



THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

OCT 26 2007

MEMORANDUM FOR ACTING THE SURGEON GENERAL OF THE ARMY  
SURGEON GENERAL OF THE NAVY  
SURGEON GENERAL OF THE AIR FORCE

SUBJECT: Policy for Billing Non-Department of Defense Beneficiary Newborns

This policy replaces Health Affairs (HA) Policies 95-007, Newborn Billing Policy, released June 19, 1995 (attached), and 96-041, Policy for Newborn Billing, released April 19, 1996 (attached).

The Department of Defense (DoD) has a legal obligation to recover the reasonable cost of health care services furnished to individuals who are not DoD beneficiaries. Since the DoD expends resources to care for these newborns, the DoD is obligated to recover the cost of this care.

Military treatment facilities (MTFs) will generate bills for the newborns of family member daughters and newborns of former Service Members who were pregnant prior to separation from the Service. The bill will cover services furnished from the time of birth to the time of discharge. MTFs will bill the sponsor of the family member daughter for the grandchild's care. MTFs will bill the former Service Member for her newborn's care. Bills will be generated using the full reimbursement rate based on the Diagnosis-Related Group assigned for the services furnished to the newborn. For multiple births, there will be multiple bills. Each Service should develop a reasonable plan to implement this policy, including the use of its Secretarial Designee authority when deemed appropriate.

This policy is consistent with Chapter 1, Section 31 of the TRICARE Reimbursement Manual 6010.55-M, August 1, 2002. Newborns of family member daughters and former Service Members are not DoD beneficiaries. Based on individual Service criteria, such as financial hardship, each Service may elect to use its Secretarial Designee status for some of the newborns. Any approach taken should be Service-wide, whether it is on an entire class, individual hardship, or any other basis as specified by the Service.

The point of contact for this policy is Lt Col Jeanne Yoder, (703) 681-6757.

S. Ward Casscells, MD

Attachments:  
As stated

HA POLICY: 07-026