a suspicious transaction reporting requirement that incorporates an objective reporting standard, the difference between such a standard and a subjective reporting standard, a distinction with respect to which commenters have expressed considerable concern, would be a significant factor in determining whether Nevada's suspicious transaction reporting rule would be ''substantially similar'' to Treasury's rule. For this reason, we are formally encouraging Nevada casinos to comment on the ''reason to suspect'' standard contained in the Notice.

II. Request for Additional Comments

FinCEN is reopening the comment period for the reporting of suspicious transactions by casinos, in order to solicit responses to the discussion of the ''reason to suspect'' standard that appears above, and additional views about the best way to apply to casinos the due diligence obligations inherent in suspicious transaction reporting.

Specifically FinCEN requests additional comments on the following issues:

(1) The application of the objective ''reason to suspect'' standard (as proposed in the Notice and as further explained in this document) to the casino industry, given the self-adjusting nature of such a standard. In particular, FinCEN invites comment about whether it would be helpful to add language to the rule or preamble explaining that the objective standard necessarily takes into account differences in the operating environment in various parts of a financial institution (for example, as between casino cage and gaming floor activities).

(2) The ability of casinos to satisfy a due diligence-based standard, especially given the nature of existing casino risk management and customer monitoring practices.

(3) The extent to which the due diligence notion addresses concerns about possible subsequent review by the government of a financial institution's decisions that a report is (or is not) required in particular cases.

(4) The meaning of the phrase ''in the judgment of the casino, has reason to suspect,'' proposed by several commenters, and the result of its application.

Dated: March 22, 2002.

James F. Sloan,

Director, Financial Crimes Enforcement Network.

[FR Doc. 02–7558 Filed 3–28–02; 8:45 am]

BILLING CODE 4810–02–P

DEPARTMENT OF DEFENSE

Office of the Secretary

32 CFR Part 220

[0720–AA67]

Collection From Third Party Payers of Reasonable Charges for Health Care Services

AGENCY: Office of the Assistant Secretary of Defense (Health Affairs), DoD.

ACTION: Proposed rule.

SUMMARY: This proposed rule is to implement provisions of the National Defense Authorization Act for Fiscal Year 2000, which amended the statutory obligation of the third party payers to replace the ''reasonable cost'' basis of the Third Party Collection Program with a ''reasonable charge'' basis, and also authorized methods to be used for the computation of reasonable charges. We propose to adopt the ''reasonable charge'' basis and generally to use CHAMPUS payment rates as the reasonable charges under the Program. This rule also implements the provisions added by the National Defense Authorization Act for Fiscal Year 2002 related to the charging of fees for care to civilians who are not covered beneficiaries.

DATES: Comments must be received by May 28, 2002.

ADDRESSES: Send comments to Lt. Col. Rose Layman, Uniform Business Office, Office of the Assistant Secretary of Defense (Health Affairs), TRICARE Management Activity, Resource Management, 5111 Leesburg Pike, Suite 810, Falls Church, VA 22041–3206.

FOR FURTHER INFORMATION CONTACT: Lt. Col. Rose Layman at (703) 681–8910.

SUPPLEMENTARY INFORMATION: Our goal is to publish a final rule in early 2002 with an effective date of April 1, 2002. In keeping with our intention to adopt a rate structure more consistent with the civilian health insurance industry practice, this rule proposes an itemized methodology for outpatient services. A combination of our current rate methodology, based on cost, and new methodology based on CHAMPUS payment rates will be used.

Due to the extensive system and practices required in over 500 facilities, a phased-in approach to our methodology will be applied. The current inpatient methodology of an all-inclusive DRG-based rate (including professional charges) will continue to be utilized for FY 02. In FY 03, we will begin to bill separately for hospital charges (using a DRG-based schedule of costs) and professional charges (using the CPT–4 based CHAMPUS Maximum Allowable Charges (CMAC) rates). Our program changes in FY 02 will focus on outpatient services.

Our analysis indicates that the transition from reasonable costs to reasonable charges will most likely not increase the amount of money collected for the services provided. We undertook an analysis comparing our current rate structure based on cost data with the charges based on the CMAC rates. An initial sample of 500 patient encounters was obtained from Military Treatment Facilities across all three Services from various regions. These patient encounters were priced with the National average CMAC pricing scale as well as the current all-inclusive methodology. The average of both pricing schemes found the totals to be within a ten-dollar range of each other. Thus, we anticipate billing at approximately the same aggregate level. The benefit of the change in methodology is that each bill will be much more appropriate for the actual services provided to the patient and will be itemized in the manner to which the health insurance industry is accustomed. Therefore, although it is not based on actual DoD costs (because our cost accounting systems do not have patient level specification), we believe adoption of the CMAC rates is more representative of actual costs specific to the services provided to a patient than is our current aggregated clinic visit rate.

The format of line-item charges will more closely resemble that currently used by facilities of the Department of Veteran's Affairs. Under this rule, DoD facilities will bill for the majority of outpatient care utilizing the Health Care Common Procedure Coding System with individual charges associated with these codes. Third party payers who receive claims from both entities, will now see greater similarity between the DoD and VA. However, the rates and business rules utilized by these two agencies will vary, with the VA's usual and customary rate based on independent calculation, and the DoD's rate based on the long-established CHAMPUS methodology.

This approach is also consistent with the newly enacted 10 U.S.C. 1079b, which reaffirms the authority of the Secretary of Defense to ''implement procedures under which a military medical treatment facility may charge civilians who are not covered beneficiaries (or their insurers) fees representing the costs, as determined by the Secretary, of trauma and other

medical care provided to such civilians.'' It is the Secretary's determination that the CHAMPUS payment rates best represent the costs of providing care to all patients in Military Treatment Facilities.

Rulemaking Procedures

We have reviewed this proposed rule in accordance with the provisions of Executive Order 12866, the Congressional Review of Agency Rulemaking Act (5 U.S.C. 801–808), and the Regulatory Flexibility Act (5 U.S.C. 601–612).

This rule has been designated as significant rule and has been reviewed by the Office Management and Budget as required under the provisions of Executive Order 12866. It is not an economically significant action or a major rule, and it would not have a significant impact on a substantial number of small entities.

This rule does this rule affect matter addressed by the Unfunded Mandates Reform Act (Pub. L. 104–4) or Executive Order 13132 concerning Federalism. Also, this proposed rule does not involve new information collection requirements under the Paperwork Reduction Act (44 U.S.C. chapter 35). This proposed rule will align DoD closer to civilian industry practices for health care billing and collections; it will have no significant economic or regulatory impact on any entity.

This is a proposed rule. Public comments are invited.

List of Subjects in 32 CFR Part 220

Claims, Health care, Health insurance.

For reasons set forth in the preamble, the Department of Defense proposes to amend 32 CFR Part 220 as follows:

PART 220—COLLECTION FROM THIRD PARTY PAYERS OF REASONABLE CHARGES FOR HEALTHCARE SERVICES

1. The authority citation for 32 CFR part 220 continues to read as follows:

Authority: 5 U.S.C. 301; 10 U.S.C. 1095.

2. Section 220.1 is revised to read as follows:

§ 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 of 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.

3. Section 220.2 is amended by revising paragraphs (a) and (b) to read as follows:

§ 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.

* * * * *

4. Section 220.4 is amended by revising paragraph (c)(2)(iii) to read as follows:

§ 220.4 Reasonable terms and conditions of health plan permissible.

* * * * *

(c) * * *

(2) * * *

(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)).

* * * * *

5. Section 220.8 is amended by revising the section heading and paragraphs (a), (b), (c), (e), (f), (h), (i), and (j) and by removing paragraphs (k) and (l) to read as follows:

§ 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 1079b(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 January 1, 2003.* Reasonable charges for inpatient hospital services provided on or after January 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 relating 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.

(c) *Inpatient hospital and inpatient professional services before January 1, 2003.* (1) *In general.* Prior to January 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).

(2) *Standardized amount.* The standardized 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).

* * * * *

(e) *Reasonable charges for professional services.* The CHAMPUS Maximum Allowable Charge (CMAC) 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 Health Care Financing Administration (HCFA) Common Procedure Coding System (HCPCS) methodology. This applies to outpatient professional charges only prior to January 1, 2003, and to all professional charges, both inpatient and outpatient, after January 1, 2003.

(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) Charges for care in the Burn Center at Brooke Army Medical Center are based on a per diem rate for the full costs of these services until October 1, 2002, at which time charges will move over to DRG basis as stated.

(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 services 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, and 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 aeromedical evacuation will be based on the full cost of the aeromedical evacuation 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.

6. Section 220.10 is amended by revising paragraph (c)(1) to read as follows:

§ 220.10. Special rules for Medicare supplemental plans.

* * * * *

(c) *Charges for health care services other than inpatient deductible amount.*

(1) The Assistant Secretary of Defense (Health Affairs) may establish special 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:

* * * * *

7. Section 220.12 is amended by revising paragraph (a)(1) to read as follows:

§ 220.12. Special rules for preferred provider organizations.

(a) *Statutory requirement.* (1) Pursuant to the general duty of third party payers to pay under 10 U.S.C. 1095(a)(1) and the definitions of 10 U.S.C. 1095(h), a plan with a preferred provider organization (PPO) provision or option generally has an obligation to pay the United States the reasonable charges for healthcare services provided through any facility of the Uniformed Services to a Uniformed Services beneficiary who is also a beneficiary under the plan.

* * * * *

8. Section 220.13 is amended by revising paragraph (a) to read as follows:

§ 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.

* * * * *

9. Section 220.14 is amended by revising the definitions *Covered beneficiaries* and *Third party payer* to read as follows:

§ 220.14 Definitions.

* * * * *

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, such members of the Uniformed Services are included as covered beneficiaries.

* * * * *

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.

* * * * *

Dated: March 25, 2002.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 02–7539 Filed 3–28–02; 8:45 am]

BILLING CODE 5001–08–P

DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 165

[CGD01–02–013]

RIN 2115–AA97

Safety Zone: Groton Long Point Yacht Club Fireworks Display, Groton, CT

AGENCY: Coast Guard, DOT.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Coast Guard proposes to establish a temporary safety zone for the Groton Long Point Yacht Club Fireworks Display, off Groton Long Point, CT. This action is necessary to provide for the safety of life on navigable waters during the event. This action is intended to restrict vessel traffic in a portion of Long Island Sound in the vicinity of Groton Long Point, Groton, CT.

DATES: Comments and related material must reach the Coast Guard on or before April 29, 2002.

ADDRESSES: You may mail comments and related material to Marine Events, Coast Guard Group/Marine Safety Office Long Island Sound, Command Center, 120 Woodward Ave., New Haven, CT 06512. Coast Guard Group/Marine Safety Office Long Island Sound maintains the public docket for this rulemaking. Comments and material received from the public, as well as documents indicated in this preamble as being available in the docket, will become part of this docket and will be available for inspection or copying at Group/MSO Long Island Sound, New Haven, CT, between 7:30 a.m. and 4:00 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: BM2 Ryan Peebles, Group Operations Petty Officer, Coast Guard Group/MSO Long Island Sound (203)468–4408.

SUPPLEMENTARY INFORMATION:

Request for Comments

We encourage you to participate in this rulemaking by submitting comments and related material. If you do so, please include your name and address, identify the docket number for this rulemaking (CGD01–02–013), indicate the specific section of this document to which each comment applies, and give the reason for each comment. Please submit all comments and related material in an unbound format, no larger than 8½ by 11 inches, suitable for copying. If you would like to know they reached us, please enclose a stamped, self-addressed postcard or envelope. We will consider all comments and material received during the comment period. We may change this proposed rule in view of them.

Public Meeting

We do not now plan to hold a public meeting, but you may submit a request for a meeting by writing to Coast Guard Group/MSO Long Island Sound at the address under **ADDRESSES** explaining why one would be beneficial. If we determine that one would aid this rulemaking, we will hold one at a time and place announced by a later notice in the **Federal Register**.

Background and Purpose

The Coast Guard proposes to establish a temporary safety zone for the Groton Long Point Yacht Club Fireworks Display off Groton Long Point in Long Island Sound. The safety zone encompasses all waters of Long Island Sound within a 600-foot radius of approximate position, 41°18′05″ N, 072°02′08″ W (NAD 1983). The proposed safety zone is intended to protect boaters from the hazards associated with fireworks launched from a barge in the area. This safety