitable review cannot be made within that period. The written appeal notification granting or denying access is the final DLA action on access.

(5) The records in all systems of records maintained in accordance with the Office of Personnel Management (OPM) Government-wide system notices are technically only in the temporary custody of DLA. All requests for access to these records must be processed in accordance with the Federal Personnel Manual (5 CFR parts 293, 294, 297 and 735) as well as this part. DLA–GC is responsible for the appellate review of denial of access to such records.

(c) *Amendment of records.* (1) Individuals are encouraged to review the personal information being maintained about them by DLA and to avail themselves of the procedures established by this part to update their records. An individual may request the amendment of any record contained in a system of records pertaining to him or her unless the system of record has been exempted specifically from the amendment procedures of this part. Normally, amendments under this part are limited to correcting factual matters and not matters of official judgment, such as performance ratings promotion potential, and job performance appraisals.

(2) The applicant must adequately support his or her claim and may be required to provide identification to ensure that they are indeed seeking to amend a record pertaining to themselves and not, inadvertently or intentionally, the record of others. Consider the following factors when evaluating the sufficiency of a request to amend:

(i) The accuracy of the information itself.

(ii) The relevancy, timeliness, completeness, and necessity of the recorded information for accomplishing an assigned mission or purpose.

(3) Provide written acknowledgement of a request to amend within 10 working days of its receipt by the appropriate systems manager. There is no need to acknowledge a request if the action is completed within 10 working days and the individual is so informed. The letter of acknowledgement shall clearly identify the request and advise the individual when he or she may expect to be notified of the completed action. Only under the most exceptional circumstances will more than 30 days be required to reach a decision on a request to amend.

(4) If the decision is made to grant all or part of the request for amendment, amend the record accordingly and notify the requester. Notify all previous recipients of the information, as reflected in the disclosure accounting records, that an amendment has been made and the substance of the amendment. Recipients who are known to be no longer retaining the information need not be advised of the amendment. All DoD Components and Federal agencies known to be retaining the record or information, even if not reflected in disclosure records, will be notified of the amendment. Advise the requester of these notifications, and honor all requests by the requester to notify specific Federal agencies of the amendment action.

(5) If the request for amendment is denied in whole or in part, promptly advise the individual in writing of the decision to include:

(i) The specific reason and authority for not amending.

(ii) Notification that he or she may seek further independent review of the decision by filing an appeal with the HQ DLA Privacy Act Officer, Defense Logistics Agency (DSS-CA), 8725 John J. Kingman Road, Suite 2533, Fort Belvoir, VA 22060–6221, and including all supporting materials.

(6) DLA will process all appeals within 30 days unless a fair review cannot be made within this time limit.

(i) If the appeal is granted, DLA will promptly notify the requester and system manager of the decision. The system manager will amend the record(s) as directed and ensure that all prior known recipients of the records who are known to be retaining the record are notified of the decision and the specific nature of the amendment and that the requester is notified as to which

DoD Components and Federal agencies have been told of the amendment.

(ii) If the appeal is denied completely or in part, the individual is notified in writing by the reviewing official that:

(A) The appeal has been denied and the specific reason and authority for the denial.

(B) The individual may file a statement of disagreement with the appropriate authority and the procedures for filing this statement.

(C) If filed properly, the statement of disagreement shall be included in the records, furnished to all future recipients of the records, and provided to all prior recipients of the disputed records who are known to hold the record.

(D) The individual may seek a judicial review of the decision not to amend.

(7) The records in all systems of records controlled by the Office of Personnel Management (OPM) Government-wide system notices are technically only temporarily in the custody of DLA. All requests for amendment of these records must be processed in accordance with the Federal Personnel Manual (FPM). A DLA denial authority may deny a request. However, the appeal process for all such denials must include a review by the Assistant Director for Agency Compliance and Evaluation, Office of Personnel Management, 1900 E Street, NW., Washington, DC 20415. When an appeal is received from a DLA denial of amendment of the OPM controlled record, process the appeal in accordance with the FPM and notify the OPM appeal authority listed above. The individual may appeal any DLA decision not to amend the OPM records directly to OPM. OPM is the final review authority for any appeal from a denial to amend the OPM records.

(8) If the reviewing authority refuses to amend the record as requested, the individual may submit a concise statement of disagreement setting forth his or her reasons for disagreeing with the decision not to amend.

(i) If an individual chooses to file a statement of disagreement, annotate the record to indicate that the statement has been filed. Furnish copies of the statement of disagreement to all DoD Components and Federal agencies that have been provided copies of the disputed information and who may be maintaining the information.

(ii) When possible, incorporate the statement of disagreement into the record. If the statement cannot be made a part of the record, establish procedures to ensure that it is apparent from the records that a statement of disagreement has been filed and maintain the statement so that it can be obtained readily when the disputed information is used or disclosed. Automated record systems that are not programmed to accept statements of disagreement shall be annotated or coded so that they clearly indicate that a statement of disagreement is on file, and clearly identify the statement with the disputed information in the system. Provide a copy of the statement of disagreement whenever the disputed information is disclosed for any purpose.

(9) A summary of reasons for refusing to amend may be included with any record for which a statement of disagreement is filed. Include in this summary only the reasons furnished to the individual for not amending the record. Do not include comments on the statement of disagreement. Normally, the summary and statement of disagreement are filed together. When disclosing information for which a summary has been filed, a copy of the summary may be included in the release, if desired.

(d) *Documentation.* Establish a separate Privacy Case File to retain the documentation received and generated during the amendment or access process. There is no need to establish a Privacy Case File if the individual has not cited the Privacy Act or this part. Privacy Case Files shall not be furnished or disclosed to anyone for use in making any determination about the individual other than determinations made under this part. Only the items listed below may be included in the system of records challenged for amendment or for which access is sought. Do not retain copies of unamended records in the basis record system if the request for amendment is granted.

(1) The following items relating to an amendment request may be included in the disputed record system:

(i) Copies of the amended record.

(ii) Copies of the individual's statement of disagreement.

(iii) Copies of activity summaries.

(iv) Supporting documentation submitted by the individual.

(2) The following items relating to an access request may be included in the basic records system:

(i) Copies of the request.

(ii) Copies of the activity action granting total access. (Note: A separate Privacy Case File need not be created in such cases.)

(iii) Copies of the activity action denying access.

(iv) Copies of any appeals filed.

(v) Copies of the reply to the appeal.

(e) *Fees.* An individual may be charged only for the direct cost of copying and reproduction, computed using the appropriate portions of the fee schedule in DLAR 5400.14 (32 CFR part 1285) under the provisions of this part. Normally, fees are waived automatically if the direct costs of a given request is less than $30. This fee waiver provision does not apply when a waiver has been granted to the individual before, and later requests appear to be an extension or duplication of that original request. DLA activities may, however, set aside this automatic fee waiver provision when on the basis of good evidence it determines that the waiver of fees is not in the public interest. Decisions to waive or reduce fees that exceed the automatic waiver threshold will be made on a case-by-case basis. Fees may not be charged when:

(1) Copying is performed for the convenience of the Government or is the only means to make the record available to the individual.

(2) The record may be obtained without charge under any other part, directive, or statute.

(3) Providing documents to members of Congress for copying records furnished even when the records are requested under the Privacy Act on behalf of a constituent.

(f) *Disclosures of personal information.* (1) For the purposes of disclosure and disclosure accounting, the Department of Defense is considered a single agency. Records pertaining to an individual may be disclosed without the consent of the individual to any DoD official who has need for the record in the performance of his or her assigned duties. Do not disclose personnel information from a system of records outside the Department of Defense unless the record has been requested by the individual to whom it pertains; the written consent of the individual to whom the record pertains has been obtained for release of the record to the requesting agency, activity, or individual; or the release is for one of the specific nonconsensual purposes set forth in this part or DLAR 5400.14, (32 CFR part 1285).

(2) Except for releases made in accordance with DLAR 5400.14, (32 CFR part 1285) before disclosing any personal information to any recipient outside DoD other than a Federal agency or the individual to whom it pertains;

(i) Ensure that the records are accurate, timely, complete, and relevant for agency purposes.

(ii) Contact the individual, if reasonably available, to verify the accuracy, timeliness, completeness, and relevancy of the information, if this cannot be determined from the record.

(iii) If the information is not current and the individual is not reasonably available, advise the recipient that the information is believed accurate as of a specific date and any other known factors bearing on its accuracy and relevancy.

(3) All records must be disclosed if their release is required by the Freedom of Information Act. DLAR 5400.14, (32 CFR part 1285) requires that records be made available to the public unless exempted from disclosure by one of the nine exemptions found in the Freedom of Information Act. The standard for exempting most personal records, such as personnel records, medical records, and similar records, is found in DLAR 5400.14 (32 CFR part 1285). Under the exemption, release of personal information can only be denied when its release would be a 'clearly unwarranted invasion of personal privacy.'

(i) All disclosures of personal information regarding Federal civilian employees will be made in accordance with the Federal Personnel Manual. Some examples of personal information regarding DoD civilian employees that normally may be released without a

clearly unwarranted invasion of personal privacy include:

(A) Name.

(B) Present and past position titles.

(C) Present and past grades.

(D) Present and past salaries.

(E) Present and past duty stations.

(F) Office and duty telephone numbers.

(ii) All release of personal information regarding military members shall be made in accordance with the standards established by DLAR 5400.14, (32 CFR part 1285). While it is not possible to identify categorically information that must be released or withheld from military personnel records in every instance, the following items of personal information regarding military members normally may be disclosed without a clearly unwarranted invasion of their personal privacy:

(A) Full name.

(B) Rank.

(C) Date of rank.

(D) Gross salary.

(E) Past duty assignments.

(F) Present duty assignment.

(G) Future assignments that are officially established.

(H) Office or duty telephone numbers.

(I) Source of commission.

(J) Promotion sequence number.

(K) Awards and decorations.

(L) Attendance at professional military schools.

(M) Duty status at any given time.

(iii) All releases of personal information regarding civilian personnel not subject to the FPM shall be made in accordance with the standards established by DLAR 5400.14 (32 CFR part 1285). While it is not possible to identify categorically those items of personal information that must be released regarding civilian employees not subject to the FPM, such as nonappropriated fund employees, normally the following items may be released without a clearly unwarranted invasion of personal privacy:

(A) Full name.

(B) Grade or position.

(C) Date of grade.

(D) Gross salary.

(E) Present and past assignments.

(F) Future assignments, if officially established.

(G) Office or duty telephone numbers.

(4) A request for a home address or telephone number may be referred to the last known address of the individual for a direct reply by him or her to the requester. In such cases the requester will be notified of the referral. The release of home addresses and home telephone numbers normally is considered a clearly unwarranted invasion of personal privacy and is prohibited. However, these may be released without prior specific consent of the individual if:

(i) The individual has indicated previously that he or she has no objection to their release.

(ii) The source of the information to be released is a public document such as commercial telephone directory or other public listing.

(iii) The release is required by Federal statute (for example, pursuant to Federally-funded state programs to locate parents who have defaulted on child support payments (42 U.S.C. section 653).)

(iv) The releasing official releases the information under the provisions of DLAR 5400.14, (32 CFR part 1285).

(5) Records may be disclosed outside DoD without consent of the individual to whom they pertain for an established routine use. Routine uses may be established, discontinued, or amended without the consent of the individuals involved. However, new or changed routine uses must be published in the FEDERAL REGISTER at least 30 days before actually disclosing any records under their provisions. In addition to the routine uses established by the individual system notices, common blanket routine uses for all DLA-maintained systems of records have been established. These blanket routine uses are published in DLAH 5400.1,[1] DLA Systems of Records Handbook. Unless a system notice specifically excludes a system from a given blanket routine use, all blanket routine uses apply.

(6) Records in DLA systems of records may be disclosed without the consent of the individuals to whom

[1] Copies may be obtained from the Defense Logistics Agency, ATTN: DSS-CV, 8725 John J. Kingman Road, Suite 2533, Fort Belvoir, VA 22060–6221.

they pertain to the Bureau of the Census for purposes of planning or carrying out a census survey or related activities.

(7) Records may be disclosed for statistical research and reporting without the consent of the individuals to whom they pertain. Before such disclosures, the recipient must provide advance written assurance that the records will be used as statistical research or reporting records; the records will only be transferred in a form that is not individually identifiable; and the records will not be used, in whole or in part, to make any determination about the rights, benefits, or entitlements of specific individuals. A disclosure accounting is not required.

(8) Records may be disclosed without the consent of the individual to whom they pertain to the National Archives and Records Administration (NARA) if they have historical or other value to warrant continued preservation; or for evaluation by NARA to determine if a record has such historical or other value. Records transferred to a Federal Record Center (FRC) for safekeeping and storage do not fall within this category. These remain under the control of the transferring activity, and the FRC personnel are considered agents of the activity which retain control over the records. No disclosure accounting is required for the transfer of records to FRCs.

(9) Records may be disclosed without the consent of the individual to whom they pertain to another agency or an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity, provided the civil or criminal law enforcement activity is authorized by law; the head of the law enforcement acitivity or a designee has made a written request specifying the particular records desired and the law enforcement purpose (such as criminal investigations, enforcement of civil law, or a similar propose) for which the record is sought; and there is no Federal statute that prohibits the disclosure of the records. Normally, blanket requests for access to any and all records pertaining to an individual are not honored. When a record is released to a law enforcement activity, maintain a disclosure accounting. This disclosure accounting will not be made available to the individual to whom the record pertains if the law enforcement activity requests that the disclosure not be released.

(10) Records may be disclosed without the consent of the individual to whom they pertain if disclosure is made under compelling circumstances affecting the health or safety of any individual. The affected individual need not be the subject of the record disclosed. When such a disclosure is made, notify the individual who is the subject of the record. Notification sent to the last known address of the individual as reflected in the records is sufficient.

(11) Records may be disclosed without the consent of the individual to whom they pertain to either House of the Congress or to any committee, joint committee or subcommittee of Congress if the release pertains to a matter within the jurisdiction of the committee. Records may also be disclosed to the General Accounting Office (GAO) in the course of the activities of GAO.

(12) Records may be disclosed without the consent of the person to whom they pertain under a court order signed by a judge of a court of competent jurisdiction. Releases may also be made under the compulsory legal process of Federal or state bodies having authority to issue such process.

(i) When a record is disclosed under this provision, make reasonable efforts to notify the individual to whom the record pertains, if the legal process is a matter of public record.

(ii) If the process is not a matter of public record at the time it is issued, seek to be advised when the process is made public and make reasonable efforts to notify the individual at that time.

(iii) Notification sent to the last known address of the individual as reflected in the records is considered reasonable effort to notify. Make a disclosure accounting each time a record is disclosed under a court order or compulsory legal process.

(13) Certain personal information may be disclosed to consumer reporting agencies as defined by the Federal

Claims Collection Act. Information which may be disclosed to a consumer reporting agency includes:

(i) Name, address, taxpayer identification number (SSN), and other information necessary to establish the identity of the individual.

(ii) The amount, status, and history of the claim.

(iii) The agency or program under which the claim arose.

(g) *Disclosure accounting.* (1) Keep an accurate record of all disclosures made from any system of records except disclosures to DoD personnel for use in the performance of their official duties or under DLAR 5400.14 (32 CFR part 1285). In all other cases a disclosure accounting is required even if the individual has consented to the disclosure of the information pertaining to him or her.

(2) Use any system of disclosure accounting that will provide the necessary disclosure information. As a minimum, disclosure accounting will contain the date of the disclosure, a description of the information released, the purpose of the disclosure, the name and address of the person or agency to whom the disclosure was made. When numerous similar records are released (such as transmittal of payroll checks to a bank), identify the category of records disclosed and include the data required in some form that can be used to construct an accounting disclosure record for individual records if required. Retain disclosure accounting records for 5 years after the disclosure or the life of the record, whichever is longer.

(3) Make available to the individual to whom the record pertains all disclosure accountings except when the disclosure has been made to a law enforcement activity and the law enforcement activity has requested that disclosure not be made, or the system of records has been exempted from the requirement to furnish the disclosure accounting. If disclosure accountings are not maintained with the record and the individual requests access to the accounting, prepare a listing of all disclosures and provide this to the individual upon request.

(h) *Collecting personal information.* (1) Collect to the greatest extent practicable personal information directly from the individual to whom it pertains if the information may be used in making any determination about the rights, privileges, or benefits of the individual under any Federal program.

(2) When an individual is requested to furnish personal information about himself or herself for inclusion in a system of records, a Privacy Act Statement is required regardless of the medium used to collect the information (forms, personal interviews, stylized formats, telephonic interviews, or other methods). The statement enables the individual to make an informed decision whether to provide the information requested. If the personal information solicited is not to be incorporated into a system of records, the statement need not be given. The Privacy Act Statement shall be concise, current, and easily understood. It must include:

(i) The specific Federal statute or Executive Order that authorizes collection of the requested information.

(ii) The principal purpose or purposes for which the information is to be used.

(iii) The routine uses that will be made of the information.

(iv) Whether providing the information is voluntary or mandatory.

(v) The effects on the individual if he or she chooses not to provide the requested information.

(3) The Privacy Act Statement may appear as a public notice (sign or poster), conspicuously displayed in the area where the information is collected, such as at check-cashing facilities or identification photograph facilities. The individual normally is not required to sign the Privacy Act Statement. Provide the individual a written copy of the Privacy Act Statement upon request. This must be done regardless of the method chosen to furnish the initial advisement.

(4) Include in the Privacy Act Statement specifically whether furnishing the requested personal data is mandatory or voluntary. A requirement to furnish personal data is mandatory only when a Federal statute, Executive order, regulation, or other lawful order specifically imposes a duty on the individual to provide the information sought, and the individual is subject to a penalty if he or she fails to provide

the requested information. If providing the information is only a condition of a prerequisite to granting a benefit or privilege and the individual has the option of requesting the benefit or privilege, providing the information is always voluntary. However, the loss or denial of the privilege, benefit, or entitlement sought may be listed as a consequence of not furnishing the requested information.

(5) It is unlawful for any Federal, state, or local government agency to deny an individual any right, benefit, or privilege provided by law because the individual refuses to provide his or her social security number (SSN). However, if a Federal statute requires that the SSN be furnished or if the SSN is required to verify the identity of the individual in a system of records that was established and in use before January 1, 1975, and the SSN was required as an identifier by a statute or regulation adopted before that date, this restriction does not apply.

(i) When an individual is requested to provide his or her SSN, he or she must be told:

(A) The uses that will be made of the SSN.

(B) The statute, regulation, or rule authorizing the solicitation of the SSN.

(C) Whether providing the SSN is voluntary or mandatory.

(ii) Include in any systems notice for any system of records that contains SSNs a statement indicating the authority for maintaining the SSN and the source of the SSNs in the system. If the SSN is obtained directly from the individual indicate whether this is voluntary or mandatory.

(iii) Upon entrance into Military Service of civilian employment with DoD, individuals are asked to provide their SSNs. The SSN becomes the service or employment number for the individual and is used to establish personnel, financial, medical, and other official records. After an individual has provided his or her SSN for the purpose of establishing a record, a Privacy Act Statement is not required if the individual is only requested to furnish or verify the SSNs for identification purposes in connection with the normal use of his or her records. However, if the SSN is to be written down and retained for any purpose by the requesting official, the individual must be provided a Privacy Act Statement.

(6) DLAI 5530.1, Publications, Forms, Printing, Duplicating, Micropublishing, Office Copying, and Automated Information Management Programs,[2] provides guidance on administrative requirements for Privacy Act Statements used with DLA forms. Forms subject to the Privacy Act issued by other Federal agencies have a Privacy Act Statement attached or included. Always ensure that the statement prepared by the originating agency is adequate for the purpose for which the form will be used by the DoD activity. If the Privacy Act Statement provided is inadequate, the activity concerned will prepare a new statement of a supplement to the existing statement before using the form. Forms issued by agencies not subject to the Privacy Act (state, municipal, and other local agencies) do not contain Privacy Act Statements. Before using a form prepared by such agencies to collect personal data subject to this part, an appropriate Privacy Act Statement must be added.

(i) *Systems of records.* (1) To be subject to this part, a ''system of records'' must consist of records retrieved by the name of an individual or some other personal identifier and be under the control of a DLA activity. Records in a group of records that *may be* retrieved by a name or personal identifier are not covered by this part. The records *must be,* in fact, retrieved by name or other personal identifier to become a system of records for the purpose of this part.

(2) Retain in a system of records only that personal information which is relevant and necessary to accomplish a purpose required by a Federal statute or an Executive Order. The existence of a statute or Executive order mandating that maintenance of a system of records does not abrogate the responsibility to ensure that the information in the system of records is relevant and necessary.

[2] Copies may be obtained from the Defense Logistics Agency, ATTN: DSS-CV, 8725 John J. Kingman Road, Suite 2533, Fort Belvoir, VA 22060–6221.

(3) Do not maintain any records describing how an individual exercises his or her rights guaranteed by the First Amendment of the U.S. Constitution unless expressly authorized by Federal statute or the individual. First Amendment rights include, but are not limited to, freedom of religion, freedom of political beliefs, freedom of speech, freedom of the press, the right to assemble, and the right to petition.

(4) Maintain all personal information used to make any determination about an individual with such accuracy, relevance, timeliness, and completeness as is reasonably necessary to ensure fairness to the individual in making any such determination. Before disseminating any personal information from a system of records to any person outside DoD, other than a Federal agency, make reasonable efforts to ensure that the information to be disclosed is accurate, relevant, timely, and complete for the purpose it is being maintained.

(5) Establish appropriate administrative, technical and physical safeguards to ensure that the records in every system of records are protected from unauthorized alteration or disclosure and that their confidentiality is protected. Protect the records against reasonably anticipated threats or hazards. Tailor safeguards specifically to the vulnerabilities of the system and the type of records in the system, the sensitivity of the personal information stored, the storage medium used and, to a degree, the number of records maintained.

(i) Treat all unclassified records that contain personal information that normally would be withheld from the public as if they were designated ''For Official Use Only'' and safeguard them in accordance with the standards established by DLAR 5400.14 (32 CFR part 1285) even if they are not marked ''For Official Use Only.''

(ii) Special administrative, physical, and technical procedures are required to protect data that are stored or being processed temporarily in an automated data processing (ADP) system or in a word processing activity to protect it against threats unique to those environments (see DLAR 5200.17, Security Requirements for Automated Information and Telecommunications Systems,[3] and appendix D to this part).

(6) Dispose of records containing personal data so as to prevent inadvertent compromise. Disposal methods such as tearing, burning, melting, chemical decomposition, pulping, pulverizing, shredding, or mutilation are considered adequate if the personal data is rendered unrecognizable or beyond reconstruction.

(i) The transfer of large quantities of records containing personal data (for example, computer cards and printouts) in bulk to a disposal activity, such as the Defense Property Disposal Office, is not a release of personal information under this part. The sheer volume of such transfers makes it difficult or impossible to identify readily specific individual records.

(ii) When disposing of or destroying large quantities of records containing personal information, care must be exercised to ensure that the bulk of the records is maintained so as prevent specific records from being readily identified. If bulk is maintained, no special procedures are required.

(7) When DLA contracts for the operation or maintenance of a system of records or a portion of a system of records by a contractor, the record system or the portion of the record system affected are considered to be maintained by DLA and are subject to this part. The activity concerned is responsible for applying the requirements of this part to the contractor. The contractor and its employees are to be considered employees of DLA for purposes of the sanction provisions of the Privacy Act during the performance of the contract. See the Federal Acquisition Regulation (FAR), section 24.000 (48 CFR chapter 1).

(j) *System Notices.* (1) A notice of the existence of each system of records must be published in the FEDERAL REGISTER. While system notices are not subject to formal rulemaking procedures, advance public notice must be given before an activity may begin to collect personal information or use a

[3] Copies may be obtained from the Defense Logistics Agency, ATTN: DSS-CV, 8725 John J. Kingman Road, Suite 2533, Fort Belvoir, VA 22060–6221.

new system of records. The notice procedures require that:

(i) The system notice describes the contents of the record system and the routine uses for which the information in the system may be released.

(ii) The public be given 30 days to comment on any proposed routine uses before implementation.

(iii) The notice contains the date on which the system will become effective.

(2) Appendix A of this part discusses the specific elements required in a system notice. DLAH 5400.1[4] contains systems notices published by DLA.

(3) In addition to system notices, reports are required for new and altered systems of records. The criteria of these reports are outlined in appendixes B and C of this part. No report is required for amendments to existing systems which do not meet the criteria for altered record systems.

(4) System managers shall evaluate the information to be included in each new system before establishing the system and evaluate periodically the information contained in each existing system of records for relevancy and necessity. Such a review will also occur when a system notice amendment or alteration is prepared. Consider the following:

(i) The relationship of each item of information retained and collected to the purpose for which the system is maintained.

(ii) The specific impact on the purpose or mission of not collecting each category of information contained in the system.

(iii) The possibility of meeting the informational requirements through use of information not individually identifiable or through other techniques, such as sampling.

(iv) The length of time each item of personal information must be retained.

(v) The cost of maintaining the information.

(vi) The necessity and relevancy of the information to the purpose for which it was collected.

(5) Systems notices and reports of new and altered systems will be submitted to DLA Support Services (DSS-CA) as required.

(k) *Exemptions.* The Director, DLA will designate the DLA records which are to be exempted from certain provisions of the Privacy Act. DLA Support Services (DSS-CA) will publish in the FEDERAL REGISTER information specifying the name of each designated system, the specific provisions of the Privacy Act from which each system is to be exempted, the reasons for each exemption, and the reason for each exemption of the record system.

(1) *General Exemptions.* To qualify for a general exemption, as defined in the Privacy Act, the system of records must be maintained by a system manager who performs as his/her principal function any activity pertaining to the enforcement of criminal laws, including police efforts to prevent, control, or reduce crime or to apprehend criminals, and the activities or prosecutors, courts, correctional, probation, pardon, or parole authorities. Such system of records must consist of:

(i) Information compiled for the purpose of identifying individual criminal offenders and alleged offenders and containing only identifying data and notations or arrests, the nature and disposition of criminal charges, sentencing, confinement, release, and parole, and probation status.

(ii) Information compiled for the purpose of a criminal investigation, including reports of informants and investigators, and associated with an identifiable individual.

(iii) Reports identifiable to an individual compiled at any stage of the process of enforcement of the criminal laws from arrest or indictment through release from supervision.

(2) *Specific exemption.* To qualify for a specfic exemption, as defined by the Privacy Act, the systems of records must be:

(i) Specifically authorized under criteria established by an Executive Order to be kept classified in the interest of national defense or foreign policy and are in fact properly classified pursuant to such Executive Order.

(ii) Investigatory material compiled for law enforcement purposes other

[4] Copies may be obtained from the Defense Logistics Agency, ATTN: DSS-CV, 8725 John J. Kingman Road, Suite 2533, Fort Belvoir, VA 22060–6221.

than material covered under a general exemption. However, an individual will not be denied access to information which has been used to deny him/her a right or privilege unless disclosure would reveal a source who furnished information to the Government under a promise that the identity of the source would be held in confidence. For investigations made after September 27, 1975, the identity of the source may be treated as confidential only if based on the expressed guarantee that the identity would not be revealed.

(iii) Maintained in connection with providing protective services to the President of the United States or other individuals protected pursuant to 18 U.S.C. 3056.

(iv) Used only to generate aggregate statistical data or for other similarly evaluative or analytic purposes, and which are not used to make decisions on the rights, benefits, or entitlements of individuals except for the disclosure of a census record permitted by 13 U.S.C. 8.

(v) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, Military Service, Federal contracts, or access to classified information, but only to the extent that the disclosure of such material would reveal the identity of a source who furnished information to the Government under an express promise that the source would be held in confidence, or prior to September 27 1975, under an implied promise that the identity of the source would be held in confidence.

(vi) Testing or examination material used solely to determine individual qualifications for appointment or promotion in the Federal service, the disclosure of which would compromise the objectivity or fairness of the testing or elimination process.

(vii) Evaluation material used to determine potential for promotion in the Military Services, but only the extent that the disclosure of such material would reveal the identity of a source who furnished information to the Government under an express promise that the identity of the source would be held in confidence or prior to September 27, 1975, under an implied promise that the identity of the source would be held in confidence. System managers will specify those categories of individuals for whom pledges of confidentiality may be made when obtaining information on an individual's suitability for promotion.

(viii) Exemption rules for DLA systems of records are published in appendix H of this part.

(l) *Matching Program Procedures.* The OMB has issued special guidelines to be followed in programs that match the personal records in the computerized data bases of two or more Federal agencies by computer (see appendix E). These guidelines are intended to strike a balance between the interest of the Government in maintaining the integrity of Federal programs and the need to protect individual privacy expectations. They do not authorize matching programs as such and each matching program must be justified individually in accordance with the OMB guidelines.

(1) Forward all requests for matching programs to include necessary routine use amendments and analysis and proposed matching program reports to DLA Support Services. Changes to existing matching programs shall be processed in the same manner as a new matching program report.

(2) No time limits are set by the OMB guidelines. However, in order to establish a new routine use for a matching program, the amended system notice must have been published in the FEDERAL REGISTER at least 30 days before implementation. Submit the documentation required above to DLA Support Services (DSS-CA) at least 60 days before the proposed initiation date of the matching program. Waivers to the 60 days' deadline may be granted for good cause shown. Requests for waivers will be in writing a fully justified.

(3) For the purpose of the OMB guidelines, DoD and all DoD Components are considered a single agency. Before initiating a matching program using only the records of two or more DoD activities, notify DLA Support Services (DSS-CA) that the match is to occur. Further information may be requested from the activity proposing the match.

(4) System managers shall review annually each system of records to determine if records from the system are

being used in matching programs and whether the OMB Guidelines have been complied with.

[DLAR 5400.21, 51 FR 33595, Sept. 22, 1986, unless otherwise noted. Redesignated at 56 FR 57803, Nov. 14, 1991, as amended at 66 FR 41781, Aug. 9, 2001.

§ 323.6 Forms and reports.

DLA activities may be required to provide data under reporting requirements established by the Defense Privacy Office and DLA Support Services (DSS-CA). Any report established shall be assigned Report Control Symbol DD-DA&M(A)1379.

[66 FR 41782, Aug. 9, 2001]

APPENDIX A TO PART 323—INSTRUCTIONS FOR PREPARATION OF SYSTEM NOTICES

A. *System identification.* See DLAH 5400.1.[1]

B. *System name.* The name of the system reasonably identifies the general purpose of the system and, if possible, the general categories of individuals involved. Use acronyms only parenthetically following the title or any portion thereof, such as, ''Joint Uniform Military Pay System (JUMPS).'' Do not use acronyms that are not commonly known unless they are preceded by an explanation. The system name may not exceed 55 character positions including punctuation and spacing.

C. *System location* 1. For systems maintained in a single location provided the exact office name, organizational identity, and address or routing symbol. For geographically or organizationally decentralized systems, specify each level of organization or element that maintains a segment of the system. For automated data systems with a central computer facility and input/output terminals at several geographically separated location, list each location by category.

2. When multiple locations are identified by type of organization, the system location may indicate that official mailing addresses are contained in an address directory published as an appendix to DLAH 5400.1.

3. If no address directory is used or the addresses in the directory are incomplete, the address of each location where a segment of the record system is maintained must appear under the ''System Location'' caption. Classified addresses are not listed, but the fact that they are classified is indicated. Use the standard U.S. Postal Service two letter state abbreviation symbols and zip codes for all domestic addresses.

D. *Categories of individuals covered by the system.* Set forth the specific categories of individuals to whom records in the system pertain in clear, easily understood, nontechnical terms. Avoid the use of broad over-general descriptions, such as ''all DLA personnel'' or ''all civilian personnel'' unless this actually reflects the category of individuals involved.

E. *Categories of records in the system.* Describe in clear, nontechnical terms the types of records maintained in the system. Only documents actually retained in the system of records will be described, not source documents that are used only to collect data and the destroyed.

F. *Authority for maintenance of the system.* 1. Cite the specific provisions of the Federal statute or Executive Order that authorizes the maintenance of the system. Include with citations for statutes the popular names, when appropriate (for example, title 51, United States Code, section 2103, ''Tea-Tasters Licensing Act''), and for Executive Orders, the official title (for example, Executive Order 9397, ''Numbering System for Federal Accounts Relative to Individual Persons'').

2. For administrative housekeeping records, cite the directive establishing DLA as well as the Secretary of Defense authority to issue the directive. For example, 'Pursuant to the authority contained in the National Security Act of 1947, as amended (10 U.S.C. 133d), the Secretary of Defense has issued DoD Directive 5105.22 (32 CFR part 398), Defense Logistics Agency (DLA), the charter of the Defense Logistics Agency (DLA) as a separate agency of the Department of Defense under this control. Therein, the Director, DLA, is charged with the responsibility of maintaining all necessary and appropriate records.'

G. *Purpose or purposes.* List the specific purposes for maintaining the system of records by the activity. Include the use made of the information within DLA and the Department of Defense (so-called ''internal routine uses'').

H. *Routine uses.* 1. The blanket routine uses that appear in DLAH 5400.1[3] apply to all systems notices unless the individual system notice specifically states that one or more of them do not apply to the system. For all other routine uses, when practical, list the specific activity to which the record may be released, to include any routine automated

[1] Copies may be obtained from the Defense Logistics Agency, ATTN: DSS-CV, 8725 John J. Kingman Road, Suite 2533, Fort Belvoir, VA 22060–6221.

[2] [Reserved]

[3] Copies may be obtained from the Defense Logistics Agency, ATTN: DSS-CV, 8725 John J. Kingman Road, Suite 2533, Fort Belvoir, VA 22060–6221.

system interface (for example, ''to the Department of Justice, Civil Rights Compliance Division,'' ''to the Veterans Administration, Office of Disability Benefits,'' or ''to state and local health agencies'').

2. For each routine use identified, include a statement as to the purpose or purposes for which the record is to be released to the activity. Do not use general statements, such as, ''to other Federal agencies as required'' and ''to any other appropriate Federal agency.''

I. *Policies and practices for storing, retiring, accessing, retaining, and disposing of records.* This caption is subdivided into four parts:

1. *Storage.* Indicate the medium in which the records are maintained. (For example, a system may be ''automated, maintained on magnetic tapes or disks,'' ''manual, maintained in paper files,'' or ''hybrid, maintained in a combination of paper and automated form.'') Storage does not refer to the container or facility in which the records are kept.

2. *Retrievability.* Specify how the records are retrieved (for example, name and SSN, name, SSN) and indicate whether a manual or computerized index is required to retrieve individual records.

3. *Safeguards.* List the categories of DLA personnel having immediate access and these responsible for safeguards (such as storage in safes, vaults, locked cabinets or rooms, use of guards, visitors registers, personnel screening, or computer ''fail-safe'' systems software). Do not describe safeguards in such detail as to compromise system security.

4. Retention and disposal. Indicate how long the record is retained. When appropriate, state the length of time the records are maintained by the activity, when they are transferred to a Federal Records Center, length of retention at the Records Center and when they are transferred to the National Archives or are destroyed. A reference to DLAI 5015.1,[4] DLA Records Management Procedures and Records Schedules, or other issuances without further detailed information is insufficient.

J. *System manager or managers and address.* 1. List the title and address of the official responsible for the management of the system. If the title of the specific official is unknown, such as for a local system, specify the local commander or office head as the systems manager.

2. For geographically separated or ogranizationally decentralized activities for which individuals may deal directly with officials at each location in exercising their rights, list the position or duty title of each category of officials responsible for the system or a segment thereof.

3. Do not include business or duty addresses if they are listed in DLAH 5400.1.

K. *Notification procedures.* 1. If the record system has been exempted from subsection (e)(4)(G) the Privacy Act, so indicate.

2. For all nonexempt systems, describe how an individual may determine if there are records pertaining to him or her in the system. The procedural rules may be cited, but include a brief procedural description of the needed data. Provide sufficient information in the notice to allow an individual to exercise his or her rights without referrals to this part.

3. As a minimum, the caption will include:

a. The official title (normally the system manager) and official address to which request is to be directed.

b. The specific information required to determine if there is a record of the individual in the system.

c. Identification of the offices through which the individual may obtain access.

d. A description of any proof of identity required.

4. When appropriate, the individual may be referred to an activity official who shall provide this data to him or her.

L. *Record access procedures.* 1. If the record system has been exempted from subsection (e)(4)(H) of the Privacy Act, so indicate.

2. For all nonexempt record systems, describe the procedures under which individuals may obtain access to the record pertaining to them in the system. When appropriate, the individual may be referred to the system manager or activity official to obtain access procedures. Do not repeat the addresses listed in DLAH 5400.1, but refer the individual to that directory.

M. *Contesting record procedures.* 1. If the record system has been exempted from subsection (e)(4)(H) of the Privacy Act, so indicate.

2. For all nonexempt systems of records, state briefly how an individual may contest the content of a record pertaining to him or her in the system. The detailed procedures for contesting record accuracy, refusal of access or amendment, or initial review and appeal need not be included if they are readily available elsewhere and can be referred to by the public. (For example, ''The Defense Logistics Agency rules for contesting contents and for appealing initial determinations are contained in 32 CFR part.'') (DLAR 5400.21).

3. The individual may also be referred to the system manager to determine these procedures.

N. *Record source categories.* 1. If the record system has been exempted from subsection (e)(4)(I) of the Privacy Act, so indicate.

2. For all nonexempt systems of records, list the sources of the information in the system. Specific individuals or institutions

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need not be identified by name, particularly if these sources have been granted confidentiality.

O. *System exempted from certain provisions of the Privacy Act.* 1. If no exemption has been claimed for the system, indicate ''None.''

2. If there is an exemption claimed, indicate specifically under which subsection of the Privacy Act is is claimed. Cite the regulation and CFR section containing the exemption rule for the system. (For example, ''Parts of this record system may be exempt under title 5, United States Code, sections 552a(k)2. and (5), as applicable. See exemption rules contained in 32 CFR part 323.'') (DLAR 5400.21).

[DLAR 5400.21, 51 FR 33595, Sept. 22, 1986. Redesignated and amended at 56 FR 57803, Nov. 14, 1991; 66 FR 41781, Aug. 9, 2001]

APPENDIX B TO PART 323—CRITERIA FOR NEW AND ALTERED RECORD SYSTEMS

A. *Criteria for a new record system.* A new system of records is one for which there has been no system notice published in the FEDERAL REGISTER. If a notice for a system, of records has been canceled or deleted, before reinstating or reusing the system, a new system notice must be published in the FEDERAL REGISTER.

B. *Criteria for an altered record system.* A system is considered altered whenever one of the following actions occurs or is proposed:

1. A significant increase or change in the number or type of indiviudals about whom records are maintained.

a. Only changes that alter significantly the character and purpose of the records system are considered alterations.

b. Increases in numbers of individuals due to normal growth are not considered alterations unless they truly alter the character and purpose of the system.

c. Increases that change significantly the scope of population covered (for example, expansion of a system of records covering a single PLFA's enlisted personnel to include all of DLA enlisted personnel would be considered an alteration).

d. A reduction in the number of individual covered is not an alteration, but only an amendment.

e. All changes that add new categories of individuals to system coverage require a change to the ''Categories of individuals covered by the system'' caption of the notice and may require changes to the ''Purpose(s)'' caption.

2. An expansion in the types or categories of information maintained.

a. The addition of any new category of records not described under the ''Categories of Records in System'' caption is considered an alteration.

b. Adding a new data element which is clearly within the scope of the categories of records described in the existing notice is an amendment.

c. All changes under this criterion require a change to the ''Categories of Records in System'' caption of the notice.

3. An alteration in the manner in which the records are organized or the manner in which the records are indexed and retrieved.

a. The change must alter the nature of use or scope of the records involved (for example, combining records systems in a reorganization).

b. Any change under this critera requires a change in the ''Retrievability'' caption of the system notice.

c. If the records are no longer retrieved by name or personal identifier, cancel the system notice.

4. A change in the purpose for which the information in the system is used.

a. The new purpose must not be compatible with the existing purposes for which the system is maintained or a use that would not reasonably be expected to be an alteration.

b. If the use is compatible and reasonably expected, there is no change in purpose and no alteration occurs.

c. Any change under this criterion requires a change in the ''Purpose(s)'' caption and may require a change in the ''Authority for maintenance of the system'' caption.

5. Changes that alter the computer environment (such as changes to equipment configuration, software, or procedures) so as to create the potential for greater or easier access.

a. Increasing the number of offices with direct access is an alteration.

b. Software releases, such as operating systems and system utilities that provide for easier access are considered alterations.

c. The addition of an on-line capability to a previously batch-oriented system is an alteration.

d. The addition of peripheral devices such as tape devices, disk devices, card readers, printers, and similar devices to an existing ADP system constitute an amendment if system security is preserved.

e. Changes to existing equipment configuration with on-line capability need not be considered alterations to the system if:

(1) The change does not alter the present security posture.

(2) The addition of terminals does not extend the capacity of the current operating system and existing security is preserved.

f. The connecting of two or more formerly independent automated systems or networks together creating a potential for greater access is an alteration.

g. Any change under this caption requires a change to the ''Storage'' caption element of the systems notice.

C. Reports of new and altered systems. Submit a report of a new or altered system to DLA Support Services (DSS-CA) before collecting information and for using a new system or altering an existing system.

D. *Time restrictions on the operation of a new or altered system.* 1. All time periods begin from the date OSD signs the transmittal letters on the reports to OMB and Congress. The specific time limits are:

a. Sixty days must elapse before collection forms or fomal instructions pertaining to the system may be issued.

b. Sixty days must elapse before the system may become operational.

c. Sixty days must elapse before any public issuance of a Request for Proposal or Invitation to Bid for a new ADP or telecommunication system.

NOTE: Requests for delegation of procurement authority may be submitted to the General Services Administration during the 60 days' waiting period, but these will include language that the Privacy Act reporting criteria have been reviewed and that a system report is required for such procurement.

d. Normally 30 days must elapse before publication in the FEDERAL REGISTER of the notice of a new or altered system and the preamble to the FEDERAL REGISTER notice must reflect the date the transmittal letters to OMB and Congress were signed by OSD.

2. Do not operate a system of records until the waiting periods have expired.

E. *Outside review of new and altered systems reports.* If no objections are received within 30 days of a submission to the President of the Senate, Speaker of the House of Representatives, and the Director, OMB, of a new or altered system report, it is presumed that the new or altered systems have been approved as submitted.

F. *Waiver of time restrictions.* 1. The OMB may authorize a Federal agency to begin operation of a system of records before the expiration of time limits described above. When seeking such a waiver, include in the letter of transmittal to DLA Support Services (CA) an explanation why a delay of 60 days in establishing the system of records would not be in the public interest. The transmittal must include:

a. How the public interest will be affected adversely if the established time limits are followed.

b. Why earlier notice was not provided.

2. Under no circumstances will the routine uses for a new or altered system be implemented before 30 days have elapsed after publication of the system notice containing the routine uses in the FEDERAL REGISTER. This period cannot be waived.

[DLAR 5400.21, 51 FR 33595, Sept. 22, 1986. Redesignated and amended at 56 FR 57803, Nov. 14, 1991; 66 FR 41782, Aug. 9, 2001]

APPENDIX C TO PART 323—INSTRUCTIONS FOR PREPARATION OF REPORTS TO NEW OR ALTERED SYSTEMS

The report on a new or altered system will consist of a transmittal letter, a narrative statement, and include supporting documentation.

A. *Transmittal Letter.* The transmittal letter shall include any request for waivers. The narrative statement will be attached.

B. *Narrative Statement.* The narrative statement is typed in double space on standard bond paper. The statement includes:

1. *System identification and name.* This caption sets forth the identification and name of the system.

2. *Responsible official.* The name, title, address, and telephone number of the official responsible for the report and to whom inquiries and comments about the report may be directed by Congress, the Office of Management and Budget, or Defense Privacy Office.

3. *Purpose of the system or nature of the change proposed.* Describe the purpose of the new system. For an altered system, describe the nature of the change being proposed.

4. *Authority for the system.* See enclosure 1 of this part.

5. *Number of individuals.* The approximate number of individuals about whom records are to be maintained.

6. *Information on First Amendment activities.* Describe any information to be kept on the exercise of the individual's First Amendment rights and the basis for maintaining it.

7. *Measures to ensure information accuracy.* If the system is to be used to make determinations about the rights, benefits, or entitlements of individuals, describe the measures being established to ensure the accuracy, currency, relevance, and completeness of the information used for these purposes.

8. *Other measures to ensure system security.* Describe the steps taken to minimize the risk of unauthorized access to the system. A more detailed assessment of security risks and specific administrative, technical, and physical safeguards will be available for review upon request.

9. *Relationship to state and local government activities.* Describe the relationship of the system to state or local government activities that are the sources, recipients, or users of the information in the system.

C. *Supporting Documentation.* Item 10 of the narrative is captioned *Supporting Documents.* A positive statement for this caption is essential for those enclosures that are not required to be enclosed. For example, ''No changes to the existing DLA procedural or exemption rules (32 CFR part 323) are required for this proposed system.'' List in numerical sequence only those enclosures that are actually furnished. The following are typical enclosures that may be required:

1. For a new system, an advance copy of the system notice which is proposed for publication; for an altered system an advance copy of the notice reflecting the specific changes proposed.

2. An advance copy of any proposed exemption rule if the new or altered system is to be exempted. If there is no exemption, so state in the narrative.

3. Any other supporting documentation that may be pertinent or helpful in understanding the need for the system or clarifying its intended use. While not required, such documentation, when available, is helpful in evaluating the new or altered system.

[DLAR 5400.21, 51 FR 33595, Sept. 22, 1986. Redesignated and amended at 56 FR 57803, Nov. 14, 1991]

APPENDIX D TO PART 323—WORD PROCESSING CENTER (WPC) SAFEGUARDS

A. *Minimum Standards of Protection*. All personal data processed using word processing equipment will be afforded the standards of protection required by this regulation. The special considerations discussed in this enclosure are primarily for Word Processing Centers (WPCs) operating independent of the customer's function. However, managers of word processing systems are encouraged to consider and adopt, when appropriate, the special considerations described. WPCs that are not independent of a customer's function are not required to prepare formal written risk assessments.

B. *WPC Information Flow*. In analyzing procedures required to safeguard adequately personal information in a WPC, the basic elements of WPC information flow and control must be considered. These are: Information receipt, information processing, information return, information storage and filing. WPCs do not control information acquisition or its ultimate use by the customers and, therefore, these are not addressed.

C. *Safeguarding Information During Receipt*. 1. The word processing manager will establish procedures:

a. That require each customer who requests that information subject to this DLAR be processed to identify specifically that information to the WPC personnel. This may be done by:

(1) Providing a check-off type entry on the WPC work requests.

(2) Requiring that the WPC work requests be stamped with a special legend, or that a special notation be made on the work requests.

(3) Predesignating specifically a class of documents as coming within the provisions of this DLAR (such as, all officer effectiveness reports, all recall rosters, and all medical protocols).

(4) Using a special cover sheet both to alert the WPC personnel as to the type information, and to protect the document during transmittal.

(5) Requiring an oral warning on all dictation.

(6) Any other procedures that ensure the WPC personnel are alerted to the fact that personal data subject to this DLAR is to be processed.

b. To ensure that the operators or other WPC personnel who receive data for processing not identified as being under the provisions of this DLAR, but that appear to be personal, promptly call the information to the attention of the WPC supervisor or the customer.

c. To ensure that any request for the processing of personal data which the customer has not identified as being in a system of record, and that appears to meet the criteria set forth in this regulation, is called to the attention of the appropriate supervisory personnel and system manager.

2. The WPC supervisor will ensure that personal information is not inadvertently compromised within the WPC.

D. *Safeguarding Information During Processing*. 1. Each WPC supervisor will establish internal safeguards that will protect personal data from compromise while it is being processed.

2. Physical safeguards may include:

a. Controls on individual access to the center.

b. Machine configurations that reduce external access to the information being processed, or arrangements that alert the operator to the presence of others.

c. Using certain specific machines to process personnal data.

d. Any other physical safeguards, to include special technical arrangements that will protect the data during processing.

3. Other safeguards may include:

a. Using only certain selected operators to process personal data.

b. Processing personal data only at certain times during the day without the WPC manager's specific authorization.

c. Using only certain tapes or diskettes to process and store personal data.

d. Using continuous tapes for dictation of personal data.

e. Requiring all WPC copies of documents to be marked specifically so as to prevent inadvertent compromise.

f. Returing extra copies and mistakes to the customer with the product.

g. Disposing of waste containing personal data in a special manner.

h. Any other local procedures that provide adequate protection to the data being processed.

E. *Safeguarding Information During Return*. The WPC shall protect the data until it is returned to the customer or is placed into a

formal distribution channel. In conjunction with the appropriate administrative support personnel and the WPC customers, the WPC manager will establish procedures that protect the information from the time word processing is completed until it is returned to the customer. Safeguarding procedures may include:

1. Releasing products only to specifically identified individuals.

2. Using sealed envelopes to transmit products to the customer.

3. Using special cover sheets to protect products similar to the one discussed in above.

4. Hand-carrying products to the customers.

5. Using special messengers to return the products.

6. Any other procedures that adequately protect products from compromise while they are awaiting return or being returned to the customer.

F. *Safeguards During Storage.* The WPC manager shall ensure that all personal data retained in the center for any purpose (including samples) are protected properly. Safeguarding procedures may include:

1. Marking will hard copies retained with special legends or designators.

2. Storing media containing personal data in separate files or areas.

3. Marking the storage containers for media containing personal data with special legends or notations.

4. Restricting the reuse of media used to process personal data or erasing the media before reuse.

5. Establishing special criteria for the WPC retention of media used to store and process personal data.

6. Returning the media to the customer for retention with the file copies of the finished products.

7. Discouraging, when practical, the long-term storage of personnal data in any form within the WPC.

8. Any other filing or storage procedures that safeguard adequately any personal information retained or filed within the WPC.

G. *Risk Assessment for WPCs.* 1. Each WPC manager will ensure that a formal, written risk assessment is prepared for each WPC that processes personal information subject to this regulation. The assessment will address the areas discussed in this enclosure, as well as any special risks that the WPC location, configuration, or organization may present to the compromise or alteration of personal data being processed or stored.

2. A risk assessment will be conducted at least every 5 years or whenever there is a change of equipment, equipment configuration, WPC location, WPC configuration or modification of the WPC facilities that either increases or decreases the likelihood or compromise of personal data.

3. Copies of the risk assessment will be retained by the WPC manager and made available to appropriate inspectors, as well as to personnel studying equipment for facility upgrading of personal data.

H. *Special Considerations in WPC Design and Modification.* Procedures will be established to ensure that all personnel involved in the design of WPCs or the acquisition of word processing equipment are aware of the special considerations required when processing personal data subject to this DLAR.

APPENDIX E TO PART 323—OMB GUIDELINES FOR MATCHING PROGRAMS

A. *Purpose.* These guidelines supplement and will be used in conjunction with OMB Guidelines on the Administration of the Privacy Act of 1974, issued on July 1, 1975, and supplemented on November 21, 1975. They replace earlier guidance on conducting computerized matching programs issued on March 30, 1979. They are intended to help agencies relate the procedural requirements of the Privacy Act to the operational requirements of computerized matching. They are designed to address the concern expressed by the Congress in the Privacy Act of 1974 that ''the increasing use of computers and sophisticated information technology, while essential to the efficient operation of the Government, has greatly magnified the harm to individual privacy that can occur from any collection, maintenance, use, or dissemination of personal information.'' These guidelines do not authorize activities that are not permitted by law, nor do they prohibit activities expressly required to be performed by law. Complying with these guidelines, however, does not relieve a Federal agency of the obligation to comply with the provisions of the Privacy Act, including any provisions not cited in these guidelines.

B. *Scope.* These guidelines apply to all agencies subject to the Privacy Act of 1974 (5 U.S.C. 552a) and to all matching programs:

1. Performed by a Federal agency, whether the personal records used in the match are Federal or nonfederal.

2. For which a Federal agency discloses any personal records for use in a matching program performed by any other Federal agency or any nonfederal organization.

C. *Effective Date.* These guidelines were effective on May 11, 1982.

D. *Definitions.* For the purpose of the Guidelines, all the terms defined in the Privacy Act of 1974 apply.

1. *Personal Record.* Any information pertaining to an individual that is stored in an automated system of records; for example, a data base which contains information about individuals that is retrieved by name or some other personal identifier.

2. *Matching Program.* A procedure in which a computer is used to compare two or more

automated systems of records or a system of records with a set of nonfederal records to find individuals who are common to more than one system or set. The procedure includes all of the steps associated with the match, including obtaining the records to be matched, actual use of the computer, administrative and investigative action on the hits, and disposition of the personal records maintained in connection with the match. It should be noted that a single matching program may involve several matches among a number of participants. Watching programs do not include the following:

a. Matches which compare a substantial number of records, such as, comparison of the Department of Education's defaulted student loan data base with the Office of Personnel Management's Federal employee data base would be covered; comparison of six individual student loan defaultees with the OPM file would not be covered.

b. Checks on specific individuals to verify data in an application for benefits done reasonably soon after the application is received.

c. Checks on specific individuals based on information which raises questions about an individual's eligibility for benefits or payments done reasonably soon after the information is received.

d. Matches done to produce aggregate statistical data without any personal identifiers.

e. Matches done to support any research or statistical project when the specfic data are not to be used to make decisions about the rights, benefits, or privileges of specific individuals.

f. Matches done by an agency using its own records.

3. *Matching Agency*. The Federal agency which actually performs the match.

4. *Source Agency*. The Federal agency which discloses records from a system of records to be used in the match. Note that in some circumstances a source agency may be the instigator and ultimate beneficiary of the matching program, as when an agency lacking computer resources uses another agency to perform the match. The disclosure of records to the matching agency and any later disclosure of ''hits'' (by either the matching or the source agencies) must be done in accordance with the provisions of paragraph (b) of the Privacy Act.

5. *Hit*. The identification, through a matching program, of a specific individual.

E. *Guidelines for Agencies Participating in Matching Programs*. Agencies should acquire and disclose matching records and conduct matching programs in accordance with the provisions of this section and the Privacy Act.

1. *Disclosing Personal Records for Matching Programs—*

a. *To another Federal agency*. Source agencies are responsible for determining whether or not to disclose personal records from their systems and for making sure they meet the necessary Privacy Act disclosure provisions when they do. Among the factors source agencies should consider are:

(1) Legal authority for the match.

(2) Purpose and description of the match.

(3) Description of the records to be matched.

(4) Whether the record subjects have consented to the match; or whether disclosure of records for the match would be compatible with the purpose for which the records were originally collected; that is, whether disclosure under a ''routine use'' would be appropriate; whether the soliciting agency is seeking the records for a legitimate law enforcement activity—whichever is appropriate; or any other provision of the Privacy Act under which disclosure may be made.

(5) Description of additional information which may be subsequently disclosed in relation to ''hits.''

(6) Subsequent actions expected of the source (for example, verification of the identity of the ''hits'' or followup with individuals who are ''hits'').

(7) Safeguards to be afforded the records involved, including disposition.

b. If the agency is satisfied that disclosure of the records would not violate its responsibilities under the Privacy Act, it may proceed to make the disclosure to the matching agency. It should ensure that only the minimum information necessary to conduct the match is provided. If disclosure is to be made pursuant to a ''routine use'' (Section b.3. of the Privacy Act), it should ensure that the system of records contains such a use, or it should publish a routine use notice in the FEDERAL REGISTER. The agency should also be sure to maintain an accounting of the disclosure pursuant to Section (c) of the Privacy Act.

c. *To a nonfederal entity*. Before disclosing records to a nonfederal entity for a matching program to be carried out by that entity, a source agency should, in addition to all of the consideration in subparagraph a, above, also make reasonable efforts, pursuant to Section (e)(6) of the Privacy Act, to ''assure that such records are accurate, complete, timely, and relevant for agency purposes.''

2. *Written Agreements*. Before disclosing to either a Federal or non-Federal entity, the source agency should require the matching entity to agree in writing to certain conditions governing the use of the matching file; for example, that the matching file will remain the property of the source agency and be returned at the end of the matching program (or destroyed as appropriate); that the file will be used and accessed only to match the file or files previously agreed to; that it

will not be used to extract information concerning ''non-hit'' individuals for any purpose, and that it will not be duplicated or disseminated within or outside the matching agency unless authorized in writing by the source agency.

3. *Performing Matching Programs*—

a. Matching agencies should maintain reasonable administrative, technical, and physical security safeguards on all files involved in the matching program.

b. Matching agencies should ensure that they have appropriate systems of records including those containing ''hits,'' and that such systems and any routine uses have been appropriately notices in the FEDERAL REGISTER and reported to OMB and the Congress.

4. *Disposition of Records*—

a. Matching agencies will return or destroy source matching files (by mutual agreement) immediately after the match.

b. Records relating to this will be kept only so long as an investigation, either criminal or administrative, is active, and will be disposed of in accordance with the requirements of the Privacy Act and the Federal Records Act.

5. *Publication Requirements*—

a. Agencies, before disclosing records outside the agency, will publish appropriate ''routine use'' notices in the FEDERAL REGISTER, if necessary.

b. If the matching program will result in the creation of a new or the substantial alteration of an existing system of records, the agency involved should publish the appropriate FEDERAL REGISTER notice and submit the requisite report to OMB and the Congress pursuant to OMB Circular No. A–108.

6. *Reporting Requirements*—

a. As close to the initiation of the matching program as possible, matching agencies will publish in the FEDERAL REGISTER a brief public notice describing the matching program. The notice should include:

1. The legal authority under which the match is being conducted.

2. A description of the matching program including whether the program is one time or continuing, the organizations involved, the purpose or purposes for which the program is being conducted, and the procedures to be used in matching and following up on the ''hits.''

3. A complete description of the personal records to be matched, including the source or sources, system of records identifying data, date or dates and page number of the most recent FEDERAL REGISTER full text publication when appropriate.

4. The projected start and ending dates of the program.

5. The security safeguards to be used to protect against unauthorized access or disclosure of the personal records.

6. Plans for disposition of the source records and ''hits.''

7. Agencies should send a copy of this notice to the Congress and to OMB at the same time it is sent to the FEDERAL REGISTER.

a. Agencies should report new or altered systems of records as described in subparagraph 5b, above, as necessary.

b. Agencies should also be prepared to report on matching programs pursuant to the reporting requirements of either the Privacy Act or the Paperwork Reduction Act. Reports will be solicited by the Office of Information and Regulatory Affairs and will focus on both the protection of individual privacy and Government's effective use of information technology. Reporting instructions will be disseminated to the agencies as part of either the reports required by paragraph (p) of the Privacy Act, or section 3514 of Pub. L. 96–511.

8. *Use of Contractors*. Matching programs should, as far as practicable, be conducted ''in-house'' by Federal agencies using agency personnel, rather than by contract. When contractors are used:

a. The matching agency should, consistent with paragraph (m) of the Privacy Act, cause the requirements of that Privacy Act to be applied to the contractor's performance of the matching program. The contract should include the Privacy Act clause required by Federal Personnel Regulation Amendment 155 (41 CFR 1–1.337–5).

b. The terms of the contract should include appropriate privacy and security provisions consistent with policies, regulations, standards, and guidelines issued by OMB, GSA, and the Department of Commerce.

c. The terms of the contract should preclude the contractor from using, disclosing, copying, or retaining records associated with the matching program for the contractor's own use.

d. Contractor personnel involved in the matching program shall be made explicitly aware of their obligations under the Privacy Act and of these guidelines, agency rules, and any special safegurds in relation to each specific match performed.

e. Any disclosures of records by the agency to the contractor should be made pursuant to a ''routine use'' (5 U.S.C. 552a(b)(3)).

F. *Implementation and Oversight*. OMB will oversee the implementation of these guidelines and will interpret and advise upon agency proposals and actions within their scope, consistent with section 6 of the Privacy Act.

APPENDIX F TO PART 323—LITIGATION STATUS SHEET

1. Case Number.[1]

2. Requester.

[1] Number used by the Component for reference purposes.

3. Document Title or Description.[2]
4. Litigation.
a. Date Complaint Filed.
b. Court.
c. Case File Number.[1]
5. Defendants (DoD Component and individual).
6. Remarks (brief explanation of what the case is about).
7. Court Action.
a. Court's Finding.
b. Disciplinary Action (as appropriate).
8. Appeal (as appropriate).
a. Date Complaint File.
b. Court.
c. Case File Number.[1]
d. Court's Finding.
e. Disciplinary Action (as appropriate).

APPENDIX G TO PART 323—PRIVACY ACT ENFORCEMENT ACTIONS

A. *Administrative Remedies.* Any individual who feels he or she has a legitimate complaint or grievance against the Defense Logistics Agency or any DLA employee concerning any right granted by this DLAR will be permitted to seek relief through appropriate administrative channels.

B. *Civil Actions.* An individual may file a civil suit against DLA or its employees if the individual feels certain provisions of the Privacy Act have been violated (see 5 U.S.C. 552a(g), reference (b).)

C. *Civil Remedies.* In addition to specific remedial actions, the Privacy Act provides for the payment of damages, court cost, and attorney fees in some cases.

D. *Criminal Penalties—*

1. The Privacy Act also provides for criminal penalties (see 5 U.S.C. 552a(1).) Any official or employee may be found guilty of a misdemeanor and fined not more than $5,000 if he or she willfully discloses personal information to anyone not entitled to receive the information, or maintains a system of records without publishing the required public notice in the FEDERAL REGISTER.

2. A person who requests or obtains access to any record concerning another individual under false pretenses may be found guilty of a misdemeanor and fined up to $5,000.

APPENDIX H TO PART 323—DLA EXEMPTION RULES

Exempted Records Systems. All systems of records maintained by the Defense Logistics Agency will be exempt from the requirements of 5 U.S.C. 552a(d) pursuant to 5 U.S.C. 552a(k)(1) to the extent that the system contains any information properly classified under Executive Order 12958 and which is required by the Executive Order to be kept secret in the interest of national defense or foreign policy. This exemption, which may be applicable to parts of all systems of records, is necessary because certain record systems not otherwise specifically designated for exemptions herein may contain isolated items of information which have been properly classified.

a. ID: S500.10 (Specific exemption).

1. *System name:* Personnel Security Files.

2. *Exemption:* Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, Federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source. Therefore, portions of this system may be exempt pursuant to 5 U.S.C. 552a(k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), and (e)(1).

3. *Authority:* 5 U.S.C. 552a(k)(5).

4. *Reasons:* (i) From subsection (c)(3) and (d) when access to accounting disclosures and access to or amendment of records would cause the identity of a confidential source to be revealed. Disclosure of the source's identity not only will result in the Department breaching the promise of confidentiality made to the source but it will impair the Department's future ability to compile investigatory material for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, Federal contracts, or access to classified information. Unless sources can be assured that a promise of confidentiality will be honored, they will be less likely to provide information considered essential to the Department in making the required determinations.

(ii) From (e)(1) because in the collection of information for investigatory purposes, it is not always possible to determine the relevance and necessity of particular information in the early stages of the investigation. In some cases, it is only after the information is evaluated in light of other information that its relevance and necessity becomes clear. Such information permits more informed decision-making by the Department when making required suitability, eligibility, and qualification determinations.

b. ID: S500.20 DLA-I (Specific exemption).

1. *System name:* Criminal Incident/Investigations File.

2. *Exemption:* This system of records is exempted from the following provisions of the Title 5, United States Code, section 552a: (c)(3); (d); and (e)(1).

3. *Authority:* 5 U.S.C. 552a(k)(2).

[2] Indicate the nature of the case, such as ''Denial of access,'' ''Refusal to amend,'' ''Incorrect records,'' or other violations of the Act (specify).

4. *Reasons:* Granting individuals access to information collected and maintained by this component relating to the enforcement of criminal laws could interfere with orderly investigations, with the orderly administration of justice, and possibly enable suspects to avoid detection or apprehension. Disclosure of this information could result in the concealment, destruction or fabrication of evidence and jeopardize the safety and well being of informants, witnesses and their families, and law enforcement personnel and their families. Disclosure of this information could also reveal and render ineffectual investigative techniques, sources and methods used by this component and could result in the invasion of privacy of individuals only incidentally related to an investigation. Investigatory material is exempt to the extent that the disclosure of such material would reveal the identity of a source who furnished the information to the Government under an express promise that the identity of the source would be held in confidence, or prior to September 27, 1975 under an implied promise that the identity of the source would be held in confidence. This exemption will protect the identities of certain sources who would be otherwise unwilling to provide information to the Government. The exemption of the individual's right of access to his records and the reasons therefore necessitate the exemptions of this system of records from the requirements of the other cited provisions.

c. ID: S100.50 DLA-GC (Specific exemption).

1. *System name:* Fraud and Irregularities.

2. *Exemption:* This system of records is exempt from the provisions of 5 U.S.C. 552a(c)(3), (d)(1) through (4), (e)(1), (e)(4)(G), (H), and (I), and (f).

3. *Authorities:* 5 U.S.C. 552a(k)(2) and (k)(5).

4. *Reasons:* From subsection (c)(3) because granting access to the accounting for each disclosure as required by the Privacy Act, including the date, nature, and purpose of each disclosure and the identity of the recipient, could alert the subject to the existence of the investigation or prosecutive interest by DLA or other agencies. This could seriously compromise case preparation by prematurely revealing its existence and nature; compromise or interfere with witnesses or make witnesses reluctant to cooperate; and lead to suppression, alteration, or destruction of evidence.

From subsections (d)(1) through (d)(4) and (f) because providing access to records of a civil investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

From subsections (e)(4)(G) and (H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system.

From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. DLA will, nevertheless, continue to publish such a notice in broad generic terms as is its current practice.

d. ID: S100.10 GC (Specific exemption).

1. *System name:* Whistleblower Complaint and Investigation Files.

2. *Exemption:* Portions of this system of records may be exempt under the provisions of 5 U.S.C. 552a(c)(3), (d)(1) through (d)(4), (e)(1), (e)(4)(G), (e)(4)(H), and (e)(4)(I), and (f).

3. *Authority:* 5 U.S.C. 552a(k)(2).

4. *Reasons:* From subsection (c)(3) because granting access to the accounting for each disclosure as required by the Privacy Act, including the date, nature, and purpose of each disclosure and the identity of the recipient, could alert the subject to the existence of the investigation or prosecutive interest by DLA or other agencies. This could seriously compromise case preparation by prematurely revealing its existence and nature; compromise or interfere with witnesses or make witnesses reluctant to cooperate; and lead to suppression, alteration, or destruction of evidence.

From subsections (d)(1) through (d)(4), and (f) because providing access to records of a civil investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct

of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

From subsection (e)(1), because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

From subsections (e)(4)(G) and (e)(4)(H) because there is no necessity for such publication since the system of records will be exempt from the underlying duties to provide notification about and access to information in the system and to make amendments to and corrections of the information in the system. However, DLA will continue to publish such a notice in broad generic terms as is its current practice.

From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. DLA will, nevertheless, continue to publish such a notice in broad generic terms as is its current practice.

e. *ID: S500.60 (Specific exemption).*

1. *System name:* DLA Hotline Program Records.

2. *Exemption:* (i) Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of the information, the individual will be provided access to the information except to the extent that disclosure would reveal the identity of a confidential source.

(ii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

3. *Authority:* 5 U.S.C. 552a(k)(2) and (k)(5), subsections (c)(3), (d)(1) through (d)(4), (e)(1), (e)(4)(G), (H), and (I), and (f).

4. *Reasons:* (i) From subsection (c)(3) because to grant access to an accounting of disclosures as required by the Privacy Act, including the date, nature, and purpose of each disclosure and the identity of the recipient, could alert the subject to the existence of the investigation or prosecutive interest by DLA or other agencies. This could seriously compromise case preparation by prematurely revealing its existence and nature; compromise or interfere with witnesses or make witnesses reluctant to cooperate; and lead to suppression, alteration, or destruction of evidence.

(ii) From subsections (d)(1) through (d)(4), and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because this system of records is compiled for law enforcement purposes and is exempt from the access provisions of subsections (d) and (f).

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. DLA will, nevertheless, continue to publish such a notice in broad generic terms as is its current practice.

f. *ID: S500.30 CAAS (Specific exemption).*

1. *System name:* Incident Investigation/Police Inquiry Files.

2. *Exemption:* (i) Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of the information, the individual will be provided access to the information except to the extent that disclosure would reveal the identity of a confidential source.

(ii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

3. *Authority:* 5 U.S.C. 552a(k)(2) and (k)(5), subsections (c)(3), (d)(1) through (d)(4), (e)(1), (e)(4)(G), (H), and (I), and (f).

4. *Reasons:* (i) From subsection (c)(3) because to grant access to the accounting for each disclosure as required by the Privacy Act, including the date, nature, and purpose of each disclosure and the identity of the recipient, could alert the subject to the existence of the investigation or prosecutive interest by DLA or other agencies. This could seriously compromise case preparation by prematurely revealing its existence and nature; compromise or interfere with witnesses or make witnesses reluctant to cooperate; and lead to suppression, alteration, or destruction of evidence.

(ii) From subsections (d)(1) through (d)(4), and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because this system of records is compiled for law enforcement purposes and is exempt from the access provisions of subsections (d) and (f).

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. DLA will, nevertheless, continue to publish such a notice in broad generic terms as is its current practice.

[DLAR 5400.21, 51 FR 33595, Sept. 22, 1986. Redesignated at 56 FR 57803, Nov. 14, 1991, as amended at 55 FR 32913, Aug. 13, 1990; 57 FR 40609, Sept. 4, 1992; 59 FR 9668, Mar. 1, 1994; 60 FR 3088, Jan. 13, 1995; 61 FR 2916, Jan. 30, 1996; 63 FR 25772, May 11, 1998; 65 FR 18900, Apr. 10, 2000; 71 FR 64633, Nov. 3, 2006; 72 FR 14041, Mar. 26, 2007]

PART 324—DFAS PRIVACY ACT PROGRAM

Subpart A—General Information

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APPENDIX A TO PART 324—DFAS REPORTING REQUIREMENTS

APPENDIX B TO PART 324—SYSTEM OF RECORDS NOTICE

AUTHORITY: Pub. L. 93–579, 88 Stat 1896 (5 U.S.C. 552a).

SOURCE: 61 FR 25561, May 22, 1996, unless otherwise noted.

Subpart A—General information

§ 324.1 Issuance and purpose.

The Defense Finance and Accounting Service fully implements the policy and procedures of the Privacy Act and the DoD 5400.11-R[1], 'Department of Defense Privacy Program' (see 32 CFR part 310). This regulation supplements the DoD Privacy Program only to establish policy for the Defense Finance and Accounting Service (DFAS) and provide DFAS unique procedures.

§ 324.2 Applicability and scope.

This regulation applies to all DFAS, Headquarters, DFAS Centers, the Financial System Organization (FSO), and other organizational components. It applies to contractor personnel who have entered a contractual agreement with DFAS. Prospective contractors will be advised of their responsibilities under the Privacy Act Program.

§ 324.3 Policy.

DFAS personnel will comply with the Privacy Act of 1974, the DoD Privacy Program and the DFAS Privacy Act Program. Strict adherence is required to ensure uniformity in the implementation of the DFAS Privacy Act Program and to create conditions that will foster public trust. Personal information maintained by DFAS organizational elements will be safeguarded. Information will be made available to the individual to whom it pertains to the maximum extent practicable. Specific DFAS policy is provided for Privacy Act training, responsibilities, reporting procedures and implementation requirements. DFAS Components will not define policy for the Privacy Act Program.

§ 324.4 Responsibilities.

(a) *Director, DFAS.* (1) Ensures the DFAS Privacy Act Program is implemented at all DFAS locations.

(2) The Director, DFAS, will be the Final Denial Appellate Authority. This authority may be delegated to the Director for Resource Management.

(3) Appoints the Director for External Affairs and Administrative Support, or a designated replacement, as the DFAS Headquarters Privacy Act Officer.

(b) *DFAS Headquarters General Counsel.* (1) Ensures uniformity is maintained in legal rulings and interpretation of the Privacy Act.

(2) Consults with DoD General Counsel on final denials that are inconsistent with other final decisions within DoD. Responsible to raise new legal issues of potential significance to other Government agencies.

(3) Provides advice and assistance to the DFAS Director, Center Directors, and the FSO as required, in the discharge of their responsibilities pertaining to the Privacy Act.

(4) Acts as the DFAS focal point on Privacy Act litigation with the Department of Justice.

(5) Reviews Headquarters' denials of initial requests and appeals.

(c) *DFAS Center Directors.* (1) Ensures that all DFAS Center personnel, all personnel at subordinate levels, and contractor personnel working with personal data comply with the DFAS Privacy Act Program.

(2) Serves as the DFAS Center Initial Denial Authority for requests made as a result of denying release of requested information at locations within DFAS Center authority. Initial denial authority may not be redelegated. Initial denial appeals will be forwarded to the appropriate DFAS Center marked to the attention of the DFAS Center Initial Denial Authority.

(d) *Director, FSO.* (1) Ensures that FSO and subordinate personnel and contractors working with personal data comply with the Privacy Act Program.

(2) Serves as the FSO Initial Denial Authority for requests made as a result of denying release of requested information at locations within FSO authority. FSO Initial denial authority may not be redelegated.

(3) Appoints a Privacy Act Officer for the FSO and each Financial System Activity (FSA).

(e) *DFAS Headquarters Privacy Act Officer.* (1) Establishes, issues and updates policy for the DFAS Privacy Act Program and monitors compliance. Serves

[1] Copies may be obtained at cost from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

as the DFAS single point of contact on all matters concerning Privacy Act policy. Resolves any conflicts resulting from implementation of the DFAS Privacy Act Program policy.

(2) Serves as the DFAS single point of contact with the Department of Defense Privacy Office. This duty may be delegated.

(3) Ensures that the collection, maintenance, use and/or dissemination of records of identifiable personal information is for a necessary and lawful purpose, that the information is current and accurate for the intended use and that adequate security safeguards are provided.

(4) Monitors system notices for agency systems of records. Ensures that new, amended, or altered notices are promptly prepared and published. Reviews all notices submitted by the DFAS Privacy Act Officers for correctness and submits same to the Department of Defense Privacy Office for publication in the FEDERAL REGISTER. Maintains and publishes a listing of DFAS Privacy Act system notices.

(5) Establishes DFAS Privacy Act reporting requirement due dates. Compiles all Agency reports and submits the completed annual report to the Defense Privacy Office. DFAS reporting requirements are provided in appendix A to this part.

(6) Conducts annual Privacy Act Program training for DFAS Headquarters (HQ) personnel. Ensures that subordinate DFAS Center and FSO Privacy Act Officers fulfill annual training requirements.

(f) *FSO and Financial System Activities (FSAs) Legal Support.* The FSO and subordinate FSA organizational elements will be supported by the appropriate DFAS-HQ or DFAS Center General Counsel office.

(g) *DFAS Center(s) Assistant General Counsel.* (1) Ensures uniformity is maintained in legal rulings and interpretation of the Privacy Act and this regulation. Consults with the DFAS-HQ General Counsel as required.

(2) Provides advice and assistance to the DFAS Center Director and the FSA in the discharge of his/her responsibilities pertaining to the Privacy Act.

(3) Coordinates on DFAS Center and the FSA denials of initial requests.

(h) *DFAS Center Privacy Act Officer.* (1) Implements and administers the DFAS Privacy Act Program for all personnel, to include contractor personnel, within the Center, Operating Locations (OpLocs) and Defense Accounting Offices (DAOs).

(2) Ensures that the collection, maintenance, use, or dissemination of records of identifiable personal information is in a manner that assures that such action is for a necessary and lawful purpose; the information is timely and accurate for its intended use; and that adequate safeguards are provided to prevent misuse of such information. Advises the Program Manager that systems notices must be published in the FEDERAL REGISTER prior to collecting or maintenance of the information. Submits system notices to the DFAS-HQ Privacy Act Officer for review and subsequent submission to the Department of Defense Privacy Office.

(3) Administratively controls and processes Privacy Act requests. Ensures that the provisions of this regulation and the DoD Privacy Act Program are followed in processing requests for records. Ensures all Privacy Act requests are promptly reviewed. Coordinates the reply with other organizational elements as required.

(4) Prepares denials and partial denials for the Center Director's signature and obtain required coordination with the assistant General Counsel. Responses will include written justification citing a specific exemption or exemptions.

(5) Prepares input for the annual Privacy Act Report as required using the guidelines provided in appendix A to this part.

(6) Conducts training on the DFAS Privacy Act Program for Center personnel.

(i) *FSO Privacy Act Officer.* (1) Implements and administers the DFAS Privacy Act Program for all personnel, to include contractor personnel, within the FSO.

(2) Ensures that the collection, maintenance, use, or dissemination of records of identifiable personal information is in a manner that assures that such action is for a necessary and lawful purpose; the information is

timely and accurate for its intended use; and that adequate safeguards are provided to prevent misuse of such information. Advises the Program Manager that systems notices must be published in the FEDERAL REGISTER prior to collecting or maintenance of the information. Submits system notices to the DFAS-HQ Privacy Act Officer for review and subsequent submission to the Department of Defense Privacy Office.

(3) Administratively controls and processes Privacy Act requests. Ensures that the provisions of this regulation and the DoD Privacy Act Program are followed in processing requests for records. Ensure all Privacy Act requests are promptly reviewed. Coordinate the reply with other organizational elements as required.

(4) Prepares denials and partial denials for signature by the Director, FSO and obtains required coordination with the assistant General Counsel. Responses will include written justification citing a specific exemption or exemptions.

(5) Prepares input for the annual Privacy Act Report (RCS: DD DA&M(A)1379) as required using the guidelines provided in appendix A to this part.

(6) Conducts training on the DFAS Privacy Act Program for FSO personnel.

(j) *DFAS employees.* (1) Will not disclose any personal information contained in any system of records, except as authorized by this regulation.

(2) Will not maintain any official files which are retrieved by name or other personal identifier without first ensuring that a system notice has been published in the FEDERAL REGISTER.

(3) Reports any disclosures of personal information from a system of records or the maintenance of any system of records not authorized by this regulation to the appropriate Privacy Act Officer for action.

(k) *DFAS system managers (SM).* (1) Ensures adequate safeguards have been established and are enforced to prevent the misuse, unauthorized disclosure, alteration, or destruction of personal information contained in system records.

(2) Ensures that all personnel who have access to the system of records or are engaged in developing or supervising procedures for handling records are totally aware of their responsibilities to protect personal information established by the DFAS Privacy Act Program.

(3) Evaluates each new proposed system of records during the planning stage. The following factors should be considered:

(i) Relationship of data to be collected and retained to the purpose for which the system is maintained. All information must be relevant to the purpose.

(ii) The impact on the purpose or mission if categories of information are not collected. All data fields must be necessary to accomplish a lawful purpose or mission.

(iii) Whether informational needs can be met without using personal identifiers.

(iv) The disposition schedule for information.

(v) The method of disposal.

(vi) Cost of maintaining the information.

(4) Complies with the publication requirements of DoD 5400.11-R, 'Department of Defense Privacy Program' (see 32 CFR part 310). Submits final publication requirements to the appropriate DFAS Privacy Act Officer.

(l) *DFAS program manager(s).* Reviews system alterations or amendments to evaluate for relevancy and necessity. Reviews will be conducted annually and reports prepared outlining the results and corrective actions taken to resolve problems. Reports will be forwarded to the appropriate Privacy Act Officer.

(m) *Federal government contractors.* When a DFAS organizational element contracts to accomplish an agency function and performance of the contract requires the operation of a system of records or a portion thereof, DoD 5400.11-R, 'Department of Defense Privacy Program' (see 32 CFR part 310) and this part apply. For purposes of criminal penalties, the contractor and its employees shall be considered employees of DFAS during the performance of the contract.

(1) *Contracting involving operation of systems of records.* Consistent with Federal Acquisition Regulation (FAR)[2] and the DoD Supplement to the Federal Acquisition Regulation (DFAR)[3], Part 224.1, contracts involving the operation of a system of records or portion thereof shall specifically identify the record system, the work to be performed and shall include in the solicitations and resulting contract such terms specifically prescribed by the FAR and DFAR.

(2) *Contracting.* For contracting subject to this part, the Agency shall:

(i) Informs prospective contractors of their responsibilities under the DFAS Privacy Act Program.

(ii) Establishes an internal system for reviewing contractor performance to ensure compliance with the DFAS Privacy Act Program.

(3) *Exceptions.* This rule does not apply to contractor records that are:

(i) Established and maintained solely to assist the contractor in making internal contractor management decisions, such as records maintained by the contractor for use in managing the contract.

(ii) Maintained as internal contractor employee records, even when used in conjunction with providing goods or services to the agency.

(4) *Contracting procedures.* The Defense Acquisition Regulatory Council is responsible for developing the specific policies and procedures for soliciting, awarding, and administering contracts.

(5) *Disclosing records to contractors.* Disclosing records to a contractor for use in performing a DFAS contract is considered a disclosure within DFAS. The contractor is considered the agent of DFAS when receiving and maintaining the records for the agency.

Subpart B—Systems of Records

§ 324.5 General information.

(a) The provisions of DoD 5400.11-R, 'Department of Defense Privacy Program' (see 32 CFR part 310) apply to all DFAS systems of records. DFAS Privacy Act Program Procedural Rules, DFAS Exemption Rules and System of Record Notices are the three types of documents relating to the Privacy Act Program that must be published in the FEDERAL REGISTER.

(b) A system of records used to retrieve records by a name or some other personal identifier of an individual must be under DFAS control for consideration under this regulation. DFAS will maintain only those Systems of Records that have been described through notices published in the FEDERAL REGISTER.

(1) *First amendment guarantee.* No records will be maintained that describe how individuals exercise their rights guaranteed by the First Amendment unless maintenance of the record is expressly authorized by Statute, the individual or for an authorized law enforcement purpose.

(2) *Conflicts.* In case of conflict, the provisions of DoD 5400.11-R take precedence over this supplement or any DFAS directive or procedure concerning the collection, maintenance, use or disclosure of information from individual records.

(3) *Record system notices.* Record system notices are published in the FEDERAL REGISTER as notices and are not subject to the rule making procedures. The public must be given 30 days to comment on any proposed routine uses prior to implementing the system of record.

(4) *Amendments.* Amendments to system notices are submitted in the same manner as the original notices.

§ 324.6 Procedural rules.

DFAS procedural rules (regulations having a substantial and direct impact on the public) must be published in the FEDERAL REGISTER first as a proposed rule to allow for public comment and then as a final rule. Procedural rules will be submitted through the appropriate DFAS Privacy Act Officer to the Department of Defense Privacy Office. Appendix B to this part provides the correct format. Guidance may be obtained from the DFAS-HQ and DFAS Center Records Managers on the preparation of procedural rules for publication.

[2] Copies may be obtained at cost from the Superintendent of Documents, P.O. Box 37195, Pittsburgh, PA 15250–7954.

[3] See footnote 2 to § 324.4(m)(1)

§ 324.7 Exemption rules.

(a) *Submitting proposed exemption rules.* Each proposed exemption rule submitted for publication in the FEDERAL REGISTER must contain: The agency identification and name of the record system for which an exemption will be established; The subsection(s) of the Privacy Act which grants the agency authority to claim an exemption for the system; The particular subsection(s) of the Privacy Act from which the system will be exempt; and the reasons why an exemption from the particular subsection identified in the preceding subparagraph is being claimed. No exemption to all provisions of the Privacy Act for any System of records will be granted. Only the Director, DFAS may make a determination that an exemption should be established for a system of record.

(b) *Submitting exemption rules for publication.* Exemption rules must be published in the FEDERAL REGISTER first as proposed rules to allow for public comment, then as final rules. No system of records shall be exempt from any provision of the Privacy Act until the exemption rule has been published in the FEDERAL REGISTER as a final rule. The DFAS Privacy Act Officer will submit proposed exemption rules, in proper format, to the Defense Privacy Office, for review and submission to the FEDERAL REGISTER for publication. Amendments to exemption rules are submitted in the same manner as the original exemption rules.

(c) *Exemption for classified records.* Any record in a system of records maintained by the Defense Finance and Accounting Service which falls within the provisions of 5 U.S.C. 552a(k)(1) may be exempt from the following subsections of 5 U.S.C. 552a: (c)(3), (d), (e)(1), (e)(4)(G)-(e)(4)(I) and (f) to the extent that a record system contains any record properly classified under Executive Order 12589 and that the record is required to be kept classified in the interest of national defense or foreign policy. This specific exemption rule, claimed by the Defense Finance and Accounting Service under authority of 5 U.S.C. 552a(k)(1), is applicable to all systems of records maintained, including those individually designated for an exemption herein as well as those not otherwise specifically designated for an exemption, which may contain isolated items of properly classified information

(1) *General exemptions.* [Reserved]

(2) *Specific exemptions.* [Reserved]

Subpart C—Individual Access to Records

§ 324.8 Right of access.

The provisions of DoD 5400.11-R, 'Department of Defense Privacy Program' (see 32 CFR part 310) apply to all DFAS personnel about whom records are maintained in systems of records. All information that can be released consistent with applicable laws and regulations should be made available to the subject of record.

§ 324.9 Notification of record's existence.

All DFAS Privacy Act Officers shall establish procedures for notifying an individual, in response to a request, if the system of records contains a record pertaining to him/her.

§ 324.10 Individual requests for access.

Individuals shall address requests for access to records to the appropriate Privacy Act Officer by mail or in person. Requests for access should be acknowledged within 10 working days after receipt and provided access within 30 working days. Every effort will be made to provide access rapidly; however, records cannot usually be made available for review on the day of request. Requests must provide information needed to locate and identify the record, such as individual identifiers required by a particular system, to include the requester's full name and social security number.

§ 324.11 Denials.

Only a designated denial authority may deny access. The denial must be in writing.

§ 324.12 Granting individual access to records.

(a) The individual should be granted access to the original record (or exact copy) without any changes or deletions. A record that has been amended is considered the original.

(b) The DFAS component that maintains control of the records will provide an area where the records can be reviewed. The hours for review will be set by each DFAS location.

(c) The custodian will require presentation of identification prior to providing access to records. Acceptable identification forms include military or government civilian identification cards, driver's license, or other similar photo identification documents.

(d) Individuals may be accompanied by a person of their own choosing when reviewing the record; however, the custodian will not discuss the record in the presence of the third person without written authorization.

(e) On request, copies of the record will be provided at a cost of $.15 per page. Fees will not be assessed if the cost is less that $30.00. Individuals requesting copies of their official personnel records are entitled to one free copy and then a charge will be assessed for additional copies.

§ 324.13 Access to medical and psychological records.

Individual access to medical and psychological records should be provided, even if the individual is a minor, unless it is determined that access could have an adverse effect on the mental or physical health of the individual. In this instance, the individual will be asked to provide the name of a personal physician, and the record will be provided to that physician in accordance with guidance in Department of Defense 5400.11-R, 'Department of Defense Privacy Program' (see 32 CFR part 310).

§ 324.14 Relationship between the Privacy Act and the Freedom of Information Act.

Access requests that specifically state or reasonably imply that they are made under FOIA, are processed pursuant to the DFAS Freedom of Information Act Regulation. Access requests that specifically state or reasonably imply that they are made under the PA are processed pursuant to this regulation. Access requests that cite both the FOIA and the PA are processed under the Act that provides the greater degree of access. Individual access should not be denied to records otherwise releasable under the PA or the FOIA solely because the request does not cite the appropriate statute. The requester should be informed which Act was used in granting or denying access.

APPENDIX A TO PART 324—DFAS REPORTING REQUIREMENTS

By February 1, of each calendar year, DFAS Centers and Financial Systems Organizations will provide the DFAS Headquarters Privacy Act Officer with the following information:

1. Total Number of Requests for Access:
a. Number granted in whole:
b. Number granted in part:
c. Number wholly denied:
d. Number for which no record was found:
2. Total Number of Requests to Amend Records in the System:
a. Number granted in whole:
b. Number granted in part:
c. Number wholly denied:
3. The results of reviews undertaken in response to paragraph 3a of Appendix I to OMB Circular A-130[4].

APPENDIX B TO PART 324—SYSTEM OF RECORDS NOTICE

The following data captions are required for each system of records notice published in the FEDERAL REGISTER. An explanation for each caption is provided.

1. *System identifier.* The system identifier must appear in all system notices. It is limited to 21 positions, including agency code, file number, symbols, punctuation, and spaces.

2. *Security classification.* Self explanatory. (DoD does not publish this caption. However, each agency is responsible for maintaining the information.)

3. *System name.* The system name must indicate the general nature of the system of records and, if possible, the general category of individuals to whom it pertains. Acronyms should be established parenthetically following the first use of the name (e.g., 'Field Audit Office Management Information System (FMIS)'). Acronyms shall not be used unless preceded by such an explanation. The system name may not exceed 55 character positions, including punctuation and spaces.

4. *Security classification.* This category is not published in the FEDERAL REGISTER but is required to be kept by the Headquarters Privacy Act Officer.

5. *System location.* a. For a system maintained in a single location, provide the exact

[4] Copies available from the Office of Personnel Management, 1900 E. Street, Washington, DC 20415.

office name, organizational identity, routing symbol, and full mailing address. Do not use acronyms in the location address.

b. For a geographically or organizationally decentralized system, describe each level of organization or element that maintains a portion of the system of records.

c. For an automated data system with a central computer facility and input or output terminals at geographically separate locations, list each location by category.

d. If multiple locations are identified by type of organization, the system location may indicate that official mailing addresses are published as an appendix to the agency's compilation of systems of records notices in the FEDERAL REGISTER. If no address directory is used, or if the addresses in the directory are incomplete, the address of each location where a portion of the record system is maintained must appear under the 'system location' caption.

e. Classified addresses shall not be listed but the fact that they are classified shall be indicated.

f. The U.S. Postal Service two-letter state abbreviation and the nine-digit zip code shall be used for all domestic addresses.

6. *Categories of individuals covered by the system.* Use clear, non technical terms which show the specific categories of individuals to whom records in the system pertain. Broad descriptions such as 'all DFAS personnel' or 'all employees' should be avoided unless the term actually reflects the category of individuals involved.

7. *Categories of records in the system.* Use clear, non technical terms to describe the types of records maintained in the system. The description of documents should be limited to those actually retained in the system of records. Source documents used only to collect data and then destroyed should not be described.

8. *Authority for maintenance of the system.* The system of records must be authorized by a Federal law or Executive Order of the President, and the specific provision must be cited. When citing federal laws, include the popular names (e.g., '5 U.S.C. 552a, The Privacy Act of 1974') and for Executive Orders, the official titles (e.g., 'Executive Order 9397, Numbering System for Federal Accounts Relating to Individual Persons').

9. *Purpose(s).* The specific purpose(s) for which the system of records was created and maintained; that is, the uses of the records within DFAS and the rest of the Department of Defense should be listed.

10. *Routine uses of records maintained in the system, including categories of users and purposes of the uses.* All disclosures of the records outside DoD, including the recipient of the disclosed information and the uses the recipient will make of it should be listed. If possible, the specific activity or element to which the record may be disclosed (e.g., 'to the Department of Veterans Affairs, Office of Disability Benefits') should be listed. General statements such as 'to other Federal Agencies as required' or 'to any other appropriate Federal Agency' should not be used. The blanket routine uses, published at the beginning of the agency's compilation, applies to all system notices, unless the individual system notice states otherwise.

11. *Disclosure to consumer reporting agencies.* This entry is optional for certain debt collection systems of records.

12. *Policies and practices for storing, retrieving, accessing, retaining, and disposing of records in the system.* This section is divided into four parts.

13. *Storage.* The method(s) used to store the information in the system (e.g., 'automated, maintained in computers and computer output products' or 'manual, maintained in paper files' or 'hybrid, maintained in paper files and in computers') should be stated. Storage does not refer to the container or facility in which the records are kept.

14. *Retrievability.* How records are retrieved from the system (e.g., 'by name,' 'by SSN,' or 'by name and SSN') should be indicated.

15. *Safeguards.* The categories of agency personnel who use the records and those responsible for protecting the records from unauthorized access should be stated. Generally the methods used to protect the records, such as safes, vaults, locked cabinets or rooms, guards, visitor registers, personnel screening, or computer 'fail-safe' systems software should be identified. Safeguards should not be described in such detail as to compromise system security.

16. *Retention and disposal.* Describe how long records are maintained. When appropriate, the length of time records are maintained by the agency in an active status, when they are transferred to a Federal Records Center, how long they are kept at the Federal Records Center, and when they are transferred to the National Archives or destroyed should be stated. If records eventually are destroyed, the method of destruction (e.g., shredding, burning, pulping, etc.) should be stated. If the agency rule is cited, the applicable disposition schedule shall also be identified.

17. *System manager(s) and address.* The title (not the name) and address of the official or officials responsible for managing the system of records should be listed. If the title of the specific official is unknown, such as with a local system, the local director or office head as the system manager should be indicated. For geographically separated or organizationally decentralized activities with which individuals may correspond directly when exercising their rights, the position or title of each category of officials responsible for the system or portion thereof should be listed. Addresses that already are listed in

the agency address directory or simply refer to the directory should not be included.

18. *Notification procedures.* Notification procedures describe how an individual can determine if a record in the system pertains to him/her. If the record system has been exempted from the notification requirements of subsection (f)(1) or subsection (e)(4)(G) of the Privacy Act, it should be so stated. If the system has not been exempted, the notice must provide sufficient information to enable an individual to request notification of whether a record in the system pertains to him/her. Merely referring to a DFAS regulation is not sufficient. This section should also include the title (not the name) and address of the official (usually the Program Manager) to whom the request must be directed; any specific information the individual must provide in order for DFAS to respond to the request (e.g., name, SSN, date of birth, etc.); and any description of proof of identity for verification purposes required for personal visits by the requester.

19. *Record access procedures.* This section describes how an individual can review the record and obtain a copy of it. If the system has been exempted from access and publishing access procedures under subsections (d)(1) and (e)(4)(H), respectively, of the Privacy Act, it should be so indicated. If the system has not been exempted, describe the procedures an individual must follow in order to review the record and obtain a copy of it, including any requirements for identity verification. If appropriate, the individual may be referred to the system manager or another DFAS official who shall provide a detailed description of the access procedures. Any addresses already listed in the address directory should not be repeated.

20. *Contesting records procedures.* This section describes how an individual may challenge the denial of access or the contents of a record that pertains to him or her. If the system of record has been exempted from allowing amendments to records or publishing amendment procedures under subsections (d)(1) and (e)(4)(H), respectively, of the Privacy Act, it should be so stated. If the system has not been exempted, this caption describes the procedures an individual must follow in order to challenge the content of a record pertaining to him/her, or explain how he/she can obtain a copy of the procedures (e.g., by contacting the Program Manager or the appropriate DFAS Privacy Act Officer).

21. *Record source categories.* If the system has been exempted from publishing record source categories under subsection (e)(4)(I) of the Privacy Act, it should be so stated. If the system has not been exempted, this caption must describe where DFAS obtained the information maintained in the system. Describing the record sources in general terms is sufficient; specific individuals, organizations, or institutions need not be identified.

22. *Exemptions claimed for the system.* If no exemption has been established for the system, indicate 'None.' If an exemption has been established, state under which provision of the Privacy Act it is established (e.g., 'Portions of this system of records may be exempt under the provisions of 5 U.S.C. 552a(k)(2).')

PART 326—NATIONAL RECONNAISSANCE OFFICE PRIVACY ACT PROGRAM

Sec.

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AUTHORITY: Pub. L. 93–579, 88 Stat 1896 (5 U.S.C. 552a).

SOURCE: 65 FR 20372, Apr. 17, 2000, unless otherwise noted.

§ 326.1 Purpose.

This part implements the basic policies and procedures outlined in the Privacy Act of 1974, as amended (5 U.S.C. 552a), and 32 CFR part 310; and establishes the National Reconnaissance Office Privacy Program (NRO) by setting policies and procedures for the collection and disclosure of information maintained in records on individuals, the handling of requests for amendment or correction of such records, appeal and review of NRO decisions on these matters, and the application of exemptions.

§ 326.2 Application.

Obligations under this part apply to all employees detailed, attached, or assigned to or authorized to act as agents of the National Reconnaissance Office. The provisions of this part shall be made applicable by contract or other legally binding action to government contractors whenever a contract is let for the operation of a system of records or a portion of a system of records.

§ 326.3 Definitions.

Access. The review or copying of a record or its parts contained in a system of records by a requester.

Agency. Any executive or military department, other establishment, or entity included in the definition of agency in 5 U.S.C. 522(f).

Control. Ownership or authority of the NRO pursuant to federal statute or privilege to regulate official or public access to records.

Disclosure. The authorized transfer of any personal information from a system of records by any means of communication (such as oral, written, electronic, mechanical, or actual review) to any person, private entity, or government agency other than the subject of the record, the subject's designated agent, or the subject's legal guardian.

He, him, and himself. Generically used in this part to refer to both males and females.

Individual or requester. A living citizen of the U.S. or an alien lawfully admitted to the U.S. for permanent residence and to whom a record might pertain. The legal guardian or legally authorized agent of an individual has the same rights as the individual and may act on his behalf. No rights are vested in the representative of a dead person or in persons acting in an entrepreneurial (for example, sole proprietorship or partnership) capacity under this part.

Interested party. Any official in the executive (including military), legislative, or judicial branches of government, U.S. or foreign, or U.S. Government contractor who, in the sole discretion of the NRO, has a subject matter or physical interest in the documents or information at issue.

Maintain. To collect, use, store, disclose, retain, or disseminate when used in connection with records.

Originator. The NRO employee or contractor who created the document at issue or his successor in office or any official who has been delegated release or declassification authority pursuant to law.

Personal information. Information about any individual that is intimate or private to the individual, as distinguished from 'corporate information' which is in the public domain and related solely to the individual's official functions or public life (i.e., employee's name, job title, work phone, grade/rank, job location).

Privacy Act Coordinator. The NRO Information and Access Release Center Chief who serves as the NRO manager of the information review and release program instituted under the Privacy Act.

Record. Any item, collection, or grouping of information about an individual that is maintained by the NRO, including, but not limited to, the individual's education, financial transactions, medical history, and criminal or employment history, and that contains the individual's name or identifying number (such as Social Security or employee number), symbol, or other identifying particular assigned to the individual, such as fingerprint, voice print, or photograph. Records include data about individuals which is stored in computers.

Responsive record. Documents or records that the NRO has determined to be within the scope of a Privacy Act request.

Routine use. The disclosure of a record outside the Department of Defense (DoD) for a use that is compatible with the purpose for which the information was collected and maintained by NRO. Routine use encompasses not only common or ordinary use, but also all the proper and necessary uses of the record even if such uses occur infrequently. All routine uses must be published in the FEDERAL REGISTER.

System managers. Officials who have overall responsibility for a Privacy Act system of records.

System notice. The official public notice published in the Federal Register

of the existence and general content of the system of records.

System of records. A group of any records under the control of the NRO from which information is retrieved by the name of an individual or by some identifying number, symbol, or other identifying particular assigned to that individual.

Working days. Days when the NRO is operating and specifically excludes Saturdays, Sundays, and legal public holidays.

§ 326.4 Policy.

(a) *Records about individuals—*

(1) *Collection.* The NRO will safeguard the privacy of individuals identified in its records. Information about an individual will, to the greatest extent practicable, be collected directly from the individual, and personal information will be protected from unintentional or unauthorized disclosure by treating it as marked 'For Official Use Only.' Access to personal information will be restricted to those employees whose official duties require it during the regular course of business.

(i) *Privacy Act Statement.* When an individual is requested to furnish personal information about himself for inclusion in a system of records, a Privacy Act Statement is required to enable him to make an informed decision whether to provide the information requested. A Privacy Act Statement may appear, in order of preference, at the top or bottom of a form, on the reverse side of a form, or attached to the form as a tear-off sheet.

(ii) *Social Security Numbers (SSNs).* It is unlawful for any governmental agency to deny an individual any right, benefit, or privilege provided by law because the individual refuses to provide his SSN. However, if a federal statute requires that the SSN be furnished or if the SSN is required to verify the identity of an individual in a system of records that was established and in use before January 1, 1975, this restriction does not apply. When collecting the SSN, a 'qualified' Privacy Act Statement must be provided even if the SSN will not be maintained in a system of records. The 'qualified' Privacy Act Statement shall inform the individual whether the disclosure is mandatory or voluntary, by what statutory or other authority such number is solicited, and what uses will be made of it.

(2) *Maintenance.* The NRO will maintain in its records only such information about an individual which is accurate, relevant, timely, and necessary to accomplish a purpose which is required by statute or Executive Order. All records used by the NRO to make determinations about individuals will be maintained with such accuracy and completeness as is reasonably necessary to assure fairness to the individual.

(3) *Existence.* The applicability of the Privacy Act depends on the existence of an identifiable record. The procedures described in NRO regulations do not require that a record be created or that an individual be given access to records that are not retrieved by name or other individual identifier. Nor do these procedures entitle an individual to have access to any information compiled in reasonable anticipation of a civil action or proceeding. NRO will maintain only those systems of records that have been described through notices published in the FEDERAL REGISTER. A system of records from which records may be retrieved by a name or some other personal identifier must be under NRO control for consideration under this part.

(4) *Disposal.* The NRO will archive, dispose of, or destroy records containing personal data in a manner to prevent specific records from being readily identified or inadvertently compromised.

(b) *Evaluation of records.* Statutory authority to establish and maintain a system of records does not grant unlimited authority to collect and maintain all information which may be useful or convenient. Directorates and offices maintaining records will evaluate each category of information in records systems for necessity and relevance prior to republication of all system notices in the FEDERAL REGISTER and during the design phase or change of a system of records. The following will be considered in the evaluation:

(1) Relationship of each item of information to the statutory purpose for which the system is maintained;

(2) Specific adverse consequences of not collecting each category of information; and

(3) Techniques for purging parts of the records.

(c) *Disclosure of records.* The NRO will provide the fullest access practicable by individuals to NRO records concerning them. Release of personal information to such individuals is not considered public release of information. Upon receipt of a written request, the NRO will release to individuals those records that are releasable and applicable to the individual making the request. Generally, information, other than that exempted by law and this part, will be provided to the individual. NRO personnel will comply with the Privacy Act of 1974, as amended, the DoD Privacy Act Program (32 CFR part 310), and the NRO Privacy Act Program. No NRO records shall be disclosed by any means of communication to any person or to any agency except pursuant to a written request by or the prior written consent of the individual to whom it pertains, unless disclosure of the record will be:

(1) To those employees of the NRO who have an official need for the record in the performance of their duties.

(2) Required to be disclosed to a member of the public under the Freedom of Information Act, as amended.

(3) For a routine use as defined in the Privacy Act.

(4) To the Census Bureau for the purpose of conducting a census or survey or related activity authorized by law.

(5) To a recipient who has provided the NRO with advance, adequate written assurance that the record will be used solely as statistical research and that the record is to be transferred in a form in which the individual is not identifiable.

(6) To the National Archives of the United States as a record which has sufficient historical or other value to warrant its continued preservation by the U. S. Government.

(7) To another agency or to an instrumentality of any governmental jurisdiction within or under the control of the U.S. for a civil or criminal law enforcement activity if such activity is authorized by law and if the head of the agency or governmental entity has made a written request to the NRO specifying the particular portion of the record and the law enforcement activity for which the record is sought (blanket requests will not be accepted); a record may also be disclosed to a law enforcement agency at the initiative of the NRO pursuant to the blanket routine use for law enforcement when criminal conduct is indicated in the record.

(8) To a person showing compelling circumstances affecting the health or safety of an individual if, upon such disclosure, notification is sent to the last known address of the individual to whom the record pertains (emergency medical information may be released by telephone).

(9) To Congress or any committee, joint committee, or subcommittee of Congress with respect to a matter under its jurisdiction. This provision does not authorize the disclosure of a record to members of Congress acting in their individual capacities or on behalf of their constituents making third party requests. However, such releases may be made pursuant to the blanket routine use for Congressional inquiries when a constituent has sought the assistance of his Congressman for the constituent's individual record(s).

(10) To the Comptroller General or any of his authorized representatives in the course of the performance of the duties of the General Accounting Office.

(11) Pursuant to an order of a court of competent jurisdiction. When the record is disclosed under compulsory legal process and when the issuance of that order or subpoena is made public by the court which issued it, the NRO will make reasonable efforts to notify the individual to whom the record pertains by mail at the most recent address contained in NRO records.

(12) To a consumer reporting agency in accordance with 31 U.S.C. 3711(f).

(d) *Allocation of resources.* NRO components shall exercise due diligence in their responsibilities under the Privacy Act and must devote a reasonable level of personnel to respond to requests on a 'first-in, first-out' basis. In allocating Privacy Act resources, the component

shall consider its imposed business demands, the totality of resources available to it, the information review and release demands imposed by Congress and other governmental authorities, and the rights of the public under various disclosure laws. The PA Coordinator will establish priorities for cases consistent with established law to ensure that smaller as well as larger 'project' cases receive equitable attention.

(e) *Written permission for disclosure.* Disclosures made under circumstances not delineated in this part shall be made only if the written permission of the individual involved has been obtained. Written permission shall be recorded on or appended to the document transmitting the personal information to the other agency, in which case no separate accounting of the disclosure need be made. Written permission is required in each case; that is, once obtained, written permission for one case does not constitute blanket permission for other disclosures.

(f) *Coordination with other government agencies.* Records systems of the NRO may contain records originated by other agencies that may have claimed exemptions for them under the Privacy Act. Where appropriate, coordination will be effected with the originating agency. The NRO will comply with the instructions issued by another agency responsible for a system of records (e.g., Office of Personnel Management) in granting access to such records. Records containing information or interests of another government agency will not be released until coordination with the other agency involved. A request for information pertaining to the individual in an NRO record system received from another federal agency will be coordinated with the originating agency.

(g) *Accounting for disclosure.* Except for disclosures made under paragraphs (c)(1) and (c)(2) of this section, an accurate account of the disclosures shall be kept by the record holder in consultation with the Privacy Act Coordinator (PA Coordinator). There need not be a notation on a single document of every disclosure of a particular record. The record holder should be able to construct from its system of records the accounting information:

(1) When required by the individual to whom the record pertains, or

(2) When necessary to inform previous recipients of any amended records. The accounting shall be retained for at least five years or for the life of the record, whichever is longer, to be available for review by the subject of the record at his request except for disclosures made under paragraph (c)(7) of this section.

(h) *Application of rules.* Any request for access, amendment, correction, etc., of personal record information in a system of records by an individual to whom such information pertains will be governed by the Privacy Act of 1974, as amended, DoD regulatory authority, and this part, exclusively. Any denial or exemption of all or part of a record from access, disclosure, amendment, correction, etc., will be processed under DoD regulatory authority and this part, unless court order or other competent authority directs otherwise.

(i) *First Amendment rights.* No NRO official or component may maintain any information pertaining to the exercise by an individual of his rights under the First Amendment without the permission of that individual unless such collection is specifically authorized by statute or pertains to an authorized law enforcement activity.

(j) *Non-system information on individuals.* The following information is not considered part of personal records systems reportable under this part and may be maintained by NRO for ready identification, contact, and property control purposes only, provided it is not maintained in a system of records. If at any time the information described in this paragraph is being maintained in a system of records, the information is subject to the Privacy Act.

(1) Identification information at doorways, building directories, desks, lockers, name tags, etc.

(2) Geographical or agency contact cards.

(3) Property receipts and control logs for building passes, credentials, vehicles, etc.

(4) Personal working notes of employees that are merely an extension of

the author's memory, if maintained properly, do not come under the Privacy Act. Personal notes are not considered official NRO records if they meet the following requirements:

(i) Keeping or discarding notes must be at the sole discretion of the author. Any requirement by supervising authority, whether by oral or written directive, regulation, policy, or memo to maintain such notes, likely would cause the notes to become official agency records.

(ii) Such notes must be restricted to the author's personal use as memory aids, and only the author may have access to them. Passing them to a successor or showing them to other personnel (including supporting staff such as secretaries) would likely cause them to become agency records.

(5) Rosters. The NRO has no restriction against rosters that contain only corporate information such as name, work telephone number, and position. Good recordkeeping practices dictate that only rosters that are relevant and necessary to the NRO's operations may be maintained, and therefore convenience rosters, which by definition do not satisfy the test, may not be maintained.

§ 326.5 Responsibilities.

(a) The Director, NRO (DNRO):

(1) Supervises the execution of the Privacy Act and this part within the NRO.

(2) Appoints:

(i) The Chief, Information Access and Release Center as the NRO Privacy Act Coordinator.

(ii) The Director of Security, the Director of Policy, and the NRO General Counsel as the NRO Appeals Panel; and

(iii) The Chief of Staff as the Senior Official for Privacy Policy and the Privacy Act Appeal Authority.

(b) The Privacy Act Coordinator, NRO:

(1) Establishes, issues, and updates policy for the NRO Privacy Act Program, monitors compliance, and serves as the principal NRO point of contact on all Privacy Act matters.

(2) Receives, processes, and responds to all Privacy Act requests received by the NRO, including:

(i) Granting, granting in part, or denying an initial Privacy Act request for access or amendment to a record, and notifying a requester of such actions taken in regard to that request.

(ii) Granting a requester access to all or part of a record under dispute when, after a review, a decision is made in favor of a requester.

(iii) Directing the appropriate NRO component to amend a record and advising other record holders to amend a record when a decision is made in favor of a requester.

(iv) Notifying a requester, if a request is denied, of the reasons for denial and the procedures for appeal to the Privacy Act Appeal Authority.

(v) Notifying a requester of his right to file a concise statement of his reasons for disagreement with the NRO's refusal to amend a record.

(vi) Directing that a requester's statement of reasons for the request to amend, his concise statement of disagreement with the NRO's refusal to amend a record, and the NRO's letter of denial be included in the file containing the disputed record.

(vii) Referring all appeals to the Privacy Act Appeals Panel and Appeal Authority.

(viii) Notifying a requester of any required fees and delivering such collected fees to the Comptroller.

(ix) Obtaining supplemental information from the requester when required.

(3) Serves as the NRO point of contact with the Defense Privacy Office.

(4) Reviews NRO use of records, and at least 40 calendar days prior to establishing a new agency system of records, ensures that new or amended notices are prepared and published in the FEDERAL REGISTER consistent with the requirements of 32 CFR part 310;

(5) Coordinates with forms managers to ensure that a Privacy Act Statement is on all forms or in all other methods used to collect personal information for inclusion in any NRO records system;

(6) Prepares the NRO Privacy Act report for submission to the DoD Privacy Office and to other authorities, as required by 32 CFR part 310.

(7) Reviews all procedures, including forms, which require an individual to

furnish information for conformity with the Privacy Act.

(8) Retains the accounting of disclosures for at least five years or for the life of the record, whichever is longer, to be available for review by the subject of the record at his request except for disclosures made under paragraph (c)(7) of § 326.4; and

(9) Develops and oversees Privacy Act Program training for NRO personnel.

(c) The Privacy Act Appeals Panel, NRO:

(1) Meets and reviews all denials appealed by means of the NRO internal appeals process; and

(2) Recommends a finding to the Privacy Act Appeal Authority by a majority vote of those present at the meeting and based on the written record and the panel's deliberations.

(d) The Privacy Act Appeal Authority, NRO:

(1) Determines all NRO Privacy Act appeals.

(2) Reports the determination to the PA Coordinator.

(3) Signs the final appeal letter to the requester.

(e) General Counsel, NRO:

(1) Ensures uniformity in NRO legal positions concerning the Privacy Act and reviews proposed responses to Privacy Act requests to ensure legal sufficiency, as appropriate.

(2) Consults with DoD General Counsel on final denials that may be inconsistent with other final decisions within DoD; raises new legal issues of potential significance to other government agencies.

(3) Provides advice and assistance to the DNRO, the PA Coordinator, and component Directors, as required, in the discharge of their responsibilities pertaining to the Privacy Act.

(4) Advises on all legal matters concerning the Privacy Act, including legal decisions, rulings by the Department of Justice, and actions by DoD and other commissions on the Privacy Act.

(5) Approves all Privacy Act Statements prior to their reproduction and distribution.

(6) Acts as the NRO focal point for Privacy Act litigation with the Department of Justice.

(7) Provides a status report to the Defense Privacy Office, consistent with the requirements of 32 CFR part 310, whenever an individual brings suit under subsection (g) of the Privacy Act against NRO.

(f) Chief Information Officer (CIO), NRO:

(1) Ensures that NRO systems of records databases have procedures to protect the confidentiality of personal records maintained or processed by means of automatic data processing (ADP) systems and ensures that ADP systems contain appropriate safeguards for the privacy of personnel.

(2) Coordinates with the PA Coordinator before developing or modifying CIO-sponsored ADP supported files subject to the provisions of this part.

(g) Directorate and Office Managers, NRO:

(1) Ensure that records contained in their directorate or office systems of records are disclosed only to those NRO officials or employees who require the records for official purposes.

(2) Review their own directorate and office systems of records to ensure and certify that no systems of records other than those listed in the FEDERAL REGISTER System Notices are maintained; notify the CIO and the PA Coordinator promptly whenever there are changes to processing equipment, hardware, software, or database that may require an amended system notice.

(3) Maintain only such information about an individual as is relevant and necessary to accomplish a purpose which is required by statute or Executive Order and identify the specific provision of law or Executive Order which provides authority for the maintenance of information in each system of records.

(h) System Managers, NRO:

(1) Ensure that adequate safeguards have been established and are enforced to prevent the misuse, unauthorized disclosure, alteration, or destruction of personal information contained in system records.

(2) Ensure that all personnel who have access to the system of records, or are engaged in developing or supervising procedures for handling records,

are aware of their responsibilities established by the NRO Privacy Act Program.

(3) Evaluate each system of records during the planning stage and at regular intervals. The following factors should be considered:

(i) Relationship of data to be collected and retained to the purposes for which the system is maintained (all information must be relevant and necessary to the purpose for which it is collected).

(ii) The specific impact on the purpose or mission if categories of information are not collected (all data fields must be necessary to accomplish a lawful purpose or mission).

(iii) Whether informational needs can be met without using personal identifiers.

(iv) The cost of maintaining and disposing of records within the systems of records and the length of time each item of information must be retained according to the NRO Records Control Schedule as approved by the National Archives and Records Administration.

(4) Review system alterations or amendments to evaluate for relevancy and necessity.

(i) Forms and Information Managers. All NRO individuals responsible for forms or methods used to collect personal information from individuals will:

(1) Ensure that Privacy Act Statements are on appropriate forms and that new forms have the required Privacy Act Statement.

(2) Determine, with General Counsel's concurrence, which forms require Privacy Act Statements and will prepare such statements.

(3) Assist the initiators in determining whether a form, format, questionnaire, or report requires a Privacy Act Statement. Privacy Act Statements must be complete, specific, written in plain English, and approved by the Office of General Counsel.

(j) Employees, NRO:

(1) Will be familiar with the provisions of this part regarding the maintenance of systems of records, authorized access, and authorized disclosure;

(2) Will collect, maintain, use, and/or disseminate records containing identifiable personal information only for lawful purposes; will keep the information current, complete, relevant, and accurate for its intended use; and will safeguard the records in a system and keep them the minimum time required;

(3) Will not disclose any personal information contained in any system of records, except as authorized by the Privacy Act and this part;

(4) Will maintain no system of records concerning individuals except those authorized, and will maintain no other information concerning individuals except as necessary for the conduct of business at the NRO;

(5) Will provide individuals a Privacy Act Statement when asking them to provide information about themselves. The Privacy Act Statement will include the authority under which the information is being requested, whether disclosure of the information is mandatory or voluntary, the purposes for which it is being requested, the uses to which it will be put, and the consequences of not providing the information;

(6) May not deny an individual any right or privilege provided by law because of that individual's failure to disclose his SSN unless such information is required by federal statute or disclosure was required by statute or regulations adopted prior to January 1, 1975. If disclosure of the SSN is not required, NRO directorates and offices are not precluded from requesting it from individuals; however, the Privacy Act Statement must make clear that the disclosure of the SSN is voluntary and, if the individual refuses to disclose it, must be prepared to identify him by alternate means.

(7) Will collect personal information directly from the subject whenever possible; employees may collect information from third parties when that information must be verified, opinions or evaluations are required, the subject cannot be contacted, or the subject requests it.

(8) Will keep paper and electronic records which contain personal information and are retrieved by name or personal identifier only in approved systems published in the Federal Register.

(9) Will amend and correct records when directed by the PA Coordinator.

(10) Will report to the PA Coordinator any disclosures of personal information from a system of records, or the maintenance of any system of records, not authorized by this part.

(11) Will participate in specialized Privacy Act training should their duties require dealing with special investigators, the news media, or the public.

[65 FR 20372, Apr. 17, 2000, as amended at 66 FR 41783, Aug. 9, 2001]

§ 326.6 Policies for processing requests for records.

(a) An individual's written request for access to records about himself which does not specify the Act under which the request is made will be processed under both the Freedom of Information Act (FOIA) and the Privacy Act and the applicable regulations. Such requests will be processed under both Acts regardless of whether the requester cites one Act, both, or neither in the request in order to ensure the maximum possible disclosure to the requester. Individuals may not be denied access to a record pertaining to themselves merely because those records are exempt from disclosure under the FOIA.

(b) A Privacy Act request that neither specifies the system(s) of records to be searched nor identifies the substantive nature of the information sought will be processed by searching the systems of records categorized as Environmental Health, Safety and Fitness, FOIA/Privacy, General, and Security.

(c) A Privacy Act request that does not designate the system(s) of records to be searched but does identify the substantive nature of the information sought will be processed by searching those systems of records likely to have information similar to that sought by the requester.

(d) The NRO will not disclose any record to any person or government agency except by written request or prior written consent of the subject of the record unless the disclosure is required by law or is within the exceptions of the Privacy Act. If a requester authorizes another individual to obtain the requested records on his behalf, the requester shall provide a written, signed, notarized statement appointing that individual as his representative and certifying that the individual appointed may have access to the requester's records and that such access shall not constitute an invasion of his privacy nor a violation of his rights under the Privacy Act. In lieu of a notarized statement, the NRO will accept a declaration in accordance with 28 U.S.C. 1746.

(e) Upon receipt of a written request, the Privacy Act Coordinator (PA Coordinator) will release to the requester those records which are releasable and applicable to the individual making the request. Records about individuals include data stored electronically or in electronic media. Documentary material qualifies as a record if the record is maintained in a system of records.

(f) Initial availability, potential for release, and cost determination will usually be made within ten working days of the date on which a written request for any identifiable record is received by the NRO (and acknowledgement is sent to the individual). If additional time is needed due to unusual circumstances, a written notification of the delay will be forwarded to the requester within the ten working day period. This notification will briefly explain the circumstances for the delay and indicate the anticipated date for a substantive response.

(g) All requests will be handled in the order received on a 'first-in, first-out' basis. Requests will be considered for expedited processing only if the NRO determines that there is a genuine health, humanitarian, or due process reason involving possible deprivation of life or liberty which creates an exceptional and urgent need, that there is no alternative forum for the records sought, and that substantive records relevant to the stated needs may exist and be releasable.

(h) Records provided or originated by another agency or containing other agency information will not be released prior to coordination with the other agency involved.

(i) Requesting or obtaining access to records under false pretenses is a violation of the Privacy Act and is subject to criminal penalties.

§ 326.7 Procedures for collection.

(a) To the maximum extent practical, personal information about an individual will be obtained directly from that individual.

(b) Whenever an individual is asked to provide personal information, including Social Security Number (SSN) or a personal identifier, about himself, a Privacy Act Statement will be furnished that will advise him of the authority (whether by statute or by Executive Order) under which the information is requested, whether disclosure of the information is voluntary or mandatory, the purposes for which it is requested, the uses to which it will be put, and the consequences of not providing the information.

(c) When asking third parties to provide information about other individuals, NRO employees will advise them:

(1) Of the purpose of the request, and

(2) That their identities and the information they are furnishing may be released to the individual unless they expressly request confidentiality. All persons interviewed must be informed of their rights and offered confidentiality.

§ 326.8 Procedures for requesting access.

(a) *Request in writing.* An individual seeking notification of whether a system of records contains a record pertaining to him, or an individual seeking access to records pertaining to him which are available under the Privacy Act, shall address the request in writing to the Privacy Act Coordinator, National Reconnaissance Office, 14675 Lee Road, Chantilly, VA 20151–1715. The request should contain at least the following information:

(1) *Identification.* Reasonable identification, including first name, middle name or initial, surname, any aliases or nicknames, Social Security Number, and return address of the individual concerned, accompanied by a signed notarized statement that such information is true under penalty of perjury and swearing to or affirming his identity. An unsworn declaration, under 28 U.S.C. 1746, also is acceptable. In the case of a request for records of a sensitive nature if the PA Coordinator determines that this information does not sufficiently identify the individual, the PA Coordinator may requests additional identification or clarification of information submitted by the individual.

(i) In addition, an alien lawfully admitted for permanent residence shall provide his Alien Registration Number and the date that status was acquired.

(ii) The parent or guardian of a minor or of a person judicially determined to be incompetent, or an attorney retained to represent an individual, in addition to establishing the identity of the minor or person represented as required in this part, shall provide evidence of his own identity as required in this part and evidence of such parentage, guardianship, or representation by submitting a certified copy of the minor's birth certificate, the court order establishing such guardianship, or the representation agreement which establishes the relationship.

(2) *Cost.* A statement of willingness to pay reproduction costs. Processing of requests and administrative appeals from individuals who owe outstanding fees will be held in abeyance until such fees are paid.

(3) *Record sought.* A description, to the best of his ability, of the nature of the record sought and the system in which it is thought to be included. In lieu of this, a requester may simply describe why and under what circumstances he believes that the NRO maintains responsive records; the NRO will undertake the appropriate searches.

(b) *Access on behalf of the individual.* If the requester wishes another person to obtain the records on his behalf, the requester will furnish a notarized statement or unsworn declaration appointing that person as his representative, authorizing him access to the record, and affirming that access will not constitute an invasion of the requester's privacy or a violation of his rights under the Privacy Act. The NRO requires a written statement to authorize discussion of the individual's record in the presence of a third person.

§ 326.9 Procedures for disclosure of requested information.

(a) The PA Coordinator shall acknowledge receipt of the request in writing within ten working days.

(b) Upon receipt of a request, the PA Coordinator shall refer the request to those components most likely to possess responsive records. The components shall search all relevant record systems within their cognizance and shall:

(1) Determine whether a responsive record exists in a system of records.

(2) Determine whether access must be denied and on what legal basis. An individual may be denied access to his records under the Privacy Act only if an exemption has been properly claimed for all or part of the records or information requested; or if the information was compiled in reasonable anticipation of a civil action or proceeding.

(3) Approve the disclosure of records for which they are the originator.

(4) Forward to the PA Coordinator all records approved for release or necessary for coordination with or referral to another originator or interested party as well as notification of the specific determination for any denial.

(c) When all records have been collected, the PA Coordinator shall notify the individual of the determination and shall provide an exact copy of records deemed to be accessible if a copy has been requested.

(d) When an original record is illegible, incomplete, or partially exempt from release, the PA Coordinator shall explain in terms understood by the requester the portions of a record that are unclear.

(e) If access to requested records, or any portion thereof, is denied, the PA Coordinator shall inform the requester in writing of the specific reason(s) for denial, including the specific citation to appropriate sections of the Privacy Act or other statutes, this and other NRO regulations, or the Code of Federal Regulations authorizing denial, and the right to appeal this determination through the NRO appeal procedure within 60 calendar days. The denial shall include the date of denial, the name and title/position of the denial authority, and the address of the NRO Appeal Authority. Access may be refused when the records are exempt by the Privacy Act. Usually an individual will not be denied access to the entire record, but only to those portions to which the denial of access furthers the purpose for which an exemption was claimed.

§ 326.10 Procedures to appeal denial of access to requested record.

(a) Any individual whose request for access is denied may request a review of the initial decision within 60 calendar days of the date of the notification of denial of access by appealing within the NRO internal appeals process. If a requester elects to request NRO review, the request shall be sent in writing to the Privacy Act Coordinator, National Reconnaissance Office, 14675 Lee Road, Chantilly, VA 20151–1715, briefly identifying the particular record which is the subject of the request and setting forth the reasons for the appeal. The request should enclose a copy of the denial correspondence. The following procedures apply to appeals within the NRO:

(1) The PA Coordinator, after acknowledging receipt of the appeal, shall promptly refer the appeal to the record-holding components, informing them of the date of receipt of the appeal and requesting that the component head or his designee review the appeal.

(2) The record-holding components shall review the initial denial of access to the requested records and shall inform the PA Coordinator of their review determination.

(3) The PA Coordinator shall consolidate the component responses, review the record, direct such additional inquiry or investigation as is deemed necessary to make a fair and equitable determination, and make a recommendation to the NRO Appeals Panel, which makes a recommendation to the Appeal Authority.

(4) The Appeal Authority shall notify the PA Coordinator of the result of the determination on the appeal, who shall notify the individual of the determination in writing.

(5) If the determination reverses the initial denial, the PA Coordinator shall provide a copy of the records requested.

If the determination upholds the initial denial, the PA Coordinator shall inform the requester of his right to judicial review in U.S. District Court and shall include the exact reasons for denial with specific citations to the provisions of the Privacy Act, other statutes, NRO regulations, or the Code of Federal Regulations upon which the determination is based.

(b) The Appeal Authority shall act on the appeal or provide a notice of extension within 30 working days.

§ 326.11 Special procedures for disclosure of medical and psychological records.

When requested medical and psychological records are not exempt from disclosure, the PA Coordinator may determine which non-exempt medical or psychological records should not be sent directly to the requester because of possible harm or adverse impact to the requester or another person. In that event, the information may be disclosed to a physician named by the requester. The appointment of the physician will be in the same notarized form or declaration as described in §326.8 and will certify that the physician is licensed to practice in the appropriate specialty (medicine, psychology, or psychiatry). Upon designation, verification of the physician's identity, and agreement by the physician to review the documents with the requester to explain the meaning of the documents and to offer counseling designed to mitigate any adverse reaction, the NRO will forward such records to the designated physician. If the requester refuses or fails to designate a physician, the record shall not be provided. Under such circumstances refusal of access is not considered a denial for Privacy Act reporting purposes. However, if the designated physician declines to furnish the records to the individual, the PA Coordinator will take action to ensure that the records are provided to the individual.

§ 326.12 Procedures to request amendment or correction of record.

(a) An individual may request amendment or correction of a record pertaining to him/her by addressing such request in writing, to the Privacy Act Coordinator, National Reconnaissance Office, 14675 Lee Road, Chantilly, VA 20151–1715. Incomplete or inaccurate requests will not be rejected categorically; instead, the requester will be asked to clarify the request as needed. A request will not be rejected or require resubmission unless additional information is essential to process the request. Usually, amendments under this part are limited to correcting factual errors and not matters of official judgment, such as promotion ratings and job performance appraisals. The requester must adequately support his claim and must identify:

(1) The particular record he wishes to amend or correct, specifying the number of pages and documents, the titles of the documents, form numbers if any, dates on documents, and individuals who signed them. Any reasonable description of the documents is acceptable. A clear and specific description of passages, pages, or documents to be amended will expedite processing the request.

(2) The desired amending language. The requester should specify the type of amendment, including complete removal of data, passages, or documents from record or correction of information to make it accurate, more timely, complete, or relevant.

(3) A justification for such amendment or correction to include any documentary evidence supporting the request.

(b) Individuals will be required to provide verification of identity as in §326.8. to ensure that the requester is seeking to amend records pertaining to himself and not, inadvertently or intentionally, the records of another individual.

(c) Minor factual errors in an individual's personal record may be corrected routinely upon request without resort to the Privacy Act or the provisions of this part, if the requester and the record holder agree to that procedure and the requester receives a copy of the corrected record whenever possible. A written request is not required when individuals indicate amendments during routine annual review and updating of records programs conducted by the NRO for civilian personnel and the

Services for military personnel. Requests for deletion, removal of records, and amendment of substantive factual information will be processed according to the Privacy Act and the provisions of this part.

(d) The PA Coordinator shall acknowledge receipt of the request in writing within ten working days. No separate acknowledgement of receipt is necessary if the request can be either approved or denied and the requester advised within the ten-day period. For written requests presented in person, written acknowledgement may be provided at the time the request is presented.

(e) The PA Coordinator shall refer such request to the record-holder components, shall advise those components of the date of receipt, and shall request that those components make a prompt determination on such request.

(f) The record-holder components shall promptly:

(1) Make any amendment or correction to any portion of the record which the individual believes is not accurate, relevant, timely, or complete and notify the PA Coordinator and all holders and recipients of such records and their amendments that the correction was made; or

(2) Set forth the reasons for the refusal, if they determine that the requested amendment or correction will not be made or if they decline to make the requested amendment but instead augment the official record, and so inform the PA Coordinator.

(g) The Privacy Act Coordinator shall:

(1) Inform the requester of the agency's determination to make the amendment or correction as requested and notify all prior recipients of the change to the disputed records for which an accounting had been required; or

(2) Inform the requester of the specific reasons and legal authorities for the agency's refusal and the procedures established for him to request a review of that refusal.

(h) The amendment procedure is not intended to replace other existing procedures such as those for registering grievances or appealing performance appraisal reports. In such cases the requester will be apprised of the appropriate procedures for such actions.

(i) This part does not permit the alteration of evidence presented to courts, boards, or other official proceedings.

§ 326.13 Procedures to appeal denial of amendment.

(a) Any individual whose request for amendment or correction is denied may request a review of the initial decision within 60 calendar days of the date of the notification of denial by appealing within the NRO internal appeals process. If a requester elects to request NRO review, the request shall be sent in writing to the Privacy Act Coordinator, National Reconnaissance Office, 14675 Lee Road, Chantilly, VA 20151–1715, briefly identifying the particular record which is the subject of the request and setting forth the reasons for the appeal. The request should enclose a copy of the denial correspondence. The following procedures apply to appeals within the NRO:

(1) The PA Coordinator, after acknowledging receipt of the appeal, shall promptly refer the appeal to the record-holding components, informing them of the date of receipt of the appeal and requesting that the component head or his designee review the appeal.

(2) The record-holding components shall review the initial denial of access to the requested records and shall inform the PA Coordinator of their review determination.

(3) The PA Coordinator shall act as secretary of the Appeals Panel. He shall:

(i) Consolidate the component responses and reasons for the initial denial.

(ii) Provide all supporting materials both furnished to and by the requester and the record-holding component.

(iii) Review the record.

(iv) Direct such additional inquiry or investigation as is deemed necessary to make a fair and equitable determination.

(v) Prepare the record and schedule the appeal for the next meeting of the Appeals Panel. The Appeals Panel shall recommend a finding to the Appeal Authority by a majority vote of those

present at the meeting based on the written record and the Panel's deliberations. No personal appearances shall be permitted without the express permission of the Panel.

(4) The Appeal Authority shall notify the PA Coordinator of the result of the determination on the appeal who shall notify the individual of the determination in writing.

(5) The Appeal Authority will notify the PA Coordinator if the determination is that the record should be amended. The PA Coordinator will promptly advise the requester and the office holding the record to amend the record and to notify all prior recipients of the records for which an accounting was required of the change.

(6) If the determination upholds the initial denial, in whole or in part, the PA Coordinator shall inform the requester:

(i) Of the denial and the reason.

(ii) Of his right to file in NRO records within 60 calendar days a concise statement of the reasons for disputing the information contained in the record. If the requester elects to file a statement of disagreement, the PA Coordinator will be responsible for clearly noting any portion of the record that is disputed and for appending into the file the requester's statement as well as a copy of the NRO's letter to the requester denying the disputed information, if appropriate. The requester's statement and the NRO denial letter will be made available to anyone to whom the record is subsequently disclosed, and prior recipients of the disputed record will be provided a copy of both to the extent that an accounting of disclosures is maintained.

(iii) Of his right to judicial review in U.S. District Court.

(7) The Appeal Authority shall act on the appeal or provide a notice of extension within 30 working days.

§ 326.14 Disclosure of records to person other than subject.

(a) Personal records contained in a Privacy Act system of records maintained by NRO shall not be disclosed by any means to any person or agency outside the NRO except with the written consent of the individual subject of the record, unless as provided in this part.

(b) Except for disclosure made to members of the NRO in connection with their official duties and disclosures required by the Freedom of Information Act, an accounting will be kept of all disclosures of records maintained in NRO systems of records and of all disclosures of investigative information. Accounting entries will record the date, kind of information, purpose of each disclosure, and the name and address of the person or agency to whom the disclosure is made. Accounting records will be maintained for at least five years after the last disclosure or for the life of the record, whichever is longer. Subjects of NRO records will be given access to associated accounting records upon request except for disclosures made pursuant to §326.4, or where an exemption has been properly claimed for the system of records.

§ 326.15 Fees.

Individuals requesting copies of their official personnel records are entitled to one free copy; a charge will be assessed for additional copies. There is a cost of $.15 per page. Fees will not be assessed if the cost is less than $30.00. Fees should be paid by check or postal money order payable to the Treasurer of the United States and forwarded to the Privacy Act Coordinator, NRO, at the time the copy of the record is delivered. In some instances, fees will be due in advance.

§ 326.16 Penalties.

Each request shall be treated as a certification by the requester that he is the individual named in the request. The Privacy Act provides criminal penalties for any person who knowingly and willfully requests or obtains any information concerning an individual under false pretenses.

§ 326.17 Exemptions.

(a) All systems of records maintained by the NRO shall be exempt from the requirements of 5 U.S.C. 552a(d) pursuant to 5 U.S.C. 552a(k)(1) to the extent that the system contains any information properly classified under Executive Order 12958 and which is required by the Executive Order to be withheld

in the interest of national defense of foreign policy. This exemption, which may be applicable to parts of all systems of records, is necessary because certain record systems not otherwise specifically designated for exemptions herein may contain items of information that have been properly classified.

(b) No system of records within the NRO shall be considered exempt under subsection (j) or (k) of the Privacy Act until the exemption and the exemption rule for the system of records has been published as a final rule in the FEDERAL REGISTER.

(c) An individual is not entitled to have access to any information compiled in reasonable anticipation of a civil action or proceeding (5 U.S.C. 552a(d)(5)).

(d) Proposals to exempt a system of records will be forwarded to the Defense Privacy Office, consistent with the requirements of 32 CFR part 310, for review and action.

(e) QNRO–23.

(1) *System name:* Counterintelligence Issue Files.

(2) *Exemptions:* (i) Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source.

(ii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iii) Therefore, portions of this system of records may be exempt pursuant to 5 U.S.C. 552a(k)(2) and/or (k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (H) and (I), and (f).

(3) *Authority:* 5 U.S.C. 552a(k)(2) and (k)(5).

(4) *Reasons:* (i) From subsection (c)(3) because to grant access to the accounting for each disclosure as required by the Privacy Act, including the date, nature, and purpose of each disclosure and the identity of the recipient, could alert the subject to the identity of the recipient, could alert the subject to the existence of the investigation or prosecutable interest by NRO or other agencies. This could seriously compromise case preparation by prematurely revealing its existence and nature; compromise or interfere with witnesses or make witnesses reluctant to cooperate; and lead to suppression, alteration, or destruction of evidence.

(ii) From subsections (d)(1) through (d)(4), and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because this system of records is compiled for law enforcement purposes and is exempt from the access provisions of subsections (d) and (f).

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NRO will, nevertheless, continue to publish such a notice in broad generic terms as is its current practice.

(vi) Consistent with the legislative purpose of the Privacy Act of 1974, the NRO will grant access to nonexempt material in the records being maintained. Disclosure will be governed by NRO's Privacy Regulation, but will be limited to the extent that the identity of confidential sources will not be compromised; subjects of an investigation of an actual or potential criminal violation will not be alerted to the investigation; the physical safety of witnesses, informants and law enforcement personnel will not be endangered, the privacy of third parties will not be violated; and that the disclosure would not otherwise impede effective law enforcement. Whenever possible, information of the above nature will be deleted from the requested documents and the balance made available. The controlling principle behind this limited access is to allow disclosures except those indicated above. The decisions to release information from these systems will be made on a case-by-case basis.

(f) *QNRO–10, Inspector General Investigative Files*—(1) Exemption: This system may be exempt pursuant to 5 U.S.C. 552a(j)(2) if the information is compiled and maintained by a component of the agency which performs as its principle function any activity pertaining to the enforcement of criminal laws. Any portion of this system which falls within the provisions of 5 U.S.C. 552a(j)(2) may be exempt from the following subsections of 5 U.S.C. 552a (c)(3), (c)(4), (d), (e)(1), (e)(2), (e)(3), (e)(4)(G), (H), and (I), (e)(5), (e)(8), (f), and (g).

(2) *Authority:* 5 U.S.C. 552a(j)(2).

(3) *Reasons.* (i) From subsection (c)(3) because the release of accounting of disclosure would inform a subject that he or she is under investigation. This information would provide considerable advantage to the subject in providing him or her with knowledge concerning the nature of the investigation and the coordinated investigative efforts and techniques employed by the cooperating agencies. This would greatly impede the NRO IG's criminal law enforcement.

(ii) From subsection (c)(4) and (d), because notification would alert a subject to the fact that an open investigation on that individual is taking place, and might weaken the on-going investigation, reveal investigative techniques, and place confidential informants in jeopardy.

(iii) From subsection (e)(1) because the nature of the criminal and/or civil investigative function creates unique problems in prescribing a specific parameter in a particular case with respect to what information is relevant or necessary. Also, due to NRO IG's close liaison and working relationships with other Federal, state, local and foreign country law enforcement agencies, information may be received which may relate to a case under the investigative jurisdiction of another agency. The maintenance of this information may be necessary to provide leads for appropriate law enforcement purposes and to establish patterns of activity, which may relate to the jurisdiction of other cooperating agencies.

(iv) From subsection (e)(2) because collecting information to the fullest extent possible directly from the subject individual may or may not be practical in a criminal and/or civil investigation.

(v) From subsection (e)(3) because supplying an individual with a form containing a Privacy Act Statement would tend to inhibit cooperation by many individuals involved in a criminal and/or civil investigation. The effect would be somewhat adverse to established investigative methods and techniques.

(vi) From subsection (e)(4) (G) through (I) because this system of records is exempt from the access provisions of subsection (d).

(vii) From subsection (e)(5) because the requirement that records be maintained with attention to accuracy, relevance, timeliness, and completeness

would unfairly hamper the investigative process. It is the nature of law enforcement for investigations to uncover the commission of illegal acts at diverse stages. It is frequently impossible to determine initially what information is accurate, relevant, timely, and least of all complete. With the passage of time, seemingly irrelevant or untimely information may acquire new significance as further investigation brings new details to light.

(viii) From subsection (e)(8) because the notice requirements of this provision could present a serious impediment to law enforcement by revealing investigative techniques, procedures, and existence of confidential investigations.

(ix) From subsection (f) because the agency's rules are inapplicable to those portions of the system that are exempt and would place the burden on the agency of either confirming or denying the existence of a record pertaining to a requesting individual might in itself provide an answer to that individual relating to an on-going investigation. The conduct of a successful investigation leading to the indictment of a criminal offender precludes the applicability of established agency rules relating to verification of record, disclosure of the record to that individual, and record amendment procedures for this record system.

(x) From subsection (g) because this system of records should be exempt to the extent that the civil remedies relate to provisions of 5 U.S.C. 552a from which this rule exempts the system.

(4) *Exemptions.* (i) Investigative material compiled for law enforcement purposes, other than material within the scope of subsection (j)(2), may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source.

(ii) Investigative material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iii) Therefore, portions of this system of records may be exempt pursuant to 5 U.S.C. 552a(k)(2) and/or (k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (H) and (I), and (f).

(5) *Authority.* 5 U.S.C. 552a(k)(2) and (k)(5).

(6) *Reasons.* (i) From subsection (c)(3) because to grant access to the accounting for each disclosure as required by the Privacy Act, including the date, nature, and purpose of each disclosure and the identity of the recipient, could alert the subject to the existence of the investigation or prosecutable interest by the NRO or other agencies. This could seriously compromise case preparation by prematurely revealing its existence and nature; compromise or interfere with witnesses or make witnesses reluctant to cooperate; and lead to suppression, alteration, or destruction of evidence.

(ii) From subsections (d) and (f) because providing access to investigative records and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because this system of records is compiled for investigative purposes and is exempt from the access provisions of subsections (d) and (f).

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NRO will, nevertheless, continue to publish such a notice in broad generic terms as is its current practice.

(vi) Consistent with the legislative purpose of the Privacy Act of 1974, the NRO will grant access to nonexempt material in the records being maintained. Disclosure will be governed by NRO's Privacy Regulation, but will be limited to the extent that the identity of confidential sources will not be compromised; subjects of an investigation of an actual or potential criminal or civil violation will not be alerted to the investigation; the physical safety of witnesses, informants and law enforcement personnel will not be endangered, the privacy of third parties will not be violated; and that the disclosure would not otherwise impede effective law enforcement. Whenever possible, information of the above nature will be deleted from the requested documents and the balance made available. The controlling principle behind this limited access is to allow disclosures except those indicated above. The decisions to release information from these systems will be made on a case-by-case basis.

(g) QNRO–15, Facility Security Files.

(1) *Exemptions.* (i) Investigative material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source.

(ii) Investigative material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iii) Therefore, portions of this system of records may be exempt pursuant to 5 U.S.C. 552a(k)(2) and/or (k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (H) and (I), and (f).

(2) *Authority.* 5 U.S.C. 552a(k)(2) and (k)(5).

(3) *Reasons.* (i) From subsection (c)(3) because to grant access to the accounting for each disclosure as required by the Privacy Act, including the date, nature, and purpose of each disclosure and the identity of the recipient, could alert the subject to the existence of the investigation or prosecutable interest by the NRO or other agencies. This could seriously compromise case preparation by prematurely revealing its existence and nature; compromise or interfere with witnesses or make witnesses reluctant to cooperate; and lead to suppression, alteration, or destruction of evidence.

(ii) From subsections (d)(1) through (d)(4), and (f) because providing access to investigative records and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence;

enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because this system of records is compiled for investigative purposes and is exempt from the access provisions of subsections (d) and (f).

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NRO will, nevertheless, continue to publish such a notice in broad generic terms as is its current practice.

(vi) Consistent with the legislative purpose of the Privacy Act of 1974, the NRO will grant access to nonexempt material in the records being maintained. Disclosure will be governed by NRO's Privacy Regulation, but will be limited to the extent that the identity of confidential sources will not be compromised; subjects of an investigation of an actual or potential criminal or civil violation will not be alerted to the investigation; the physical safety of witnesses, informants and law enforcement personnel will not be endangered; the privacy of third parties will not be violated; and that the disclosure would not otherwise impede effective law enforcement. Whenever possible, information of the above nature will be deleted from the requested documents and the balance made available. The controlling principle behind this limited access is to allow disclosures except those indicated above. The decisions to release information from these systems will be made on a case-by-case basis.

(h) QNRO–19.

(1) *System name:* Customer Security Services Personnel Security Files.

(2) *Exemptions:* (i) Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source.

(ii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iii) Therefore, portions of this system of records may be exempt pursuant to 5 U.S.C. 552a(k)(2) and/or (k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (H) and (I), and (f).

(3) *Authority:* 5 U.S.C. 552a(k)(2) and (k)(5).

(4) *Reasons:* (i) From subsection (c)(3) because to grant access to the accounting for each disclosure as required by the Privacy Act, including the date, nature, and purpose of each disclosure and the identity of the recipient, could alert the subject to the existence of the investigation or prosecutable interest by the NRO or other agencies. This could seriously compromise case preparation by prematurely revealing its existence and nature; compromise or interfere with witnesses or make witnesses reluctant to cooperate; and lead to suppression, alteration, or destruction of evidence.

(ii) From subsections (d)(1) through (d)(4), and (f) because providing access to investigatory records and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and

thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because this system of records is compiled for investigatory purposes and is exempt from the access provisions of subsections (d) and (f).

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NRO will, nevertheless, continue to publish such a notice in broad generic terms as is its current practice.

(vi) Consistent with the legislative purpose of the Privacy Act of 1974, the NRO will grant access to nonexempt material in the records being maintained. Disclosure will be governed by NRO's Privacy Regulation, but will be limited to the extent that the identity of confidential sources will not be compromised; subjects of an investigation of an actual or potential criminal or civil violation will not be alerted to the investigation; the physical safety of witnesses, informants and law enforcement personnel will not be endangered; the privacy of third parties will not be violated; and that the disclosure would not otherwise impede effective law enforcement. Whenever possible, information of the above nature will be deleted from the requested documents and the balance made available. The controlling principle behind this limited access is to allow disclosures except those indicated in this paragraph. The decisions to release information from these systems will be made on a case-by-case basis.

(i) NRO–21.

(1) *System name:* Personnel Security Files.

(2) *Exemptions:* (i) Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source.

(ii) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source.

(iii) Therefore, portions of this system of records may be exempt pursuant to 5 U.S.C. 552a(k)(2) and/or (k)(5) from the following subsections of 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (H) and (I), and (f).

(3) *Authority:* 5 U.S.C. 552a(k)(2) and (k)(5).

(4) *Reasons:* (i) From subsection (c)(3) because to grant access to the accounting for each disclosure as required by the Privacy Act, including the date, nature, and purpose of each disclosure and the identity of the recipient, could alert the subject to the existence of the investigation or prosecutable interest by the NRO or other agencies. This could seriously compromise case preparation by prematurely revealing its existence and nature; compromise or

interfere with witnesses or make witnesses reluctant to cooperate; and lead to suppression, alteration, or destruction of evidence.

(ii) From subsections (d)(1) through (d)(4), and (f) because providing access to records of a civil or administrative investigation and the right to contest the contents of those records and force changes to be made to the information contained therein would seriously interfere with and thwart the orderly and unbiased conduct of the investigation and impede case preparation. Providing access rights normally afforded under the Privacy Act would provide the subject with valuable information that would allow interference with or compromise of witnesses or render witnesses reluctant to cooperate; lead to suppression, alteration, or destruction of evidence; enable individuals to conceal their wrongdoing or mislead the course of the investigation; and result in the secreting of or other disposition of assets that would make them difficult or impossible to reach in order to satisfy any Government claim growing out of the investigation or proceeding.

(iii) From subsection (e)(1) because it is not always possible to detect the relevance or necessity of each piece of information in the early stages of an investigation. In some cases, it is only after the information is evaluated in light of other evidence that its relevance and necessity will be clear.

(iv) From subsections (e)(4)(G) and (H) because this system of records is compiled for law enforcement purposes and is exempt from the access provisions of subsections (d) and (f).

(v) From subsection (e)(4)(I) because to the extent that this provision is construed to require more detailed disclosure than the broad, generic information currently published in the system notice, an exemption from this provision is necessary to protect the confidentiality of sources of information and to protect privacy and physical safety of witnesses and informants. NRO will, nevertheless, continue to publish such a notice in broad generic terms as is its current practice.

(vi) Consistent with the legislative purpose of the Privacy Act of 1974, the NRO will grant access to nonexempt material in the records being maintained. Disclosure will be governed by NRO's Privacy Regulation, but will be limited to the extent that the identity of confidential sources will not be compromised; subjects of an investigation of an actual or potential criminal violation will not be alerted to the investigation; the physical safety of witnesses, informants and law enforcement personnel will not be endangered; the privacy of third parties will not be violated; and that the disclosure would not otherwise impede effective law enforcement. Whenever possible, information of the above nature will be deleted from the requested documents and the balance made available. The controlling principle behind this limited access is to allow disclosures except those indicated above. The decisions to release information from these systems will be made on a case-by-case basis.

(j) QNRO–4.

(1) *System name:* Freedom of Information Act and Privacy Act Files.

(2) *Exemption:* During the processing of a Freedom of Information Act/Privacy Act request, exempt materials from other systems of records may in turn become part of the case record in this system. To the extent that copies of exempt records from those ''other'' systems of records are entered into this system, the NRO hereby claims the same exemptions for the records from those ''other'' systems that are entered into this system, as claimed for the original primary system of which they are a part.

(3) Authority: 5 U.S.C. 552a(j)(2), (k)(1), (k)(2), (k)(3), (k)(4), (k)(5), (k)(6), and (k)(7).

(4) Records are only exempt from pertinent provisions of 5 U.S.C. 552a to the extent such provisions have been identified and an exemption claimed for the original record and the purposes underlying the exemption for the original record still pertain to the record which is now contained in this system of records. In general, the exemptions were claimed in order to protect properly classified information relating to national defense and foreign policy, to avoid interference during the conduct of criminal, civil, or administrative actions or investigations, to ensure protective services provided the President and others are not compromised, to

protect the identity of confidential sources incident to Federal employment, military service, contract, and security clearance determinations, and to preserve the confidentiality and integrity of Federal evaluation materials. The exemption rule for the original records will identify the specific reasons why the records are exempt from specific provisions of 5 U.S.C. 552a.

[65 FR 20372, Apr. 17, 2000, as amended at 66 FR 41783, Aug. 9, 2001; 66 FR 54926, Oct. 31, 2001; 67 FR 17616, Apr. 11, 2002]

PART 327—DEFENSE COMMISSARY AGENCY PRIVACY ACT PROGRAM

Sec.
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APPENDIX C TO PART 327—DECA BLANKET ROUTINE USES.

AUTHORITY: Pub. L. 93–579, 88 Stat. 1896 (5 U.S.C. 522a).

SOURCE: 65 FR 39806, June 28, 2000, unless otherwise noted.

§ 327.1 Purpose.

This part implements the basic policies and procedures for the implementation of the Privacy Act of 1974, as amended (5 U.S.C. 552a); OMB Circular A–130; [1] and 32 CFR part 310; and to promote uniformity in the DeCA Privacy Act Program.

§ 327.2 Applicability.

This part applies to Headquarters, Field Operating Activities (FOA), Regions, Zones, Central Distribution Centers (CDC), Commissaries of DeCA, and contractors during the performance of a contract with DeCA. All personnel are expected to comply with the procedures established herein.

[1] Copies may be obtained: *http://www.whitehouse.gov/OMB/circulars.*

§ 327.3 Responsibilities.

(a) *The Director, DeCA.* (1) Supervises the execution of the Privacy Act and this part within the DeCA, and serves as the DeCA Privacy Act Appeal Authority.

(2) Appoints:

(i) The Executive Director for Support as the DeCA Initial Denial Authority for the DeCA Privacy Act Program.

(ii) The Records Manager, Office of Safety, Security, and Administration as the DeCA Privacy Act Officer.

(b) *The Privacy Act Officer, DeCA.* (1) Establishes and manages the PA program for DeCA.

(2) Provides guidance, assistance and training.

(3) Controls and monitors all requests received and prepares documentation to the office of primary responsibility (OPR) for response.

(4) Prepares response to requester based on information provided by the OPR.

(5) Signs all response requests for releasable information to the requester after coordination through the General Counsel. Ensures that all denied requests for information are released by the DeCA Initial Denial Authority.

(6) Publishes instructions to contractors that:

(i) Provide DeCA Privacy program guidance to their personnel who solicit, award, or administer government contracts;

(ii) Inform prospective contractors of their responsibilities regarding the DeCA Privacy Program; and

(iii) Establish an internal system of contractor performance review to ensure compliance with DeCA's Privacy program.

(iv) Prepare and submit System Notices to the Defense Privacy Office for publication in the FEDERAL REGISTER.

(7) Maintain Privacy Case files and records of disclosure accounting.

(8) Submit the DeCa Annual Privacy Act Report (RCS: DD-DA&M(A)1379) to the Defense Privacy Office.

(c) *DeCA Directorates/Staff Offices.* (1) Provide response and the information requested to the PA Officer for release to the individual.

(2) In the event the information is to be denied release, the requested information and rationale for denial will be forwarded to the PA Officer for denial determination.

(d) *Regions*. Regional Directors will appoint a Regional PA Coordinator who will maintain suspense control of PA actions, prepare documentation to the OPR for response, forward the information to the DeCA PA Officer for release determination, and notify the requester that the response will be received from the DeCA PA Officer using the format in Appendix A to this part.

(e) *DeCA Field Operating Activities (FOAs)*. (1) Upon receipt of a PA request that has not been received from the DeCA PA Officer, notify the DeCA PA Officer within 2 days.

(2) Collect all information available and forward to the DeCA PA Officer. If the requested information is not available, provide the DeCA PA Officer the rationale to respond to the requester.

(f) *Central Distribution Centers (CDCs) and Commissaries*. (1) Upon receipt of a PA request, not received from the Region Coordinator, notify the Region Coordinator within 2 days.

(2) Collect all information available and forward it to the Region Coordinator for submission to DeCA PA Officer. If requested information is not available, provide the Region Coordinator the rationale so they can prepare a response to the DeCA PA Officer. If the information is available but determined to be exempt, provide the Region Coordinator with the requested information and specific reasons why the request should be denied. The Region Coordinator will formalize a reply to the DeCA PA Officer, forwarding requested information and reasons for denial. The DeCA PA Officer will prepare the response to the requester with coordination by the General Counsel and signature by the IDA.

§ 327.4 Definitions.

Access. The review of a record of a copy of a record or parts thereof in a system of records by any individual.

Agency. For the purposes of disclosing records subject to the Privacy Act among DoD Components, the Department of Defense is considered a single agency. For all other purposes to include applications for access and amendment, denial of access or amendment, appeals from denials, and record keeping as regards release to non-DoD agencies; each DoD Component is considered an agency within the meaning of the Privacy Act.

Computer room. Any combination of electronic hardware and software integrated in a variety of forms (firmware, programmable software, hard wiring, or similar equipment) that permits the processing of textual data. The equipment contains device to receive information and other processors with various capabilities to manipulate the information, store and provide input.

Confidential source. A person or organization who has furnished information to the federal government under an express promise that the person's or the organization's identity will be held in confidence or under an implied promise of such confidentiality if this implied promise was made before September 27, 1975.

Disclosure. The transfer of any personal information from a system of records by any means of communication (such as oral, written, electronic, mechanical, or actual review) to any person, private entity, or government agency, other than the subject of the record, the subject's designated agent or the subject's legal guardian.

Federal Register system. Established by Congress to inform the public of interim, proposed, and final regulations or rulemaking documents having substantial impact on the public. In this case, DeCA directives have the same meaning as regulations or rulemaking documents. The secondary role of the Federal Register system is to publish notice documents of public interest.

Individual. A living person who is a citizen of the United States or an alien lawfully admitted for permanent residence. The parent of a minor or the legal guardian of any individual also may act on behalf of an individual. Corporations, partnerships, sole proprietorships, professional groups, businesses, whether incorporated or unincorporated, and other commercial entities are not ''individuals.''

Individual access. Access to information pertaining to the individual by the

individual or his or her designated agent or legal guardian.

Law enforcement activity. Any activity engaged in the enforcement of criminal laws, including efforts to prevent, control, or reduce crime or to apprehend criminals, and the activities of prosecutors, courts, correctional, probation, pardon, or parole authorities.

Maintain. Includes maintain, collect, use or disseminate.

Official use. Within the context of this part, this term is used when officials and employees of a DoD Component have a demonstrated need for the use of any record or the information contained therein in the performance of their official duties, subject to DoD 5200.1–R,[2] ''DoD Information Security Program Regulation.''

Personal information. Information about an individual that identifies, relates or is unique to, or describes him or her; e.g., a social security number, age, military rank, civilian grade, marital status, race, salary, home/office phone numbers, etc.

Privacy Act. The Privacy Act of 1974, as amended, (5 U.S.C. 552a).

Privacy Act request. A request from an individual for notification as to the existence of, access to, or amendment of records pertaining to that individual. These records must be maintained in a system of records.

Member of the public. Any individual or party acting in a private capacity to include federal employees or military personnel.

Record. Any item, collection, or grouping of information, whatever the storage media (e.g., paper, electronic, etc.), about an individual that is maintained by a DoD Component, including but not limited to, his or her education, financial transactions, medical history, criminal or employment history and that contains his or her name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a finger or voice print or a photograph.

Risk assessment. An analysis considering information sensitivity, vulnerabilities, and the cost to a computer facility or word processing activity in safeguarding personal information processed or stored in the facility or activity.

Routine use. The disclosure of a record outside the Department of Defense for a use that is compatible with the purpose for which the information was collected and maintained by the Department of Defense. The routine use must be included in the published system notice for the system of records involved.

Statistical record. A record maintained only for statistical research or reporting purposes and not used in whole or in part in making determinations about specific individuals.

System manager. The DoD Component official who is responsible for the operation and management of a system of records.

System of records. A group of records under the control of a DoD Component from which personal information is retrieved by the individual's name or by some identifying number, symbol, or other identifying particular assigned to an individual.

Word processing system. A combination of equipment employing automated technology, systematic procedures, and trained personnel for the primary purpose of manipulating human thoughts and verbal or written or graphic presentations intended to communicate verbally or visually with another individual.

Word processing equipment. Any combination of electronic hardware and computer software integrated in a variety of forms (firmware, programmable software, hard wiring, or similar equipment) that permits the processing of textual data. Generally, the equipment contains a device to receive information, a computer-like processor with various capabilities to manipulate the information, a storage medium, and an output device.

§ 327.5 Systems of records.

(a) *System of records*. To be subject to the provisions of this part, a ''system of records'' must:

(1) Consist of ''records'' that are retrieved by the name of an individual or some other personal identifier, and

(2) Be under the control of DeCA.

[2] Copies may be obtained: *http://www.whs.osd.mil/corres.htm*.

(b) *Retrieval practices.* Records in a group of records that may be retrieved by a name or personal identifier are not covered by this part even if the records contain personal data and are under the control of DeCA. The records MUST BE, in fact, retrieved by name or other personal identifier to become a system of records for DeCA.

(c) *Relevance and necessity.* Only those records that contain personal information which is relevant and necessary to accomplish a purpose required by Federal statute or an Executive Order will be maintained by DeCA.

(d) *Authority to establish systems of records.* Director, DeCA has the authority to establish systems of records; however, each time a system of records is established, the Executive Order or Federal statute that authorizes maintaining the personal information must be identified.

(1) DeCA will not maintain any records describing how an individual exercises his or her rights guaranteed by the First Amendment of the U.S. Constitution.

(2) These rights include, but are not limited to, freedom of religion, freedom of political beliefs, freedom of speech, freedom of the press, the right to assemble, and the right to petition.

(e) *System manager's evaluation.* Systems managers, along with the DeCA Privacy Officer, shall evaluate the information to be included in each new system before establishing the system and evaluate periodically the information contained in each existing system of records for relevancy and necessity. Such a review will also occur when a system notice amendment or alteration is prepared. Consider the following:

(1) The relationship of each item of information retained and collected to the purpose for which the system is maintained.

(2) The specific impact on the purpose or mission of not collecting each category of information contained in the system.

(3) The possibility of meeting the informational requirements through use of information not individually identifiable or through other techniques, such as sampling.

(4) The length of time each item of personal information must be retained.

(5) The cost of maintaining the information.

(6) The necessity and relevancy of the information to the purpose for which it was collected.

(f) *Discontinued information requirements.* (1) When notification is received to stop collecting any category or item of personal information, the DeCA PA Officer will issue instructions to stop immediately and also excise this information from existing records, when feasible, and amend existing notice.

(2) Disposition of these records will be provided by the DeCA PA Officer in accordance with the DeCA Filing System.[3]

(g) *Government contractors.* (1) When DeCA contracts for the operation or maintenance of a system of records or a portion of a system of records by a contractor, the record system or the portion affected are considered to be maintained by DeCA and are subject to this part. DeCA is responsible for applying the requirements of this part to the contractor. The contractor and its employees are to be considered employees of DeCA for the purposes of the approved provisions of the Privacy Act during the performance of the contract. Consistent with the Defense Acquisition Regulation, contracts requiring the maintenance of a system of records or the portion of a system of records shall identify specifically the record system and the work to be performed and shall include in the solicitation and resulting contract such terms as are prescribed in the Defense Acquisition Regulation (DAR).[4]

(2) If the contractor must use or have access to individually identifiable information subject to this part to perform any part of a contract, and the information would have been collected and maintained by DeCA but for the award of the contract, these contractor activities are subject to this part.

(3) The restrictions in paragraphs (g)(1) and (g)(2) of this section do not apply to records:

[3] Copies may be obtained: Defense Commissary Agency, ATTN: FOIA/Privacy Officer, 1300 E. Avenue, Fort Lee, VA 23801–1800.

[4] See footnote 3 to § 327.5.

(i) Established and maintained to assist in making internal contractor management decisions such as those maintained for use in managing the contract.

(ii) Those maintained as internal contractor employee records even when used in conjunction with providing goods and services to DeCA.

(4) Disclosure of records to contractors. Disclosure of personal records to a contractor for the use in the performance of any DeCA contract is considered a disclosure within the Department of Defense (DoD). The contractor is considered the agent of DeCA and is to be maintaining and receiving the records for DeCA.

(h) *Safeguarding personal information*. DeCA personnel will protect records in every system of records for confidentiality against alteration, unauthorized disclosure, embarrassment, or unfairness to any individual about when information is kept.

(1) Supervisor/Manager paper records maintained by DeCA personnel will be treated as 'For Official Use Only' (FOUO) documents and secured in locked file cabinets, desks or bookcases during non-duty hours. During normal working hours, these records will be out-of-sight if the working area is accessible to non-government personnel.

(2) Personnel records maintained by DeCA computer room or stand alone systems, will be safeguarded at all times. Printed computer reports containing personal data must carry the markings FOUO. Other media storing personal data such as tapes, reels, disk packs, etc., must be marked with labels which bear FOUO and properly safeguarded.

(3) Adherence to paragraphs (h)(1) and (h)(2) of this section, fulfills the requirements of 32 CFR part 285.

(i) *Records disposal*. (1) DeCA records containing personal data will be shredded or torn to render the record unrecognizable or beyond reconstruction.

(2) The transfer of large quantities of DeCA records containing personal data to disposal activities is not considered a release of personal information under this part. The volume of such transfers makes it difficult or impossible to identify easily specific individual records. Care must be exercised to ensure that the bulk is maintained so as to prevent specific records from becoming readily identifiable. If the bulk is amintained, no special procedures are required. if the bulk cannot be maintained, dispose of the records by shredding or tearing to render the record unrecognizable or beyond reconstruction.

§ 327.6 Collecting personal information

(a) *Collect directly from the individual*. To the greatest extent practicable, collect personal information directly from the individual to whom it pertains if the information may be used in making any determination about the rights, privileges, or benefits of the individual under any Federal program.

(b) *Collecting personal information from third parties*. It may not be practical to collect personal information directly from an individual in all cases. Some examples of this are:

(1) Verification of information through third party sources for security or employment suitability determinations;

(2) Seeking third party opinions such as supervisory comments as to job knowledge, duty performance, or other opinion-type evaluations;

(3) When obtaining the needed information directly from the individual is exceptionally difficult or may result in unreasonable costs; or

(4) Contacting a third party at the request of the individual to furnish certain information such as exact periods of employment, termination dates, copies of records, or similar information.

(c) *Collecting social security numbers (SSNs)*. (1) It is unlawful for DeCA to deny an individual any right, benefit, or privilege provided by law because an individual refuses to provide his or her SSN. Executive Order 9397 authorizes solicitation and use of SSNs as numerical identifiers for individuals in most Federal record systems, however, it does not provide mandatory authority for soliciting.

(2) When an individual is requested to provide their SSN, they must be told:

(i) the uses that will be made of the SSN;

(ii) The statute, regulation or rule authorizing the solicitation of the SSN; and

(iii) Whether providingthe SSN is voluntary or mandatory.

(3) Once the SSN has been furnished for the purpose of establishing a record, the notification in paragraph (c)(2) of this section is not required if the individual is only requested to furnish or verify the SSNs for identification purposes in connection with the normal use of his or her records.

(d) *Privacy act statements.* When a DeCA individual is requested to furnish personal information about himself or herself for inclusion in a system of records, a Privacy Act Statement is required regardless of the medium used to collect the information, e.g., forms, personal interviews, telephonic interviews. The statement allows the individual to make a decision whether to provide the information requested. The statement will be concise, curent, and easily understood and must state whether providing the information is voluntary or mandatory. if furnishing the data is mandatory, a Federal statute, Executive Order, regulation or other lawful order must be cited. If the personal information solicited is not to be incorporated into a DeCA system of records, a PA statement is not required. This information obtained without the PA statement will not be incorporated into any DeCA systems of records.

(1) *The DeCA Privacy Act Statement will include:*

(i) The specific Federal statute or Executive Order that authorized collection of the requested information;

(ii) The principal purpose or purposes for which the information is to be used;

(iii) The routine uses that will be made of the information;

(iv) Whether providing the information is voluntary or mandatory; and

(v) The effects on the individual if he or she chooses not to provide the requested information.

(2) *Forms.* When DeCA uses forms to collect personal information, placement of the Privacy Act advisory statement should be in the following order of preference:

(i) Below the title of the form and positioned so the individual will be advised of the requested information,

(ii) Within the body of the form with a notation of its location below the title of the form,

(iii) On the reverse of the form with a notation of its location below the title of the form,

(iv) Attached to the form as a tear-off sheet, or

(v) Issued as a separate supplement to the form.

(3) *Forms issued by non-DoD Activities.* Ensure that the statement prepared by the originating agency on their forms is adequate for the purpose for which DeCA will use the form. If the statement is inadequate, DeCA will prepare a new statement before using the form. Forms issued by other agencies not subject to the Privacy Act but its use requires DeCA to collect personal data, a Privacy Act Statement will be added.

§ 327.7 Access by individuals

(a) *Individual access to personal information.* Release of personal information to individuals whose records are maintained in a systems of records under this part is not considered public release of information. DeCA will release to the individuals all of the personal information, except to the extent the information is contained in an exempt system of records.

(1) *Requests for access.* (i) Individuals in DeCA Headquarters and FOAs will address requests for access to their personal information to the DeCA Privacy Act Officers. Individuals in Regions, CDCs, and commissaries, will address requests to their respective Region Privacy Act Coordinator. The individual is not required to explain or justify why access is being sought.

(ii) If an individual wishes to be accompanied by a third party when seeking access to his or her records or to have the records released directly to the third party, a signed access authorization granting the third party access is required.

(iii) A DeCA individual will not be denied access to his or her records because he or she refuses to provide his or her SSN unless the SSN is the only way retrieval can be made.

(2) *Granting access.* (i) If the record is not part of an exempt system, DeCA personnel will be granted access to the original record or an exact copy of the

original record without any changes or deletions. Medical records will be disclosed to the individual to whom they pertain unless an individual fails to comply with the established requirements. This includes refusing to name a physician to receive medical records when required, refusing to pay fees, or when a judgment is made that access to such records may have an adverse effect on the mental or physical health of the individual. Where an adverse effect may result, a release will be made in consultation with a physician.

(ii) DeCA personnel may be denied access to information compiled in reasonable anticipation of a civil action or proceeding. The term ''civil proceeding'' is intended to include quasi-judicial and pretrial judicial proceedings. Information prepared in conjunction with the quasi-judicial, pretrial and trial proceedings to include those prepared by DeCA legal and non-legal officials of the possible consequences of a given course of action are protected from access.

(iii) Requests by DeCA personnel for access to investigatory records pertaining to themselves, compiled for law enforcement purposes, are processed under this part and that of 32 CFR part 310. Those requests by DeCA personnel for investigatory records pertaining to themselves that are in records systems exempt from access provisions shall be processed under this part or 32 CFR part 285, depending upon which provides the greatest degree of access.

(3) *Non agency records.* (i) Uncirculated personal notes and records that are not given or circulated to any person or organization (example, personal telephone list) that are kept or discarded at the author's discretion and over which DeCA exercises no direct control, are not considered DeCA records. However, if personnel are officially directed or encouraged, either in writing or orally, to maintain such records, they may become ''agency records'' and may be subject to this part.

(ii) Personal uncirculate handwritten notes of team leaders, office supervisors, or military supervisory personnel concerning subordinates are not a system of records within the meaning of this part. Such notes are an extension of the individual's memory. These notes, however, must be maintained and discarded at the discretion of the individual supervisor and not circulated to others. Any established requirement to maintain such notes (written or oral directives, regulation or command policy) make these notes ''AGENCY RECORDS.'' If the notes are circulated, they must be made a part of the system of records. Any action that gives personal notes the appearance of official agency records is prohibited unless they have been incorporated into a DeCA system of records.

(b) *Relationship between the Privacy Act and the Freedom of Information Act (FOIA).* (1) Requests from DeCA individuals for access to a record pertaining to themselves made under the FOIA are processed under the provisions of this part, 32 CFR part 310 and DeCA Directive 30–12, Freedom of Information Act (FOIA) Program.[5]

(2) Request from DeCA individuals or access to a record pertaining to themselves are processed under this part and 32 CFR part 310.

(3) Requests from DeCA individuals for access to records about themselves that cite both Acts or the DeCA implementing directives for both Acts are processed under this part except:

(i) When the access provisions of the FOIA provide a greater degree of access process under the FOIA, or

(ii) When access to the information sought is controlled by another Federal statute process access procedures under the controlling statute.

(4) Requests from DeCA individuals for access to information about themselves in a system of records that do not cite either Act or DeCA implementing directive are processed under the procedures established by this part.

(5) DeCA requesters will not be denied access to personal information concerning themselves that would be releasable to them under either Act because they fail to cite either Act or the wrong Act. The Act or procedures used in granting or denying access will be explained to requesters.,

(6) DeCA requesters should receive access to their records within 30 days.

[5] See footnote 3 to § 327.5.

(7) Records in all DeCA systems maintained in accordance with the Government-wide systems notices are in temporary custody of DeCA, and all requests or amend these records will be processed in accordance with this part.

(c) *Denial of individual access.* (1) A DeCA individual may be denied formal access to a record pertaining to him/her only if the record:

(i) Was compiled in reasonable anticipation of civil action.

(ii) Is in a system of records that has been exempt from access provisions of this part.

(iii) All systems of records maintained by the Defense Commissary Agency shall be exempt from the requirements of 5 U.S.C. 552a(d) pursuant to 5 U.S.C. 552a(k)(1) to the extent that the system contains any information properly classified under Executive Order 12958 and which is required by the Executive Order to be withheld in the interest of national defense or foreign policy. This exemption, which may be applicable to parts of all systems of records, is necessary because certain record systems not otherwise specifically designated for exemptions herein may contain items of information that have been properly classified.

(iv) Is contained in a system of records for which access may be denied under some other Federal statute.

(v) All systems of records maintained by the DeCA shall be exempt from the requirements of 5 U.S.C. 552a(d) pursuant to 5 U.S.C. 552a(k)(1) to the extent that the system contains any information properly classified under Executive Order 12958 and which is required by the Executive Order to be withheld in the interest of national defense of foreign policy. This exemption, which may be applicable to parts of all systems of records, is necessary because certain record systems not otherwise specifically designated for exemptions herein may contain items of information that have been properly classified.

(2) DeCA individuals will only be denied access to those portions of the records from which the denial of access serves some legitimate governmental purpose.

(3) Other reasons to refuse DeCA individuals are:

(i) The request is not described well enough to locate it within a reasonable amount of effort by the PA Officer or PA Coordinator; or

(ii) An individual fails to comply with the established requirements including refusing to name a physician to receive medical records when required or to pay fees.

(4) Only the DeCA IDA can deny access. This denial must be in writing and contain:

(i) The date of the denial, name, title of position, and signature of the DeCA Initial Denial Authority.

(ii) The specific reasons for the denial, including specific reference to the appropriate sections of the PA, other statutes, this part or the Code of Federal Regulations (CFR);

(iii) Information providing the right to appeal the denial through the DeCa appeal procedure within 60 days, and the title, position and address of the DeCA PA Appellate Authority.

(5) *DeCA Appeal Procedures.* The Director of DeCA, or the designee, will review any appeal by an individual from a denial of access to DeCA records. Formal written notification will be provided to the individual explaining whether the denial is sustained totally or in part. The DeCA PA Officer will:

(i) Assign a control number and process the appeal to the Director, DeCA or the designee appointed by the Director.

(ii) Provide formal written notification to the individual by the appeal authority explaining whether the denial is sustained totally or in part and the exact reasons for the denial to include provisions of the Act, other statute, this part or the CFR whichever the determination is based, or

(iii) Provide the individual access to the material if the appeal is granted.

(iv) Process all appeals within 30 days of receipt unless the appeal authority determines the review cannot be made within that period and provide notification to the individual the reasons for the delay and when an answer may be expected.

(d) *Amendment of records.* (1) DeCA employees are encouraged to review the personal information being maintained abut them periodically. An individual may request amendment of any record contained in a system of records

unless the system of records has been exempt specifically from the amendment procedures by the Director, DeCa. A request for amendment must include:

(i) A description of the item or items to be amended.

(ii) The specific reason for the amendment.

(iii) The type of amendment action such as deletion, correction or addition.

(iv) Copies of evidence supporting the request.

(v) DeCA employees may be required to provide identification to make sure that they are indeed seeking to amend a record pertaining to themselves.

(2) The amendment process is not intended to permit the alteration of evidence presented in the course of judicial or quasi-judicial proceedings. Amendments to these records are made through specific procedures established for the amendment of these records.

(i) Written notification will be provided to the requester within 10 working days of its receipt by the DeCA PA Officer. No notification will be provided to the requester if the action completed within the 10 days. Only under exceptional circumstances will more than 30 days be required to reach the decision to amend a request. If the decision is to grant all or in part of the request for amendment, the record will be amended and the requester informed and all other offices/personnel known to be keeping the information.

(ii) If the request for amendment is denied in whole or in part, The PA Officer will notify the individual in writing and provide the specific reasons and the procedures for appealing the decision.

(iii) All appeals are to be processed within 30 days. If additional time is required, the requester will be informed and provided when a final decision may be expected.

(e) *Fee assessments.* (1) DeCA personnel will only be charged the direct cost of copying and reproduction, computed using the appropriate portions of the fee schedule in DeCA Directive 30–12.[6] Normally, fees are waived automatically if the direct costs of a given request are less than $30. This fee waiver provision does not apply when a waiver has been granted to the individual before, and later requests appear to be an extension or duplication of that original request. Decisions to waive or reduce fees that exceed the automatic waiver threshold will be made on a case-by-case basis. Fees may not be charged when:

(i) Copying is performed for the convenience of the Government or is the only means to make the record available for the individual.

(ii) No reading room is available for the individual to review the record or a copy is made to keep the original in DeCA files.

(iii) The information may be obtained without charge under any other regulation, directive, or statute.

(2) No fees will be collected for search, retrieval, and review of records to determine releasability, copying of records when the individual has not requested a copy, transportation of records and personnel, or normal postage.

§ 327.8 Disclosure of personal information to other agencies and third parties

(a) *Disclosures and nonconsensual disclosures.* (1) All requests made by DeCA individuals for personal information about other individuals (third parties) will be processed under DeCA Directive 30–12[7] except when the third party personal information is contained in the Privacy record of the individual making the request.

(2) For the purposes of disclosure and disclosure accounting, the Department of Defense is considered a single agency.

(3) Personal information from DeCA systems of records will not be disclosed outside the DoD unless:

(i) The record has been requested by the individual to whom it pertains,

(ii) Written consent has been given by the individual to whom the record pertains for release to the requesting agency, activity, or individual, or

(iii) The release is pursuant to one of the specific nonconsensual purposes set forth in the Act.

[6] See footnote 3 to § 327.5.

[7] See footnote 3 to § 327.5.

(4) Records may be disclosed without the consent of a DeCA individual to any DoD official who has need for the record in the performance of their assigned duties. Rank, position, or title alone does not authorize this access. An official need for this information must exist.

(5) DeCA records must be disclosed if their release is required by 32 CFR part 285, which is implemented by DeCA Directive 30–12.[8] 32 CFR part 285 requires that records be made available to the public unless exempt from disclosure under the FOIA.

(b) *Normally releasable information.* Personal information that is normally releasable without the consent of a DeCA individual that does not imply a clearly unwarranted invasion of personal privacy:

(1) Civilian employees:

(i) Name,

(ii) Present and past position titles,

(iii) Present and past grades,

(iv) Present and past salaries,

(v) Present and past duty stations,

(vi) Office or duty telephone numbers,

(2) Military members:

(i) Full name,

(ii) Rank,

(iii) Date of rank,

(iv) Gross salary,

(v) Past duty assignments,

(vi) Present duty assignments,

(vii) Future assignments that are officially established,

(viii) Office or duty telephone numbers,

(ix) Source of commission,

(x) Promotion sequence number,

(xi) Awards and decorations,

(xii) Attendance at professional military schools,

(xiii) Duty status at any given time.

(3) All disclosures of personal information on civilian employees shall be made in accordance with the Office of Personnel Management (OPM) and all disclosures of personal information on military members shall be made in accordance with the standards established by 32 CFR part 285.

(4) The release of DeCA employees' home addresses and home telephone numbers is considered a clearly unwarranted invasion of personal privacy and is prohibited; however, these may be released without prior consent of the employee if:

(i) The employee has indicated previously that he or she consents to their release,

(ii) The releasing official was requested to release the information under the provisions of 32 CFR part 285.

(5) Before listing home addresses and home telephone numbers in any DeCA telephone directory, give the individuals the opportunity to refuse such a listing.

(c) *Disclosures for established routine uses.* (1) Records may be disclosed outside of DeCA without consent of the individual to whom they pertain for an established routine use.

(2) A routine use shall:

(i) Be compatible with the purpose for which the record was collected;

(ii) Indicate to whom the record may be released;

(iii) Indicate the uses to which the information may be put by the receiving agency; and

(iv) Have been published previously in the FEDERAL REGISTER.

(3) A routine use will be established for each user of the information outside DeCA who need official access to the records. This use may be discontinued or amended without the consent of the individual/s involved. Any routine use that is new or changed is published in the FEDERAL REGISTER 30 days before actually disclosing the record. In addition to routine uses established by DeCA individual system notices, blanket routine uses have been established. See Appendix C to this part.

(d) *Disclosure without consent.* DeCA records may be disclosed without the consent of the individual to whom they pertain to another agency within or under the control of the U.S. for a civil or criminal law enforcement activity if:

(1) The civil or criminal law enforcement activity is authorized by law (Federal, State, or local); and

(2) The head of the agency or instrumentality (or designee) has made a written request to the Component specifying the particular record or portion desired and the law enforcement activity for which it is sought.

[8] See footnote 3 to § 327.5.

(3) Blanket requests for any and all records pertaining to an individual shall not be honored. The requesting agency or instrumentality must specify each record or portion desired and how each relates to the authorized law enforcement activity.

(4) This disclosure provision applies when the law enforcement agency or instrumentality request the record, If the DoD Component discloses a record outside the DoD for law enforcement purposes without the individual's consent and without an adequate written request, the disclosure must be pursuant to an established routine use, such as the blanket routine use for law enforcement.

(e) *Disclosures to the public from health care records.* (1) The following general information may be released to the news media or public concerning a DeCA employee treated or hospitalized in DoD medical facilities and non-Federal facilities for whom the cost of the care is paid by DoD:

(i) Personal information concerning the patient that is provided in §327.8 and under provisions of 32 CFR part 285.

(ii) The medical condition such as the date of admission or disposition and the present medical assessment of the individual's condition in the following terms if the medical doctor has volunteered the information:

(A) The individual's condition is presently (stable) (good) (fair) (serious) or (critical), and

(B) Whether the patient is conscious, semi-conscious or unconscious.

(2) Detailed medical and other personal information may be released on a DeCA employee only if the employee has given consent to the release. If the employee is not conscious or competent, no personal information, except that required by 32 CFR part 285, will be released until there has been enough improvement in the patient's condition for them to give informed consent.

(3) Any item of personal information may be released on a DeCA patient if the patient has given consent to its release.

(4) This part does not limit the disclosure of personal medical information for other government agencies' use in determining eligibility for special assistance or other benefits provided disclosure in pursuant to a routine use.

APPENDIX A TO PART 327—SAMPLE DECA RESPONSE LETTER

Mrs. Floria Employee
551 Florida Avenue
Oakland, CA 94618

Dear Mrs. Employee: This responds to your Privacy Act request dated (enter date of request), in which you requested (describe requested records).

Your request has been referred to our headquarters for further processing. They will respond directly to you. Any questions concerning your request may be made telephonically (enter Privacy Officer's telephone number) or in writing to the following address:

Defense Commissary Agency, Safety, Security, and Administration, Attention: FOIA/PA Officer, Fort Lee, VA 23801–1800.

I trust this information is responsive to your needs.

(Signature block)

APPENDIX B TO PART 327—INTERNAL MANAGEMENT CONTROL REVIEW CHECKLIST

(a) *Task:* Personnel and/or Organization Management.

(b) *Subtask:* Privacy Act (PA) Program.

(c) *Organization:*

(d) *Action officer:*

(e) *Reviewer:*

(f) *Date completed:*

(g) *Assessable unit:* The assessable units are HQ, DeCA, Regions, Central Distribution Centers, Field Operating Activities, and commissaries. Each test question is annotated to indicate which organization(s) is (are) responsible for responding to the question(s). Assessable unit managers responsible for completing this checklist are shown in the DeCA, MCP, DeCA Directive 70–2.[1]

(h) *Event cycle 1:* Establish and implement a Privacy Act Program.

(1) Risk: If prescribed policies, procedures and responsibilities of the Privacy Act Program are not adhered to, sensitive private information on individuals can be given out to individuals.

(2) Control Objectives: The prescribed policies, procedures and responsibilities contained in 5 U.S.C. 552a are followed to protect individual privacy and information release.

[1] Copies may be obtained: Defense Commissary Agency, ATTN: FOIA/Privacy Officer, 1300 E. Avenue, Fort Lee, VA 23801–1800.

(3) Control Techniques: 32 CFR part 310 and DeCA Directive 30–13,[2] Privacy Act Program.

(i) Ensure that a PA program is established and implemented.

(ii) Appoint an individual with PA responsibilities and ensure the designation of appropriate staff to assist.

(4) Test Questions: Explain rationale for YES responses or provide cross-references where rationale can be found. For NO responses, cross-reference to where corrective action plans can be found. If response is NA, explain rationale.

(i) Is a PA program established and implemented in DeCA to encompass procedures for subordinate activities? (DeCA HQ/SA, Region IM). Response: Yes / No / NA. Remarks:

(ii) Is an individual appointed PA responsibilities? (DeCA HQ/SA, Region IM). Response: Yes / No / NA. Remarks:

(iii) Are the current names and office telephone numbers furnished OSD, Private Act Office of the PA Officer and the IDA? (DeCA HQ/SA). Response: Yes / No / NA. Remarks:

(iv) Is the annual PA report prepared and forwarded to OSD, Defense Privacy Office? (DeCA HQ/SA). Response: Yes / No / NA. Remarks:

(v) Is PA awareness training/orientation provided? Is in-depth training provided for personnel involved in the establishment, development, custody, maintenance and use of a system of records? (DeCA HQ/SA, Region). Response: Yes / No / NA. Remarks:

(vi) Is the PA Officer consulted by information systems developers for privacy requirements which need to be included as part of the life cycle management of information consideration in information systems design? (DeCA HQ/SA, Region). Response: Yes / No / NA. Remarks:

(vii) Is each system of records maintained by DeCA supported by a Privacy Act System Notice and has the systems notice been published in the FEDERAL REGISTER? (DeCA HQ/SA). Response: Yes / No / NA. Remarks:

(i) *Event cycle 2:* Processing PA Requests.

(1) Risk: Failure to process PA requests correctly could result in privacy information being released which subjects the Department of Defense, DeCA or individuals to criminal penalties.

(2) Control Objective: PA requests are processed correctly.

(3) Control Technique:

(i) Ensure PA requests are logged into a formal control system.

(ii) Ensure PA requests are answered promptly and correctly.

(iii) Ensure DeCA records are only withheld when they fall under the general and specific exemptions of 5 U.S.C. 552a and one or more of the nine exemptions under DeCA Directive 30–12,[3] Freedom of Information Act (FOIA) Program.

(iv) Ensure all requests are coordinated through the General Counsel.

(v) Ensure all requests are denied by the DeCA IDA.

(vi) Ensure all appeals are forwarded to the Director DeCA or his designee.

(4) Test Questions:

(i) Are PA requests logged into a formal control system? (DeCA HQ/SA, Region IM). Response: Yes / No / NA. Remarks:

(ii) Are individual requests for access acknowledged within 10 working days after receipt? (DeCA HQ/SA, Region IM). Response: Yes / No / NA. Remarks:

(iii) when more than 10 working days are required to respond to a PA request, is the requester informed, explaining the circumstances for the delay and provided an approximate date for completion? (DeCA HQ/SA, Region IM). Response: Yes / No / NA. Remarks:

(iv) Are DeCA records withheld only when they fall under one or more of the general or specific exemptions of the PA or one or more of the nine exemptions of the FOIA? (DeCA HQ/SA, Region IM). Response: Yes / No / NA. Remarks:

(v) Do denial letters contain the name and title or position of the official who made the determination, cite the exemption(s) on which the denial is based and advise the PA requester of their right to appeal the denial to the Director DeCA or designee? (DeCA HQ/SA). Response: Yes / No / NA. Remarks:

(vi) Are PA requests denied only by the HQ DeCA IDA? (All). Response: Yes/No/NA. Remarks:

(vii) Is coordination met with the General Counsel prior to forwarding a PA request to the IDA? (DeCA HQ/SA). Response: Yes/No/NA. Remarks:

(j) *Event cycle 3:* Requesting PA Information.

(1) Risk: Obtaining personal information resulting in a violation of the PA.

(2) Control Objective: Establish a system before data collection and storage to ensure no violation of the privacy of individuals.

(3) Control Technique: Ensure Privacy Act Statement to obtain personal information is furnished to individuals before data collection.

(4) Test Questions:

(i) Are all forms used to collect information about individuals which will be part of a system of records staffed with the PA Officer for correctness of the Privacy Act Statement? (DeCA HQ/SA, Region). Response: Yes/No/NA. Remarks:

(ii) Are Privacy Statements prepared and issued for all forms, formats and questionnaires that are subject to the PA, coordinated with the DeCA forms manager? (DeCA

[2] See footnote 1 to this Appendix B.

[3] See footnote 1 to this Appendix B.

HQ/SA, Region). Response: Yes/No/NA. Remarks:

(iii) Do Privacy Act Statements furnished to individuals provide the following:

(A) The authority for the request.

(B) The principal purpose for which the information will be used.

(C) Any routine uses.

(D) The consequences of failing to provide the requested information. Yes/No/NA. Remarks:

(k) *Event cycle 4:* Records Maintenance.

(1) Risk: Unprotected records allowing individuals without a need to know access to privacy information.

(2) Control Objective: PA records are properly maintained throughout their life cycle.

(3) Control Technique: Ensure the prescribed policies and procedures are followed during the life cycle of information.

(4) Test Questions:

(i) Are file cabinets/containers that house PA records locked at all times to prevent unauthorized access? (All). Response: Yes/No/NA. Remarks:

(ii) Are personnel with job requirement (need to know) only allowed access to PA information? (All). Response: Yes/No/NA. Remarks:

(iii) Are privacy act records treated as unclassified records and designated 'For Official Use Only'? (All). Response: Yes/No/NA. Remarks:

(iv) Are computer printouts that contain privacy act information as well as disks, tapes and other media marked 'For Official Use Only'? (All). Response: Yes/No/NA. Remarks:

(v) Is a Systems Manager appointed for each automated/manual PA systems of records? (DeCA HQ/SA, Region). Response: Yes/No/NA. Remarks:

(vi) Are PA records maintained and disposed of in accordance with DeCA Directive 30–2,[4] The Defense Commissary Agency Filing System? (All). Response: Yes/No/NA. Remarks:

(1) I attest that the above listed internal controls provide reasonable assurance that DeCA resources are adequately safeguarded. I am satisfied that if the above controls are fully operational, the internal controls for this sub-task throughout DeCA are adequate.

Safety, Security and Administration.

FUNCTIONAL PROPONENT.

I have reviewed this sub-task within my organization and have supplemented the prescribed internal control review checklist when warranted by unique environmental circumstances. The controls prescribed in this checklist, as amended, are in place and operational for my organization (except for the weaknesses described in the attached plan, which includes schedules for correcting the weaknesses).

ASSESSABLE UNIT MANAGER (Signature).

APPENDIX C TO PART 327–DECA BLANKET ROUTINE USES

(a) *Routine Use—Law Enforcement.* If a system of records maintained by a DoD Component, to carry out its functions, indicates a violation or potential violation of law, whether civil, criminal, or regulatory in nature, and whether arising by general statute or by regulation, rule, or order issued pursuant thereto, the relevant records in the system of records may be referred, as a routine use, the agency concerned, whether Federal, State, local, or foreign, charged with the responsibility of investigating or prosecuting such violation or charged with enforcing or implementing the statute, rule, regulation, or order issued pursuant thereto.

(b) *Routine Use—Disclosure when Requesting Information.* A record from a system of records maintained by a Component may be disclosed as a routine use to a Federal, State, or local agency maintaining civil, criminal, or other relevant enforcement information or other pertinent information, such as current licenses, if necessary to obtain information relevant to a Component decision concerning the hiring or retention of an employee, the issuance of a security clearance, the letting of a contract, or the issuance of a license, grant, or other benefit.

(c) *Routine Use—Disclosure of Requested Information.* A record from a system of records maintained by a Component may be disclosed to a Federal agency, in response to its request, in connection with the hiring or retention of an employee, the issuance of a security clearance, the reporting of an investigation of an employee, the letting of a contract, or the issuance of a license, grant, or other benefit by the requesting agency, to the extent that the information is relevant and necessary to the requesting agency's decision on the matter.

(d) *Routine Use—Congressional Inquiries.* Disclosure from a system of records maintained by a Component may be made to a congressional office from the record of an individual in response to an inquiry from the congressional office made at the request of that individual.

(e) *Routine Use—Private Relief Legislation.* Relevant information contained in all systems of records of the Department of Defense published on or before August 22, 1975, will be disclosed to the OMB in connection with the review of private relief legislation as set forth in OMB Circular A–19 at any stage of the legislative coordination and clearance process as set forth in that Circular.

(f) *Routine Use—Disclosures Required by International Agreements.* A record from a system of records maintained by a Component may be disclosed to foreign law enforcement,

[4] See footnote 2 to this Appendix B.

security, investigatory, or administrative authorities to comply with requirements imposed by, or to claim rights conferred in, international agreements and arrangements including those regulating the stationing and status in foreign countries of DoD military and civilian personnel.

(g) *Routine Use—Disclosure to State and Local Taxing Authorities.* Any information normally contained in Internal Revenue Service (IRS) Form W-2 which is maintained in a record from a system of records maintained by a Component may be disclosed to State and local taxing authorities with which the Secretary of the Treasury has entered into agreements under 5 U.S.C., 5516, 5517, and 5520 and only to those State and local taxing authorities for which an employee or military member is or was subject to tax regardless of whether tax is or was withheld. This routine use is in accordance with Treasury Fiscal Requirements Manual Bulletin No. 76–07.

(h) *Routine Use—Disclosure to the Office of Personnel Management.* A record from a system of records subject to the Privacy Act and maintained by a Component may be disclosed to the Office of Personnel Management (OPM) concerning information on pay and leave, benefits, retirement deduction, and any other information necessary for the OPM to carry out its legally authorized government-wide personnel management functions and studies.

(i) *Routine Use—Disclosure to the Department of Justice for Litigation.* A record from a system of records maintained by this component may be disclosed as a routine use to any component of the Department of Justice for the purpose of representing the Department of Defense, or any officer, employee or member of the Department in pending or potential litigation to which the record is pertinent.

(j) *Routine Use—Disclosure to Military Banking Facilities Overseas.* Information as to current military addresses and assignments may be provided to military banking facilities who provide banking services overseas and who are reimbursed by the Government for certain checking and loan losses. For personnel separated, discharged, or retired from the Armed Forces, information as to last known residential or home of record address may be provided to the military banking facility upon certification by a banking facility officer that the facility has a returned or dishonored check negotiated by the individual or the individual has defaulted on a loan and that if restitution is not made by the individual, the U.S. Government will be liable for the losses the facility may incur.

(k) *Routine Use—Disclosure of Information to the General Services Administration (GSA).* A record from a system of records maintained by this component may be disclosed as a routine use to the General Services Administration (GSA) for the purpose of records management inspections conducted under authority of 44 U.S.C. 2904 and 2906.

(l) *Routine Use—Disclosure of Information to the National Archives and Records Administration (NARA).* A record from a system of records maintained by this component may be disclosed as a routine use to the National Archives and Records Administration (NARA) for the purpose of records management inspections conducted under authority of 44 U.S.C. 2904 and 2906.

(m) *Routine Use—Disclosure to the Merit Systems Protection Board.* A record from a system of records maintained by this component may be disclosed as a routine use to the Merit Systems Protection Board, including the Office of the Special Counsel for the purpose of litigation, including administrative proceedings, appeals, special studies of the civil service and other merit systems, review of OPM or component rules and regulations, investigation of alleged or possible prohibited personnel practices; including administrative proceedings involving any individual subject of a DoD investigation, and such other functions, promulgated in 5 U.S.C. 1205 and 1206, or as may be authorized by law.

(n) *Routine Use—Counterintelligence Purpose.* A record from a system of records maintained by this component may be disclosed as a routine use outside the DoD or the U.S. Government for the purpose of counterintelligence activities authorized by U.S. Law or Executive Order or for the purpose of enforcing laws which protect the national security of the United States.

SUBCHAPTER P—OBTAINING DOD INFORMATION

PART 337—AVAILABILITY OF DoD DIRECTIVES, DoD INSTRUCTIONS, DoD PUBLICATIONS, AND CHANGES

Sec.

337.1 Ordering DoD Directives, DoD Instructions, and Changes.
337.2 Ordering DoD Publications.

AUTHORITY: 10 U.S.C. 133, 31 U.S.C. 483a.

§ 337.1 Ordering DoD Directives, DoD Instructions, and Changes.

DoD Directives, DoD Instructions, and changes published in Chapter 2—Number Index section of DoD 5025.1–I, ''DoD Directives System Annual Index'' (except those issuances identified as classified) are available to the public and Government Agencies, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161, telephone 703–487–4650.

[55 FR 27225, July 2, 1990. Redesignated and amended at 56 FR 64482, Dec. 10, 1991]

§ 337.2 Ordering DoD Publications.

DoD publications and changes published in Chapter 3—Publications section of DoD 5025.1–l, ''DoD Directives System Annual Index'' are available from the various sources that are identified in the Availability Column. Addresses for forwarding written requests to the various sources are listed at the beginning of chapter 3. A fee will be charged for DoD Publications ordered from the National Technical Information Service.

[56 FR 64482, Dec. 10, 1991]

PART 338—AVAILABILITY TO THE PUBLIC OF DEFENSE NUCLEAR AGENCY (DNA) INSTRUCTIONS AND CHANGES THERETO

AUTHORITY: 10 U.S.C. 133, 5 U.S.C. 552.

§ 338.1 Ordering DNA issuances.

(a) The DNA issuances published in the DNA indexes are published under the following subject groups:

1000—Manpower, Personnel and Reserve
2000—International Programs
3000—Intelligence
4000—Logistics and Resources Management
5000—General Administration
6000—Health and Medical
7000—Comptrollership
DNA Instruction 5025.80, Index to Administrative Publications
AFRRI Instruction 5025.26N, Index to AFRRI Publications
FC, DNA Instruction 5025.8B, Index to FC, DNA Administrative Instruction

(b) Copies of DNA indexes and instructions may be ordered by telephone or letter. The commercial telephone number is (703) 325–7095. Include personal or company name, street address or post office box, city, state, country (if applicable) and zip code when submitting requests. Submit written requests to: Defense Nuclear Agency, Public Affairs Office, Washington, DC 20305–1000.

(c) This service is provided to the public and to federal agencies other than the Department of Defense. DNA does not charge for requests for an index and one instruction; however, fees for larger orders are determined on a case-by-case basis.

[51 FR 41300, Nov. 14, 1986. Redesignated at 56 FR 64482, Dec. 10, 1991]

SUBCHAPTER Q [RESERVED]

SUBCHAPTER R—ORGANIZATIONAL CHARTERS

PART 344—ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS (ASD(RA))

Sec.
344.1 Purpose.
344.2 Applicability.
344.3 Definitions.
344.4 Responsibilities and functions.
344.5 Relationships.
344.6 Authorities.

AUTHORITY: 10 U.S.C. 136.

SOURCE: 59 FR 14563, Mar. 29, 1994, unless otherwise noted.

§ 344.1 Purpose.

Under the authority vested in the Secretary of Defense by 10 U.S.C. 113 and 138, this part updates the responsibilities, functions, relationships, and authorities of the ASD(RA), as prescribed herein.

§ 344.2 Applicability.

This part applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as ''the DoD Components'').

§ 344.3 Definitions.

(a) *Reserve components.* Refers collectively to the Army National Guard of the United States, Army Reserve, Naval Reserve, Marine Corps Reserve, Air National Guard of the United States, Air Force Reserve, and Coast Guard Reserve, when the Coast is operating as a Service of the Department of the Navy.

(b) *Total force.* The organizations, units, and individuals that comprise the Defense Department's resources for meeting the national security strategy. It includes DoD Active and Reserve military personnel, military retired members, DoD civilian personnel (including foreign national direct- and indirect-hire, as well as non-appropriated fund employees), contractor staff, and host-nation support personnel.

§ 344.4 Responsibilities and functions.

The Assistant Secretary of Defense for Reserve Affairs is the principal staff assistant and advisor to the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) and the Secretary and Deputy Secretary of Defense for Reserve component matters in the Department of Defense. The ASD(RA) is responsible for overall supervision of all Reserve component affairs in the Department of Defense. In this capacity, the ASD(RA) shall:

(a) Develop policies, conduct analyses, provide advice, and make recommendations to the USD(P&R) and the Secretary of Defense, and issue guidance to the DoD Components on matters pertaining to the Reserve components.

(b) Develop systems and standards for the administration and management of approved DoD Reserve component plans and programs.

(c) Develop and promulgate plans, programs, actions, and taskings to ensure adherence to DoD policies and national security objectives to promote the effective integration of Reserve component capabilities into a cohesive total force.

(d) Review and evaluate programs of the DoD Components that impact on the reserve components; monitor the activities of reserve component organizations, training facilities, and associations; and undertake other management oversight activities as may be required to ensure that policies, plans, programs, and actions pertaining to the reserve components:

(1) Adhere to approved DoD policies and standards.

(2) Are compatible and support total force objectives and requirements.

(3) Enhance the readiness and capabilities of reserve component units and personnel.

(4) Promote the integration of reserve components with active duty forces.

(5) Make the most effective use of reserve components within the total force.

(e) Participate in planning, programming, and budgeting activities that relate to assigned areas of responsibility.

(f) Promote, with respect to the reserve components, coordination, cooperation, and mutual understanding within the Department of Defense and among the Department of Defense and other federal agencies, state and local governments, the civilian community at large, and the employers of Reserve component personnel.

(g) Promote family support plans, policies, and programs in line with the reserve component mission.

(h) Serve on boards, committees, and other groups pertaining to assigned functional areas and represent the Secretary of Defense on reserve component matters outside the Department.

(i) Consistent with 10 U.S.C. 675, coordinate issues and positions of the Reserve Force Policy Board (RFPB) and review reports of the RFPB prior to forwarding to the USD(P&R) and the Secretary of Defense. Provide administrative staff support to the RFPB.

(j) Serve as the vice chairman of the Conventional Forces Readiness Committee.

(k) Perform such other functions as the USD(P&R) and the Secretary of Defense may prescribe.

§ 344.5 Relationships.

(a) In the performance of assigned functions and responsibilities, the ASD(RA) shall serve under the authority, direction, and control of the USD(P&R) and shall:

(1) Report directly to the USD(P&R).

(2) Exercise authority, direction, and control over the National Committee for Employer Support of the Guard and Reserve.

(3) Coordinate and exchange information with the OSD officials, Head of the DoD components, and Federal officials having collateral or related functions.

(4) Use existing facilities and services of the Department of Defense or other Federal Agencies, whenever practicable, to avoid duplication and to achieve maximum efficiency and economy.

(b) Other OSD officials and the Heads of the DoD components shall coordinate with the ASD(RA) on all matters related to the responsibilities and functions cited in § 344.4.

§ 344.6 Authorities.

The ASD(RA) is hereby delegated authority to:

(a) Act for the Secretary of Defense, in accordance with section 411 of Pub. L. 103–160 and future authorization acts that contain this provision, to increase the authorized end strength for Reserve personnel by not more than 2 percent of the prescribed Reserve personnel end strength, or such other percentage as shall be authorized by statute, when the increase is in the national interest.

(b) Issue DoD Instructions, DoD publications, and one-time directive-type memoranda, consistent with DoD 5025.1–M,[1] that implement policies approved by the Secretary of Defense in assigned fields of responsibility. Instructions to the Military Departments shall be issued through the Secretaries of those Departments. Instructions to the Commanders of the Unified Combatant Commands shall be communicated through the Chairman of the Joint Chiefs of Staff.

(c) Obtain reports, information, advice, and assistance, consistent with DoD Directive 8910.1,[2] as necessary, to carry out assigned functions.

(d) Communicate directly with Heads of the DoD Components. Communications to the Unified Combatant Commands shall be transmitted through the Chairman of the Joint Chiefs of Staff.

(e) Communicate with other Government officials, representatives of the legislative branch, members of the public, and representatives of foreign governments, as appropriate, in carrying out assigned functions.

PART 352a—DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS)

Sec.

352a.1 Purpose.

[1] Copies may obtained, at cost, from the National Technical Information Service (NTIS), US Department of Commerce, 5285 Port Royal Road, Springfield, VA 22161.

[2] See footnote 1 to § 344.6(b).

352a.2 Applicability.
352a.3 Organization and management.
352a.4 Responsibilities and functions.
352a.5 Relationships.
352a.6 Authorities.

APPENDIX TO PART 352a—DELEGATIONS OF AUTHORITY

AUTHORITY: 10 U.S.C. 113.

SOURCE: 55 FR 50179, Dec. 5, 1990, unless otherwise noted.

§ 352a.1 Purpose.

Pursuant to the authority vested in the Secretary of Defense under provisions of title 10, United States Code, this part establishes the Defense Finance and Accounting Service (DFAS) as an Agency of the Department of Defense with responsibilities, functions, authorities, and relationships.

§ 352a.2 Applicability.

This part applies to the Office of the Secretary of Defense (OSD); the Military Departments; the Chairman, Joint Chiefs of Staff and Joint Staff; the Unified and Specified Commands; the Inspector General of the Department of Defense (IG, DoD); the Defense Agencies; and the DoD Field Activities (hereafter referred to collectively as ''DoD Components'')

§ 352a.3 Organization and management.

(a) The DFAS is established as an Agency of the Department of Defense under the direction, authority, and control of the Comptroller of the Department of Defense (C, DoD).

(b) The DFAS shall consist of a Director, selected by the Secretary of Defense, and such subordinate organizational elements as are established by the Director within resources authorized by the Secretary of Defense.

(c) Military personnel shall be assigned to the DFAS in accordance with approved authorizations and procedures for assignment to joint duty.

§ 352a.4 Responsibilities and functions.

(a) The Director, Defense Finance and Accounting Service (DFAS), is the principal DoD executive for finance and accounting requirements, systems, and functions identified in DoD Directive 5118.3,[1] and shall:

(1) Organize, direct, and manage the DFAS and all assigned resources.

(2) Direct finance and accounting requirements, systems, and functions for all appropriated, nonappropriated, working capital, revolving, and trust fund activities, including security assistance.

(3) Establish and enforce requirements, principles, standards, systems, procedures, and practices necessary to comply with finance and accounting statutory and regulatory requirements applicable to the Department of Defense.

(4) Provide finance and accounting services for DoD Components and other Federal activities, as designated by the C, DoD.

(5) Direct the consolidation, standardization, and integration of finance and accounting requirements, functions, procedures, operations, and systems within the Department of Defense and ensure their proper relationship with other DoD functional areas (e.g., budget, personnel, logistics, acquisition, civil engineering, etc.).

(6) Execute statutory and regulatory financial reporting requirements and render financial statements.

(7) Serve as the proponent for civilian professional development in finance and accounting disciplines, and act as approval authority for competency standards and training requirements for appropriate military positions within the DFAS.

(8) Provide advice and recommendations to the C, DoD, on finance and accounting matters.

(9) Approve the establishment or maintenance of all finance and accounting activities independent of the DFAS.

(10) Develop, issue, and maintain DoD 7220.9–M,[2] in accordance with DoD 5025.1–M,[3] consistent with governing statutes, regulations, and policies.

(11) Perform other functions as the Secretary of Defense, Deputy Secretary

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[2] See footnote 1 to § 352a.4(a).

[3] See footnote 1 to § 352a.4(a).

of Defense, or the C, DoD, may prescribe.

(b) The Comptroller of the Department of Defense (C, DoD) shall provide guidance and direction to the Director, DFAS, on policies and procedures related to the development and operation of DFAS programs and systems.

(c) The Heads of DoD Components shall:

(1) Comply with the requirements, principles, standards, procedures, and practices issued pursuant to §352a.4(a).

(2) Obtain finance and accounting services from the DFAS.

(3) Provide facilities, personnel, and other support and assistance required to accomplish DFAS objectives, consistent with this Directive and the responsibilities and functions in §352a.4(a) and the authorities in §352a.6.

(d) Operational commanders shall continue to be responsible for the control, location, and safety of deployed accounting and finance personnel and resources.

[55 FR 50179, Dec. 5, 1990, as amended at 63 FR 33248, June 18, 1998]

§ 352a.5 Relationships.

(a) In the performance of assigned responsibilities and functions, the Director, DFAS, shall:

(1) Maintain liaison with DoD Components, other Government Agencies, foreign governments, and private sector organizations for the exchange of information concerning assigned programs, activities, and responsibilities.

(2) Use established facilities and services of the Department of Defense and other Federal Agencies, whenever practicable, to avoid duplication and to achieve modernization, efficiency, economy, and user satisfaction.

(b) The heads of DoD Components shall coordinate with the Director, DFAS, on all matters related to the responsibilities and functions listed in §352a.4(a).

§ 352a.6 Authorities.

The Director, DFAS, is specifically delegated authority to:

(a) Represent the C, DoD, on finance and accounting matters.

(b) Have free and direct access to, and communicate with, DoD Components and other Executive Departments and Agencies concerning finance and accounting activities, as necessary.

(c) Enter into agreements with DoD Components and other Government or Non-Government entities for the effective performance of the DFAS mission and programs.

(d) Establish DFAS facilities if needed facilities or services of other DoD Components are not available. Establishment of new facilities and services will be accomplished during normal program and budget processes.

(e) Obtain reports, information, advice, and assistance from DoD Components, consistent with the policies and criteria of DoD Directive 7750.5.[4]

APPENDIX TO PART 352a—DELEGATIONS OF AUTHORITY

Pursuant to the authority vested in the Secretary of Defense, and subject to the direction, authority, and control of the Secretary of Defense, and in accordance with DoD policies, Directives, and Instructions, the Director, Defense Finance and Accounting Service (DFAS), or in the absence of the Director, the person acting for the Director, is hereby delegated authority as required in the administration and operation of the DFAS to:

1. Establish advisory committees and employ part-time advisors, as approved by the Secretary of Defense, in support of assigned DFAS functions pursuant to 10 U.S.C. 173; Pub. L. 92–463, ''Federal Advisory Committee Act''; and DoD Directive 5105.4[1], ''Department of Defense Federal Advisory Committee Management Program,'' September 5, 1989.

2. Designate any position in the DFAS as a ''sensitive'' position, in accordance with 5 U.S.C. 7532; Executive Order 10450, as amended; and DoD Directive 5200.2[2]. ''DoD Personnel Security Program,'' December 20, 1979, as appropriate.

a. Authorize, in case of an emergency, the appointment to a sensitive position, for a limited period of time, of a person for whom a full field investigation or other appropriate investigation, including the National Agency Check, has not been completed.

[4] See footnote 1 to §352a.4(a).

[1] Copies may be obtained, at cost, National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[2] See footnote 1 to paragraph 1. of this appendix.

b. Authorize the suspension, but not terminate the service, of the employee in the interest of national security.

3. Authorize and approve overtime work for assigned civilian personnel in accordance with 5 U.S.C. chapter 55, subchapter V, and applicable Office of Personnel Management (OPM) regulations.

4. Authorize and approve:

a. Travel for assigned personnel, in accordance with Joint Travel Regulations.

b. Invitational travel to persons serving without compensation whose consultative, advisory, or other services are required for assigned activities and responsibilities pursuant to 5 U.S.C. 5703.

5. Approve the expenditure of funds available for travel by assigned or detailed military personnel for expenses regarding attendance at meetings of technical, scientific, professional, or other similar organizations in such instances when the approval of the Secretary of Defense, or designee, is required by law (37 U.S.C. 412 and 5 U.S.C. 4110 and 4111). This authority cannot be redelegated.

6. Develop, establish, and maintain an active and continuing Records Management Program and DoD Directive 5015.2[3], ''Records Management Program,'' September 17, 1980; DoD Directive 5400.74[4], ''DoD Freedom of Information Act Program,'' May 13, 1988; and DoD Directive 5400.11[5], ''Department of Defense Privacy Program,'' June 9, 1982.

7. Establish and use imprest funds for making small purchases of material and services, other than personal services, when it is determined more advantageous and consistent with the best interests of the Government, in accordance with DoD Directive 7360.10[6], ''Disbursing Policies,'' January 17, 1989.

8. Authorize the publication of advertisements, notices, or proposals, in newspapers, magazines, or other public periodicals as required for the effective administration and operation of assigned responsibilities, consistent with 44 U.S.C. 3702.

9. Establish and maintain appropriate property accounts, appoint Boards of Survey, approve reports of survey, relieve personal liability, and remove accountability for Agency property contained in the authorized property accounts that has been lost, damaged, stolen, destroyed, or otherwise rendered unserviceable, in accordance with applicable laws and regulations.

10. Promulgate the necessary security regulations for the protection of property placed under the jurisdiction of the Director, pursuant to DoD Directive 5200.8[7], ''Security of Military Installation of Resources,'' July 29, 1980.

11. Establish and maintain a publications system for the promulgation of common accounting and finance regulations, instructions, and reference documents, and changes thereto, pursuant to the policies and procedures prescribed in DoD 5025.1–M[8], ''Department of Defense Directives System Procedures,'' April 1981, authorized by DoD Directive 5025.1[9], December 23, 1988.

12. Exercise the powers vested in the Secretary of Defense by 5 U.S.C. 310, 302(b), and 3101 of the employment, direction, and general administration of assigned employees.

13. Administer oaths of office to those entering the Executive branch of the Federal Government or any other oath required by law in connection with employment therein, in accordance with 5 U.S.C. 2903, and designate in writing, as may be necessary, officers and employees of the DFAS to perform this function.

14. Establish a DFAS Incentive Awards Board, and pay cash awards to, and incur necessary expenses for the honorary recognition of, civilian employees of the Government whose suggestions, inventions, superior accomplishments, or other personal efforts, including special acts or services, benefit or affect the DFAS or its subordinate activities, in accordance with 5 U.S.C. 4503, OPM regulations, and DoD Directive 5120.15[10], ''Authority for Approval of Cash Honorary Awards for DoD Personnel,'' August 13, 1985.

15. Act as an agent for the collection and payment of employment taxes imposed by Chapter 21 of the Internal Revenue Code of 1954, as amended; and, as such agent, make all determinations and certification required or provided for under the Internal Revenue Code of 1954, as amended (26 U.S.C. 3122), and the Social Security Act (42 U.S.C. 405(p)(1) and (2)), as amended, on assigned employees.

16. Enter into and administer contracts directly or through a Military Department, a DoD contracting administration service component, or other Government Department or Agency, as appropriate, for supplies, equipment, and services required to accomplish the DFAS mission.

17. Oversee disbursing officials and operations in accordance with the procedures of 31 U.S.C., as follows:

[3] See footnote 1 to paragraph 1 of this appendix.

[4] See footnote 1 to paragraph 1 of this appendix.

[5] See footnote 1 to paragraph 1 of this appendix.

[6] See footnote 1 to paragraph 1. of this appendix.

[7] See footnote 1 to paragraph 1 of this appendix.

[8] See footnote 1 to paragraph 1 of this appendix.

[9] See footnote 1 to paragraph 1 of this appendix.

[10] See footnote 1 to paragraph 1 of this appendix.

a. Manage the approval and appointment process for disbursing and certifying officials pursuant to 31 U.S.C. 3321 and 3325.

b. Make determinations and recommendations with respect to the granting of relief to disbursing officials pursuant to the authority contained in 31 U.S.C. 3527.

c. Approve requests to hold cash at personal risk for authorized purposes, including imprest funds, and to redelegate such authority as appropriate in the administration and control of DoD funds, consistent with the Treasury Financial Manual (TFM) and under the authority of 31 U.S.C. 3321 and 3342.

d. Approve DoD Component disbursing regulations developed to implement the TFM and to grant waivers when delegated by the Secretary of the Treasury to heads of Executive Departments and Agencies.

The Director, DFAS may, in writing, redelegate these authorities as appropriate, except as otherwise specifically indicated above or as otherwise provided by law or regulation.

PART 383a—DEFENSE COMMISSARY AGENCY (DeCA)

Sec.

383a.1 Purpose.
383a.2 Applicability.
383a.3 Mission.
383a.4 Organization.
383a.5 Responsibilities and functions.
383a.6 Relationships.
383a.7 Authority.
383a.8 Administration.

APPENDIX TO PART 383a—DELEGATIONS OF AUTHORITY

AUTHORITY: 10 U.S.C. 136.

SOURCE: 55 FR 49279, Nov. 27, 1990, unless otherwise noted.

§ 383a.1 Purpose.

Pursuant to the authority vested in the Secretary of Defense under title 10, United States Code, this part establishes the Defense Commissary Agency (DeCA) and the Defense Commissary Board (DCB), with responsibilities, functions, and authorities as prescribed herein.

§ 383a.2 Applicability.

This part applies to the Office of the Secretary of Defense (OSD), the Military Departments; the Chairman, Joint Chiefs of Staff and Joint Staff; the Unified and Specified Commands; the Inspector General of the Department of Defense (IG, DoD); the Defense Agencies; and the DoD Field Activities (hereafter referred to collectively as ''DoD Components''). The term ''Military Services,'' as used herein, refers to the Army, Navy, Air Force, and Marine Corps.

§ 383a.3 Mission.

(a) The mission of the DeCA is to:

(1) Provide an efficient and effective worldwide system of commissaries for the resale of groceries and household supplies at the lowest practical price (consistent with quality) to members of the Military Services, their families, and other authorized patrons, while maintaining high standards for quality, facilities, products, and service.

(2) Provide a peacetime training environment for food supply logisticians needed in wartime and, as circumstances dictate, troop issue subsistence support to military dining facilities consistent with Service needs.

(b) The mission of the DCB is to serve as a forum for the discussion of issues about the commissary services provided by the DeCA and to make related policy recommendations to the Assistant Secretary of Defense (Production and Logistics) (ASD(P&L)).

§ 383a.4 Organization.

(a) The DeCA is established as an Agency of the Department of Defense under the direction, authority, and control of the ASD(P&L). It shall consist of a Director of such subordinate organizational elements as are established by the Director.

(b) The DCB is established as a committee reporting to the ASD (P&L). Its membership shall consist of the following:

(1) The Director, DeCA, who shall serve as Chair.

(2) A representative of the Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)).

(3) A representative of the Chairman, Joint Chiefs of Staff (CJCS).

(4) One military officer and one enlisted representative from each of the Military Services appointed by the Secretaries of the Military Departments.

(5) The Director, DeCA, may invite other representatives to attend DCB meetings, as appropriate.

(c) The Director shall designate an Executive Secretary for the Board.

[55 FR 49279, Nov. 27, 1990, as amended at 63 FR 33248, June 18, 1998]

§ 383a.5 Responsibilities and functions.

(a) The Director, Defense Commissary Agency (DeCA), shall:

(1) Organize, direct, and manage the DeCA and all assigned resources; procure assigned items; and administer, supervise, and control all programs and activities assigned to the DeCA.

(2) Plan, program, budget, design, manage, and ensure the execution of the commissary facilities' construction, modification, and repair programs.

(3) Provide and operate facilities under standards consistent with those used for commercial food stores.

(4) Develop and administer plans and programs to provide peacetime training for military personnel, as appropriate.

(5) Develop and administer plans and programs to provide troop issue subsistence support to appropriate dining facilities, tactical field exchanges for deployed mission support, and management of subsistence war readiness materiel in peacetime and wartime, as required.

(6) Provide advice to the ASD(P&L) on DoD policies about the operation of commissaries and related matters.

(7) Plan and direct use of commissary stocks to support mobilization, as required.

(8) Establish and administer a civilian career management program to include referral services and development programs for commissary management personnel.

(9) Perform such other functions as the ASD(P&L) may direct.

(b) The Defense Commissary Board (DCB) shall meet periodically, and not less than annually. For the purpose of providing advice, it shall:

(1) Consider issues about DeCA operations, services, and resources and make recommendations about DeCA practices, problems, policies, and programs.

(2) Facilities the exchange of information among the Director, DeCA, and the Military Departments.

(3) Make recommendations on the integration and prioritization of the commissary construction program.

(4) Perform such other advisory functions as ASD(P&L) may direct.

(c) The Assistant Secretary of Defense (Production and Logistics) (ASD(P&L)) shall:

(1) Recommend to the Secretary and the Deputy Secretary of Defense and the USD(A) policies and resources for the administration of the DeCA and its programs.

(2) Provide policy guidance and management direction to the Director, DeCA.

(3) Establish standards and issue guidelines for military commissary operations, including, but not limited to, the following areas:

(i) Funding.

(ii) Commissary establishment/disestablishment.

(iii) Pricing and surcharges.

(iv) Categories of items.

(v) Reporting requirements and preparation of ''The DoD Commissary Operations Report'' (RCS DD-FMP(A)1187).

(4) In coordination with CJCS, make arrangements for Commanders of Unified Commands to assume temporary operational control of commissaries in wartime or periods of heightened alert.

(d) The Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)) shall be responsible for advising the ASD(P&L) on commissary policy to ensure that it is consistent with policies on recruitment and retention.

(e) The Comptroller of the Department of Defense (C, DoD) shall advise the ASD(P&L) on accounting, budgeting, funding, cash management, debt management, and pricing and surcharge policy for the DeCA.

(f) The Secretaries of the Military Departments shall provide such facilities, physical security, logistics, and administrative support as required for effective operation of the military commissary program as agreed to by the DeCA and cognizant component Commands under inter-Service support and servicing agreements.

§ 383a.6 Relationships.

(a) In the performance of assigned responsibilities and functions, the Director, DeCA, shall:

(1) Have free and direct access to, and communicate with, the DoD Components and other Executive Departments and Agencies concerning commissary activities, as necessary.

(2) Maintain appropriate liaison with other DoD Components, Agencies of the Executive branch, forcing governments, and private sector organizations for the exchange of information on programs and activities in the field of assigned responsibilities.

(3) Use established facilities and services of the Department of Defense and other Federal Agencies, whenever practicable, to avoid duplication and to achieve an appropriate balance of modernization, efficiency, economy, and customer support.

(4) Consult and coordinate with other governmental and nongovernmental agencies on matters related to the mission assigned to the DeCA.

(b) The Secretaries of the Military Departments and Heads of other DoD Components shall:

(1) Provide assistance to the Director, DeCA, in carrying out the responsibilities and functions relating to military commissaries.

(2) Coordinate with the Director, DeCA, on programs and activities that include or are related to military commissaries.

§ 383a.7 Authority.

The Director, DeCA is hereby delegated authority to:

(a) Enter into and administer contracts, directly or through a Military Department, a DoD contract administration services component, or other Government Department or Agency, in accordance with applicable laws, DoD regulations, the FAR and the DFARS for supplies, equipment, and services required to accomplish the mission of the DeCA.

(b) Prescribe procedures, standards, and practices for the Department of Defense governing he execution of assigned responsibilities and functions.

(c) Enter into agreements with the Military Departments or other Government entities, as required for the effective performance of the military commissary program.

(d) Obtain reports, information, advice, and assistance from other DoD Components consistent with the policies and criteria of DoD Directive 7750.5[1], as may be necessary for the performance of assigned functions and responsibilities.

(e) Establish new DeCA facilities or use existing facilities of the Military Departments, as deemed necessary, for improved effectiveness and economy.

(f) Exercise the operational and administrative authorities contained in the appendix to this part.

§ 383a.8 Administration.

(a) The Director and Deputy Director(s) of the DeCA shall be appointed by the Secretary of Defense.

(b) The DeCA shall be authorized such personnel, facilities, funds, and other administrative support as the Secretary of Defense deems necessary.

(c) The Military Departments shall assign military personnel to the DeCA in accordance with approved authorizations and procedures for assignment to joint duty.

(d) Programming, budgeting, funding, procuring, auditing, accounting, pricing, and reporting activities of the DeCA shall be in accordance with established DoD policies and procedures.

(e) Appropriated funds shall be used to finance the operating costs of the DeCA with the exception of operating costs authorized for payment from trust revolving funds. A stock fund will be used to finance all inventories procured for resale.

APPENDIX TO PART 383a—DELEGATIONS OF AUTHORITY

Pursuant to the authority vested in the Secretary of Defense, and subject to the direction, authority, and control of the Secretary of Defense, and in accordance with DoD policies, Directives, and Instructions, the Director, DeCA is hereby delegated authority as required in the administration and operation of the DeCA to:

1. Establish advisory committees and employ part-time advisers, as approved by the Secretary of Defense, for the performance of

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

DeCA functions pursuant to 10 U.S.C. 173 Public Law 92–463, ''Federal Advisory Committee Act''; and DoD Directive 5105.4[1] ''Department of Defense Federal Advisory Committee Management Program,'' September 5, 1989.

2. Designate any position in the DeCA as a ''sensitive'' position, in accordance with 5 U.S.C. 7532; Executive Orders 10450, 12333, and 12356; and DoD Directive 5200.2[2], ''DoD Personnel Security Program,'' December 20, 1979, as appropriate.

3. Authorize and approve overtime work for DeCA civilian personnel in accordance with 5 U.S.C. chapter 55, subchapter V, and applicable OPM regulations.

4. Authorize and approve:

a. Travel of DeCA civilian personnel in accordance with Joint Travel Regulations, Volume 2, ''DoD Civilian Personnel.''

b. Temporary duty travel for military personnel assigned or detailed to the DeCA in accordance with Joint Federal Travel Regulations, Volume 1, ''Uniformed Service Members.''

c. Invitational travel to persons serving without compensation whose consultative, advisory, or other highly specialized technical services are required in a capacity that is directly related to or in connection with, DeCA activities, pursuant to 5 U.S.C. 5703.

5. Approve the expenditure of funds available for travel by military personnel assigned or detailed to the DeCA for expenses regarding attendance at meetings of technical, scientific, professional, or other similar organizations in such instances when the approval of the Secretary of Defense, or designee, in required by law (37 U.S.C. 412 and 5 U.S.C 4110 and 4111). This authority cannot be redelegated.

6. Develop, establish, and maintain in active and continuing Records Management Program, pursuant to 44 U.S.C. 3102 and DoD Directive 5015.2[3], ''Records Management Program,'' September 17, 1980.

7. Establish and use imprest funds for making small purchases of material and services, other than personal services, for the DeCA when it is determined more advantageous and consistent with the best interests of the Government, in accordance with DoD Directive 7360.104[4], ''Disbursing Policies,'' January 17, 1989.

8. Authorize the publication of advertisements, notices, or proposals in newspapers, magazines, or other public periodicals, as required for the effective administration and operation of the DeCA, consistent with 44 U.S.C. 3702.

9. Establish and maintain appropriate property accounts for the DeCA and appoint Boards of Survey, approve reports of survey, relieve personal liability, and drop accountability for DeCA property contained in the authorized property accounts that has been lost, damaged, stolen, destroyed, or otherwise rendered unserviceable, in accordance with applicable laws and regulations.

10. Promulgate the necessary security regulations for the protection of property and places under the jurisdiction of the Director, DeCA, pursuant to DoD Directive 5200.8[5], ''Security of Military Installations and Resources,'' July 29, 1980.

11. Establish and maintain, for the functions assigned, a publications system for the promulgation of common supply and service regulations, instructions, and reference documents, and changes thereto, pursuant to the policies and procedures prescribed in DoD 5025.1–M[6] ''Department of Defense Directives System Procedures,'' April 1981.

12. Enter into support and service agreements with the Military Departments, other DoD Components, Government Agencies, and foreign governments, as required for the effective performance of DeCA functions and responsibilities.

13. Lease property under the control of the DeCA, under terms that will promote the national defense or that will be in the public interest, pursuant to 10 U.S.C. 2667.

14. Exercise the powers vested in the Secretary of Defense by 5 U.S.C. 301, 302(b), 3101, and 5107 on the employment, direction, and general administration of DeCA civilian personnel.

15. Fix rates of pay of wage-rate employees exempted from the Classification Act of 1949 by 5 U.S.C. 5102 on the basis of rates established under the Combined Federal Wage System. In fixing such rates, the Director, DeCA, shall follow the wage schedule established by the DoD Wage Fixing Authority.

16. Administer oaths of office to those entering the Executive branch of the Federal Government or any other oath required by law in connection with employment therein, in accordance with 5 U.S.C. 2903, and designate in writing, as may be necessary, officers and employees of the DeCA to perform this function.

17. Establish a DeCA Incentive Awards Board, and pay cash awards to, and incur

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

[2] See footnote 1 to paragraph 1 of this appendix.

[3] See footnote 1 to paragraph 1 of this appendix.

[4] See footnote 1 to paragraph 1 of this appendix.

[5] See footnote 1 to paragraph 1 of this appendix.

[6] See footnote 1 to paragraph 1 of this appendix.

necessary expenses for the honorary recognition of, civilian employees of the Government whose suggestions, inventions, superior accomplishments, or other personal efforts, including special acts or services, benefit or affect the DeCA, in accordance with 5 U.S.C. 4503, OPM regulations, and DoD Directive 5120.15[7], ''Authority for Approval of Cash Honorary Awards for DoD Personnel,'' August 13, 1985.

18. Maintain an official seal and attest to the authenticity of official DeCA records under that seal.

The Director, DeCA may redelegate these authorities as appropriate, and in writing, except as otherwise specifically indicated above or as otherwise provided by law or regulation.

PART 395—DEFENSE LEGAL SERVICES AGENCY

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395.1 Purpose.
395.2 Definition.
395.3 Organization and management.
395.4 Functions and responsibilities.
395.5 Relationships.
395.6 Authorities.

APPENDIX TO PART 395—DELEGATIONS OF AUTHORITY

AUTHORITY: 10 U.S.C. 133.

SOURCE: 55 FR 2808, Jan. 29, 1990, unless otherwise noted.

§ 395.1 Purpose.

This part, pursuant to the authority vested in the Secretary of Defense under title 10, United States Code, updates the Defense Legal Services Agency (DLSA) charter with functions, responsibilities, relationships, and authorities as outlined herein.

§ 395.2 Definition.

DoD Components. The Office of the Secretary of Defense (OSD), the Military Departments, the Joint Chiefs of Staff (JCS), the Joint Staff, the Unified and Specified Commands, the Inspector General of the Department of Defense (IG, DoD), the Defense Agencies, and the DoD Field Activities.

§ 395.3 Organization and management.

(a) The DLSA is established as a separate agency of the Department of Defense under the direction, authority, and control of the General Counsel of the Department of Defense (GC, DoD). It shall consist of a Director and such subordinate organizational elements as are established by the Director within resources assigned by the Secretary of Defense. It shall include the legal staffs assigned to the Defense Agencies and DoD Field Activities.

(b) Budgeting, management of ceiling spaces, personnel services, and other administrative support for DLSA personnel shall be the responsibility of the Defense Agency or Field Activity to which those personnel are assigned.

(c) The GC, DoD, shall serve as the Director, DLSA.

§ 395.4 Functions and responsibilities.

The *Director, Defense Legal Services Agency* (DLSA), shall:

(a) Organize, direct, and manage the DLSA and all resources assigned to the DLSA.

(b) Provide legal advice and services for the Defense Agencies, DoD Field Activities, and other assigned organizations.

(c) Provide technical support and assistance for development of the DoD Legislative Program.

(d) Coordinate DoD positions on legislation and Presidential Executive orders.

(e) Provide a centralized legislative document reference and distribution point for the Department of Defense, and maintain the Department's historical legislative files.

(f) Develop DoD policy for standards of conduct and administer the Standards of Conduct Program for the OSD and other assigned organizations.

(g) Administer the Defense Industrial Security Clearance Review Program.

(h) Perform such other duties as the Secretary or Deputy Secretary of Defense may prescribe.

§ 395.5 Relationships.

(a) In performance of assigned responsibilities and functions, the Director, DLSA, shall:

(1) Coordinate actions and exchange information with other DoD organizations having collateral or related functions.

(2) Promote coordination, cooperation, and mutual understanding of

[7] See footnote 1 to paragraph 1 of this appendix.

matters pertaining to assigned functions within the Department of Defense and between the Department of Defense, other Government Agencies, and the public.

(3) Serve on boards, committees, and other groups concerned with matters pertaining to assigned functions, and represent the Secretary of Defense on assigned functions outside the Department of Defense.

(4) Use existing facilities and services, whenever practicable, to achieve maximum efficiency and economy.

(5) Provide professional supervision for DLSA attorneys serving in Defense Agencies, DoD Field Activities, and other organizations to which such attorneys are assigned. This includes, in consultation with the DoD Component head concerned, evaluation of their performance and/or other action that may be necessary based on professional performance.

(b) All DoD Components shall coordinate with the Director, DLSA, on matters related to the functions in §395.4.

§395.6 Authorities.

The Director, DLSA, is delegated authority to:

(a) Obtain reports, information, advice, and assistance from other DoD Components, consistent with DoD Directive 7750.5[1] to carry out assigned functions and responsibilities, as necessary.

(b) Communicate directly with the heads of the DoD Components. Communications to the Commanders of Unified and Specified Commands shall be coordinated through the Chairman, Joint Chiefs of Staff (CJCS).

(c) Communicate with other Government Agencies, representatives of the legislative branch, and members of the public, as appropriate, in carrying out assigned functions.

[1] Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

APPENDIX TO PART 395—DELEGATIONS OF AUTHORITY

Pursuant to the authority vested in the Secretary of Defense, and subject to his direction, authority, and control, and in accordance with DoD policies, Directives, and Instructions, the Director, DLSA, or, in the absence of the Director, the person acting for the Director is hereby delegated authority, as required in the administration and operation of DLSA, to:

1. In accordance with 5 U.S.C. 7532, Executive Order 10450, as amended, and DoD Directive 5200.2:[2]

a. Designate positions as ''sensitive'';

b. Authorize, in case of an emergency, the appointment to a sensitive position, for a limited period of time, of a person for whom a full field investigation or other appropriate investigation, including the National Agency Check, has not been completed; and

c. Authorize the suspension, but not terminate the service, of an employee in the interest of national security.

2. Authorize and approve overtime work for civilian officers and employees in accordance with subchapter V, chapter 55, title 5, U.S.C., and applicable Civil Service Regulations.

3. Develop, establish, and maintain an active and continuing Records Management Program, pursuant to 44 U.S.C. 3102.

4. Authorize the publication of advertisements, notices, or proposals in newspapers, magazines, or other public periodicals, consistent with 44 U.S.C. 3702.

5. Comply with the policies and procedures prescribed in DoD 5025.1–M.[3]

[2] See footnote 1 to §395.6(a).

[3] See footnote 1 to §395.6(a).

Part 399 [Reserved]

FINDING AIDS

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All changes in this volume of the Code of Federal Regulations that were made by documents published in the FEDERAL REGISTER since January 1, 2001, are enumerated in the following list. Entries indicate the nature of the changes effected. Page numbers refer to FEDERAL REGISTER pages. The user should consult the entries for chapters and parts as well as sections for revisions.

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194 Removed 53958
199.2 Amended; interim 40606, 45172
199.3 (b)(2)(i)(D), (f)(3)(vi) and (f)(3)(vii) revised; (b)(3) redesignated as (b)(2)(iii)(B)(*3*); new (b)(3) and (4) added; interim 9654
Regulation at 66 FR 9654 eff. date corrected to 4–1–01 10367
(b)(4) and (5) redesignated as (b)(3) and (4); interim 16400
199.3 (b)(2)(i)(D), (f)(3)(vi), (3)(vii) and note revised; interim 40606
199.4 (e)(21) added; (g)(15) introductory text revised 8366
Regulation at 66 FR 8366 withdrawn 9199
(f)(10)(ii), (iii) and note revised; (f)(11) and (g)(37)(xii) added; interim 9655
Regulation at 66 FR 9655 eff. date corrected to 4–1–01 10367
199.5 (b)(1)(iii)(A) revised; interim 9655
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199.8 (c)(4) added; (d)(1) revised; interim 40607
199.10 (a)(1)(ii) revised; interim 40607
199.13 (c)(3)(ii)(E)(*2*) revised; interim 9655
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(c)(3)(ii)(E)(2) revised; interim 16400
199.14 (h)(1)(iv)(D) and (E) added 45172
199.15 (a)(6) revised; interim 40608
199.17 (a)(6)(iii)(D) removed; (k) and (m)(5) revised; (m)(7) and (n)(2)(vi) added; interim 9655
Regulation at 66 FR 9655 eff. date corrected to 4–1–01 10367
(a) introductory text, (6)(i), (ii), (b) introductory text, (1), (c) introductory text, (3), (4), and (v) revised; (m)(2)(iii) and (4)(iii) removed; interim 40608
199.18 (c)(2), (3), (d) heading (1), (2)(i) through (vii), (3), (e) and (g) revised; interim 9656
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199.21 Added; interim 9657
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Removed 12871
199.22 (d)(1)(i) and (5) revised; (d)(3) amended 9658
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230 Revised 46373
231 Revised 46708
231.5 (g)(5)(i) through (ix) corrected 54136
231.8 Heading correctly revised 54136
231.9 Heading, (a) through (p)(1), (2) and (q) through (cc) correctly designated 54136

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231a Removed 46374
311.5 (a)(7)(ii) revised 41780
311.8 (c)(7) added 41780
320 Revised 52681
323 Footnotes 1 through 8 revised 41781
323.2 (e) revised 41781
323.4 (a)(1) introductory text, (2) introductory text, (3) and (b)(4) revised; (a)(1)(v) added 41781
323.5 (b)(3)(iv), (4), (5), (c)(5)(ii), (6) introductory text, (i), (f)(3), (h)(6), (i)(5)(ii), (j)(5), (k), (l)(1), (2) and (3) revised; (b)(3)(v) removed 41781
323.6 Revised 41782
323 Appendices A and B amended 41782
326.5 (j)(11) added 41783
326.17 (e) added 41783
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(b) amended; eff. 8–12–02; interim 40602
199.3 (b)(2)(i)(D), (4)(iii), (f)(3)(vi) and (vii) revised 15725
199.4 (g)(68) revised 15725
(e)(8)(ii)(D) removed; (e)(8)(iv)(C), (E), (g)(15)(i)(D) and (58) revised 18826
(b)(3)(xiv) redesignated as (b)(3)(xv); new (b)(3)(xiv) and (e)(21) added; (c)(2)(xv) and (3)(xii) removed; eff. 8–12–02; interim 40602
(d)(3)(v)(A) removed; (d)(3)(v)(B), (C) and (D) redesignated as (d)(3)(v)(A), (B) and (C); (d)(3)(v) introductory text, new (A), (C) and (e)(5) revised; (e)(18)(i)(F), (G) and (21) added; eff. in part 7–25–02 42720
(e)(22) correctly designated 45311
199.5 (a)(4)(iii) revised; (a)(5)(v) added 18827
199.6 (a)(8)(i)(A), (B), (11)(i) and (d)(5) revised; (a)(8)(iii), (b)(4)(vi)(K) and (xv) added; eff. 8–12–02; interim 40603
(b)(4)(ii) and (iii) revised; eff. 7–25–02 42721

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199.7 (f)(1)(ii) revised; eff. 7–25–02 42721
199.8 (d)(5) added 18827
199.14 (h)(2) revised 18115
(b) revised; (h), (i), (j), (k) and (l) redesignated as (j), (k), (l), (m) and (n); (a)(5), new (h) and (i) added; eff. 8–12–02; interim 40604
199.15 (b)(4)(ii)(C) revised; eff. 7–25–02 42721
199.16 (d) introductory text and (2) revised; (e) and (f) redesignated as (f) and (g); new (e) added; interim 5479
199.17 (g) revised 5479
(b)(3), (c)(2)(i), (n)(1) and (o)(4) revised 6409
199.21 Added; interim 12472
199.22 (b)(1), (d)(4), (5), (f) introductory text, (1) introductory text, (2), (3) and (g) revised 4354
(d)(1)(i) revised; (d)(1)(v) note added 15725
220 Heading revised 57740
220.1 Revised 57740
220.2 (a) and (b) revised 57740
220.4 (c)(2)(iii) revised 57740
220.8 Heading, (a), (b), (c), (e), (f), (h), (i) and (j) revised; (k) and (l) removed 57740
220.10 (c)(1) introductory text revised 57742
220.12 (a)(1) revised 57742
220.13 (a) revised 57742
220.14 Amended 57742
286.29 (b)(1) table and (d) table revised 31128
320.12 (b) added 55724
326 Transferred to Subchapter O; interim 17616
326.17 (h) through (j) added 17616
341 Added 42722

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199.2 (b) amended 6618, 23032, 32361, 44880
199.3 (b)(2)(i)(D), (f)(3)(vi), (vii) and note revised 23032
(b)(2)(i)(D), (f)(3)(vi), (vii) and note revised 32361

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199.4 (a)(9) introductory text, (i)(B), (iv), (e)(16)(i) and (ii) revised; (a)(9)(i)(C) and (10) removed; (a)(9)(vii) added; interim 44880
(f)(2)(i)(H) added; interim 44883
(a)(12)(ii)(A) revised; (a)(12)(ii)(E) added; (b)(6)(ii)(A) amended; interim 65173
199.6 (c)(2)(v) added; interim 65174
199.7 (a)(7)(i) revised; interim 44881
199.8 (a), (c)(1) and (d)(3) revised; (b)(3), (c)(2) and (3) redesignated as (b)(4), (c)(4) and (5); new (b)(3), (c)(2) and (3) added 6618
(c)(4) in part and (5) redesignated as (c)(5) and (6); (d)(1) revised 23032
(c)(6) and (d)(1) revised 32361
199.10 (b) introductory text and (c) revised; interim 11973
Regulation at 68 FR 11973 eff. date correctly added 15372
(a)(1)(ii) revised 23033, 32362
199.12 Revised 6619
199.13 (c)(3)(ii)(E)(*2*) revised; interim 65174
199.15 (a)(6) revised 23033, 32363
(b)(4)(i) revised; (b)(4)(ii)(D) added; interim 44881
199.17 (a) introductory text, (6) introductory text, (i), (ii), (b) introductory text, (1), (c) introductory text, (3), (4) and (v) revised 23033, 32363
(n)(2)(ii) revised; interim 44881
(g)(3), (o) introductory text and (2) revised; interim 44883
199.23 Added; interim 43300
207 Added; interim; eff. 5–22–03 to 9–30–06 27905
254 Removed 6082
285.1 Revised 8825
285.3 (e) revised 8825
285.4 (a) revised; (a)(4) removed; (b) and (c) redesignated as (c) and (d); new (b) added; new (d)(1) revised 8825
285.5 Revised 8825
299 Revised; interim 28132
311.8 (c)(12) and (13) added 8722
(c)(14) added 24881
312.1 Revised 37969
312.3 Revised 37969
312.9 (a) revised 37969

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312.12 (h) added 37969
322 Revised 28757
342 Removed 74861
348 Removed 74861
350 Removed 74861
353 Removed 74861
363 Removed 74861
364 Removed 74861
365 Removed 74861
366 Removed 74861
367A Removed 74861
368 Removed 74861
369 Removed 74861
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399 Removed 74861

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199.2 (b) amended 17048, 44946, 60554
(b) corrected 51563
199.3 (b)(2)(iii)(A)(*1*), (c)(2)(i)(C), (ii)(B), (iii)(B), (3)(i)(C), (ii)(B), (4)(i)(B), (ii)(B), (iii)(B), (5)(i)(C), (ii)(B), (iii)(B), (iv)(C)(*2*), (6)(ii), (7)(i)(C), (ii)(B), (8)(ii), (9)(i)(B), (ii)(B), and (10)(ii) amended 44947
(b)(2)(iii)(A)(*1*), (c)(2)(i)(C), (ii)(B), (iii)(B), (3)(i)(C), (ii)(B), (4)(i)(B), (ii)(B), (iii)(B), (5)(i)(C), (ii)(B), (iii)(B), (iv)(C)(*2*), (6)(ii), (7)(i)(C), (ii)(B), (8)(ii), (9)(i)(B), (ii)(B), and (10(ii) corrected 51564
(e) revised 60554
199.4 (e)(18)(iv) revised 29229
(e)(20) and (i) removed; (g)(59) added; (g)(73) revised 44947
(g)(59) and (73) revised 51564
(a)(12)(ii)(A) and (E) revised; (b)(6)(iii)(A) amended 55359

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(d)(3)(ii)(A), (vii), (g)(41) text preceding note, (47) and (51) revised; (e)(23), (24) and (25) added; (g)(45) removed 60554
199.5 Revised 44947
Heading revised 51563
Correctly revised 51564
199.6 (c)(3)(iii)(I) redesignated as (c)(3)(iii)(K); new (c)(3)(iii)(I) and (J) added 29229
Heading, (e)(1)(ii), (2) and (3) revised 44951, 51568
(c)(2)(v) revised 55359
199.7 (a)(2) and (b)(2)(xii) revised 44952, 51569
199.8 (d)(4) and (5) revised 44952, 51569
199.10 (a)(8)(ii)(A) and (B) redesignated as (a)(8)(ii)(A), (B) and (C); (b) introductory text revised 6920
199.13 (c)(3)(ii)(E)(*2*) revised 55359
199.14 (k) through (n) redesignated as (l) through (o); new (k) added 60555
199.20 (p)(2)(i) revised 44952, 51569
199.21 Revised 17048
199.23 Revised 15678
199 Appendix A amended 44952
Appendix A corrected 51569
260 Removed 42115
282 Added 38843
299 Regulation at 68 FR 28132 confirmed 12975
312.8 (a) revised 7366
312.12 (b) revised; (i) added 7366
320 Heading revised 2066
320.1 (a)(1)(i) and (2) amended 2066
320.2 (a), (c), (f), (h) and (i) amended 2066
320.3 (a) introductory text, (1), (2), (4), (b)(6) and (c)(4) amended 2066
320.4 (a), (b), (c) introductory text, (2), (d) and (e) amended 2066
320.5 (a), (b) introductory text, (1), (2), (3), (c) introductory text, (1), (2) and (d)(1) amended 2066
320.6 (b) amended 2066
320.7 (a) and (b) amended 2066
320.8 (b), (c) introductory text and (1) amended 2066
320.9 (a), (c)(5) and (7) amended 2066
320.10 Amended 2066
320.11 Amended 2066

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320.12 (a), (b)(3)(i), (v) and (vi) amended 2066
322.7 (q) added 62408

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199.2 (b) amended; interim ... 12802, 61377
199.3 (b)(5) added; (e) revised; interim 12802
199.4 (f)(2)(vi) added; interim 12802
(b)(3)(xiv), (f)(8)(i) and (ii)(A) amended; (e)(12) removed; (e)(21)(i)(D), (ii)(I), (g)(7) and (8) revised 61377
199.6 (a)(8)(i)(B) and (b)(4)(xv)(F)(*1*) revised; (b)(4)(vi)(K) note added 61378
199.7 (a)(7)(i) revised 19265
199.13 (a)(2)(iii), (c)(2)(i)(A)(*2*) and (3)(ii)(E)(*2*) revised; (a)(2)(iv) and (i) added; interim 55252
199.14 (a)(4), (5)(ii), (iii), (j)(1)(i)(B), (D), (ii)(B), (C), (iii) introductory text, (D), (iv)(B)(*2*), (C), (*1*), (*2*), (D) introductory text, (*2*)(*i*), (*ii*), (*3*), (E) introductory text, (*2*), (v)(A), (B), (C) introductory text, (vi)(A), (B) introductory text, (*1*), (*2*), (vii)(A), (viii) introductory text, (A) through (D) and (l)(2) amended; (a)(5) introductory text, (i), (iv), (h) introductory text, (1), (3) and (5) revised; (a)(5)(v) through (xii) added 61378
199.15 (b)(4)(i)(B) and (ii)(D) revised 19266
199.17 (n)(2)(ii)(B) revised 19266
199.24 Added; interim 12802
219.101 (i) and Footnote 1 amended 36328
219.103 (a) and (b)(3) amended; OMB number 36328
219.109 OMB number 36328
219.110 (a) amended 36328
219.113 OMB number 36328
219.115 OMB number 36328
219.116 OMB number 36328
219.117 OMB number 36328
272 Revised 55726
285 Revised 73379
310.1 Revised 70490
310.3 (a) revised 70490
310.4 Amended 70490

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310.5 Introductory text removed; (a) and (g) revised; (j) added 70490
310.6 (a)(4), (b), (c) introductory text, (3), (d) introductory text and (5) revised; (a)(5) added 70490
310.9 Second (c) redesignated as (d); (a)(1), (b)(1), (c)(1), new (d)(2)(vi) and (x) revised 70490
311.8 (c)(15) added; eff. 7–15–05 34657
321.13 (h) added 38009
346 Removed 72917

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199.2 Regulation at 70 FR 12802 confirmed 31944
(b) amended; eff. 7–21–06 35527
(b) correctly amended 47092
199.3 Regulation at 70 FR 12802 confirmed 31944
199.4 Regulation at 70 FR 12802 confirmed 31944
(e)(26) added; (g)(15) introductory text revised; eff. 7–20–06 35390
199.5 (h)(5) correctly amended 47092
199.13 (g)(2)(ii) revised 1696
Regulation at 70 FR 55252 confirmed 31943
(c)(3)(ii)(E)(*2*) revised; interim 66872
199.16 (d) introductory text and (2) revised 50348
199.17 (g) and (o)(2) revised 50348
199.24 Regulation at 70 FR 12802 confirmed 31944
Revised; eff. 7–21–06 35532
202 Added 27617
Technical correction 42756
202.1 (c)(7) and (f) corrected 30719
202.2 (a)(2) and (4)(v) corrected 30719
202.4 (b) corrected 30719
202.6 (b) corrected 30719
202.9 (a) corrected 30719
202.11 (a)(3) corrected 30719
206 Removed 26831
Added 28267
211 Removed 30608
216 Removed 12281
Added 31082
221 Removed 12281
224 Removed 12281
229 Removed 12281
235 Revised 66459
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238 Removed 12281

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243 Removed 49348
245 Revised 61889
Regulation at 71 FR 61889 eff. date corrected 66110
245.5 Correctly amended 66110
245.6 Correctly amended 66110
245.22 (d) correctly removed; (e) correctly redesignated as new (d) 66110
248 Removed 12281
252 Removed 12281
258 Removed 12281
261 Removed 12281
271 Removed 12281
275 Revised 26221
281 Added 57426
283 Added 57427
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284 Added 59375
286.15—286.19 (Subpart D) Removed 62941
312.12 (j) added 64632
318.16 (d) added 64633
323 Appendix H amended 64633
336 Removed 12281
343 Removed 9452
345 Removed 12281
347 Removed 12281
362 Removed 43653
367 Removed 76918
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390 Removed 26831
392 Removed 4818
398 Removed 30608

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199.3 (b)(2)(ii)(H)(*4*) revised; (b)(2)(iv) and (c)(9)(iii) added; interim 2447
199.5 (a)(2), (b)(1) and (f)(3)(i) revised; interim 2447
199.17 (c)(3) and (4) redesignated as (c)(4) and (5); new (c)(3), (g)(3)(i)(D) and (E) added; (g)(2) and (3)(i) introductory text revised; interim 2447
234 Revised 29251

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