



THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

Information Paper is attached which further outlines our rationale for allowing our contractors to charge administrative fees for delayed copayments.

This issue highlights two significant points to consider as we continue to implement TRICARE. First, TRICARE Prime enrollees must be adequately informed of the rules and requirements inherent in enrollment: our beneficiaries deserve to know, up-front, how much civilian health care will cost them. They should be told that they can pay required copayments by cash, check, or credit card. Incurring administrative fees for the privilege of being billed at a later date should be a key part of an enrollment briefing if it applies in a particular network. Second, when developing and implementing TRICARE Prime enrollment plans, every effort should be placed on enrolling families of E-4 and below in MTFs where outpatient copayments are not required. These administrative fees, in addition to required copayments, could affect these families the most.

A handwritten signature in black ink that reads "Edward D. Martin".

Edward D. Martin, M.D.  
Principal Deputy Assistant Secretary

**HA POLICY 96-029**

Attachment:  
As stated

cc: Lead Agents

## INFORMATION PAPER

**SUBMITTED BY:** OASD(HA)/HSFP

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**SUBJECT:** Administrative Fees for Delayed Copayments

Group Health Association (GHA), a subcontractor HMO for Foundation in Region 11, is charging a \$5 administrative fee when Prime enrollees do not pay required copayments at the time services are rendered and elect, instead, to be billed at a later date. Collection of administrative fees is not precluded by current Managed Care Support contract language and OCHAMPUS General Counsel does not consider the practice to be a contract violation.

Contracts will not be modified to disallow collection of administrative fees because elimination of billing and its attendant costs is a key feature of managed care. It is industry practice to collect visit fees at the time of service is rendered and to collect administrative fees if beneficiaries elect to be billed. Prohibiting this practice could increase overall costs to the government since enrollees, absent any incentive to pay at the time services are rendered, may choose to delay payment more often, thereby incurring additional costs of billing by HMOs and individual providers.

Beneficiaries have the right to know their options to pay required copayments. They should be told that they can pay by cash, check, or credit card, and if delayed payment will result in an administrative charge. Contractors should include this specific information in their marketing and education materials and to inform families enrolling in TRICARE Prime. In addition, administrative fees may impact some families enrolled with civilian primary care managers. Every effort should be placed on enrolling families of E-4 and below in MTFs where most copayments are not required.