

*10 USC Sec. 1095*

**Health care services incurred on behalf of covered beneficiaries: collection from third-party payers**

(a)(1) In the case of a person who is a covered beneficiary, the United States shall have the right to collect from a third-party payer **reasonable charges** for health care services incurred by the United States on behalf of such person through a facility of the uniformed services to the extent that the person would be eligible to receive reimbursement or indemnification from the third-party payer if the person were to incur such charges on the person's own behalf. If the insurance, medical service, or health plan of that payer includes a requirement for a deductible or copayment by the beneficiary of the plan, then the amount that the United States may collect from the third-party payer is a **reasonable charge** for the care provided less the appropriate deductible or copayment amount.

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(f) The Secretary of Defense, in consultation with the other administering Secretaries, shall prescribe regulations for the administration of this section. **Such regulations shall provide for computation of the *reasonable cost* of health care services.**

Computation of such **reasonable cost** may be based on -

- (1) per diem rates;
- (2) all-inclusive per visit rates;
- (3) diagnosis-related groups; or
- (4) such other method as may be appropriate.

**Sec. 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.

**Sec. 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.

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(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: