Cost of Hospital and Medical Care and Treatment Furnished by the United States; Certain Rates Regarding Recovery From Tortiously Liable Third Persons

By virtue of the authority vested in the President by Section 2(a) of P.L. 87–693 (76 Stat. 593; 42 U.S. C. 2652), and delegated to the Director of the Office of Management and Budget by Executive Order No. 11541 of July 1, 1970 (35 FR 10737), the three sets of rates outlined below are hereby established. These rates are for use in connection with the recovery, from tortiously liable third persons, of the cost of hospital and medical care and treatment furnished by the United States (Part 43, Chapter I, Title 28, Code of Federal Regulations) through three separate Federal agencies. The rates have been established in accordance with the requirements of OMB Circular A–25, requiring reimbursement of the full cost of all services provided. The rates are established as follows:

(1) Department of Defense. The FY 1996 inpatient rates are based on the cost per Diagnostic Related Group (DRG), which is the inpatient full reimbursement rate per hospital discharge, weighted to reflect the intensity of the principal diagnosis involved. The average cost per Relative Weighted Product (RWP) for large urban, other urban/rural and overseas facilities will be published annually as an inpatient standardized amount.

The adjusted standardized amounts (ASA) per Relative Weighted Product (RWP) for use in the Direct Care System will be comparable to procedures utilized by Health Care Financing Administration (HCFA) and the Civilian Health and Medical Program for the Uniformed Services (CHAMPUS). These expenses will include all direct care expenses. The average cost per relative weighted product for large urban, other urban/rural and overseas facilities will be published annually as an inpatient standardized amount and will include the cost of inpatient professional services. The DRG rates will apply to reimbursement from all sources. A relative weight for each DRG using the standardized amount will be the same as the DRG weights published annually for hospital reimbursement rates under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) pursuant to 32 CFR 199.14(a)(1) which includes adjustments for outliers, area wages, and indirect medical education.

(2) Department of Health and Human Services. The sum of obligations for each cost center providing medical service is broken down into amounts attributable to inpatient care on the basis of the proportion of staff devoted to each cost center. Total inpatient costs and outpatient costs thus determined are divided by the relevant workload statistic (inpatient day, outpatient visit) to produce the inpatient and outpatient rates. In calculation of the rates, the Department’s unfunded retirement liability cost and capital and equipment depreciation cost were incorporated to conform to requirements set forth in OMB Circular A–25. In addition, each cost center’s obligations include all costs for accounts, such as Medicare and Medicaid collections and Contract Health funds used to support direct program operation. Inclusion of these funds yields a more accurate indication of the cost of care in HHS facilities.

(3) Department of Veterans Affairs. The actual costs and per diem rates by type of care the previous year are added to the facility overhead costs and then adjusted by the budgeted percentage change for the current year and the budget year to compute the base rate for the budget year. The base rate is then adjusted by the estimated cost for depreciation of buildings and equipment, central office overhead, Government employee retirement and disability charges, and return on fixed assets (interest on capital for land, buildings and equipment (net book value)), to compute the budget year tortiously liable reimbursement rates. Also shown for inpatient per diem rates are breakdowns into three cost components: Physician; Ancillary; and Nursing, Room and Board. As with the total per diem rates, these breakdowns are calculated from actual data by type of care for the previous year.

These rates represent the reasonable cost of hospital, nursing home, medical, surgical, or dental care and treatment (including prostheses and medical appliances) furnished or to be furnished by the United States in Federal hospitals, nursing homes, and outpatient clinics administered by the Department of Defense, the Department of Veterans Affairs and the Department of Health and Human Services.

For such care and treatment furnished at the expense of the United States in a facility not operated by the United States, the rates shall be the amounts expended for such care and treatment.

For the Department of Defense, effective October 1, 1995 and thereafter:

I. Inpatient Rates (Per Inpatient Day) 1

<table>
<thead>
<tr>
<th>Code</th>
<th>Clinical services</th>
<th>Full reimbursement rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAA</td>
<td>Internal Medicine</td>
<td>$163</td>
</tr>
<tr>
<td>BAB</td>
<td>Allergy</td>
<td>56</td>
</tr>
<tr>
<td>BAC</td>
<td>Cardiology</td>
<td>116</td>
</tr>
<tr>
<td>BAE</td>
<td>Diabetes</td>
<td>70</td>
</tr>
<tr>
<td>BAF</td>
<td>Endocrinology</td>
<td>152</td>
</tr>
</tbody>
</table>

II. Outpatient Rates 1

Code | Clinical services     | Full reimbursement rate |
-----|----------------------|------------------------|
| A    | Medical Care         |                        |
| BAA  | Internal Medicine    | $163                   |
| BAB  | Allergy              | 56                     |
| BAC  | Cardiology           | 116                    |
| BAE  | Diabetes             | 70                     |
| BAF  | Endocrinology        | 152                    |

1. Full reimbursement rates are for use in connection with the recovery, from tortiously liable third persons, of the cost of hospital and medical care and treatment furnished by the United States.
III. Other Rates and Charges

B. Surgical Care

For the period beginning October 1, 1995, and thereafter:

Services, Indian Health Service, effective
October 1, 1995 and thereafter:

A. Immunizations ................ $18
B. Hyperbaric Services:
   1–60 minutes ..................... 233
   61–120 minutes ................... 452
   121–180 minutes ................. 671
   181–240 minutes ................. 889
   Each Additional Hour
   (Note: Charges may be
   prorated based on
   usage) ............................ 233

C. Family Member Rate
   (Formerly Military Depen-
   dents Rate) ........................ 9.70

For the Department of Health and Human
Services, Indian Health Service, effective
October 1, 1995 and thereafter:

HHS

Outpatient Medical and Dental Treatment

Outpatient Visit ....................... 205
Emergency Dental Outpatient
Visit .................................... 104
Prescription Filled ................... 20

Notes

1. Pursuant to the provisions of 10 U.S.C.
   109, the inpatient Diagnosis Related Groups
   are 96 percent hospital and 4 percent
   professional fee. The outpatient per visit
   percentages are 58 percent hospital, 29
   percent ancillary and 13 percent
   professional.

2. The Medical Expense and Performance
   Reporting System (MEPRS) code is a three
   digit code which defines the summary
   account and the subaccount within a
   functional category in the DoD medical
   system. An example of this hierarchical
   arrangement is as follows:

   Outpatient Care (Functional Cat-
   egory) ............... MEPRS
   Code

Medical Care (Summary Account) BA
   Internal Medicine (Subaccount) BAA

MEPRS codes are used to ensure that
consistent expense and operating
performance data is reported in the DoD
military medical system.

For the period beginning October 1, 1995,
the rates prescribed herein superseded those
established by the Director of the Office of
Management and Budget October 24, 1994
(59 FR 53492).

Alice M. Rivlin,
Director, Office of Management and Budget.
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