efficiency in CHAMPUS oversight of providers and will limit beneficiary liability related to claims denied due to provider noncompliance with CHAMPUS requirements.

This amendment proposes to remove two provisions which exclude CHAMPUS coverage of civilian diagnostic and consultation services requested by a Military Treatment Facility (MTF) physician in support of continued MTF care of a CHAMPUS eligible beneficiary. Because MTFs vary in size and clinical capacity for the care of CHAMPUS-eligible beneficiaries, the lack of access to specialized diagnostic and consultation resources through CHAMPUS may result in the MTF purchasing the civilian services directly without the advantage of CHAMPUS price requirements; the beneficiary paying the total cost of such non-MTF services; or the beneficiary choosing to obtain all care in the civilian community in order to take advantage of CHAMPUS cost-share of all the necessary care. Removal of these exclusions will allow flexibility in the implementation of an MTF-based planof-care resulting in continuity of care at a lower cost to both the beneficiary and the government.

Executive Order 12866. OMB has determined this is not a significant rule as defined by Executive Order 12866.

The Regulatory Flexibility Act of 1980 requires that a federal agency prepare an analysis when the agency issues regulations which would have significant impact upon a substantial number of small entities. An estimated 2,200 occupational therapists in private practice; approximately 850 corporate or foundation physician groups; and approximately 4,500 freestanding Medicare certified in-home health care agencies would become eligible to apply for CHAMPUS provider status if this proposed rule is finalized. These changes are expected to competitively redistribute ambulatory care benefit costs for already existing benefits. We certify that this proposed rule will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

Paperwork Reduction Act of 1980 requires all Departments to submit to the Office of Management and Budget (OMB) for review and approval any reporting or record keeping requirements in a proposed or final rule. This proposed rule will, if adopted, require information from the provider applicant to document that the criteria for CHAMPUS-provider status are met.

List of Subjects in 32 CFR Part 199

Claims, Disability, Handicapped, Health insurance, and Military personnel.

PART 199—[AMENDED]

Accordingly, 32 CFR part 199 is amended as follows:

1. The authority citation for part 199 is proposed to be to revised to read as follows:

Authority: 5 U.S.C. 301; 10 U.S.C. chapter 55.

2. Section 199.2(b) is proposed to be amended by revising the definition for "Participating provider," and by adding definitions for "Corporate services provider," "Economic interest," and "Qualified accreditation organization" in alphabetical order to read as follows:

§199.2 Definitions.

(b) * * *

Corporate services provider. A health care provider which meets the applicable requirements established by § 199.6(e).

* * * * *

Economic interest. (i) Any right, title, or share in the income, remuneration, payment, or profit of a CHAMPUSauthorized provider, or of an individual or entity eligible to be a CHAMPUSauthorized provider, resulting, directly or indirectly, from a referral relationship; or any direct or indirect ownership, right, title, or share, including a mortgage, deed of trust, note, or other obligation secured (in whole or in part) by one entity for another entity in a referral or accreditation relationship, which is equal to or exceeds 5 percent of the total property and assets of the other entity

(ii) A referral relationship exists when a CHAMPUS beneficiary is sent, directed, assigned or influenced to use a specific CHAMPUS-authorized provider, or a specific individual or entity eligible to be a CHAMPUS-authorized provider.

(iii) An accreditation relationship exists when a CHAMPUS-approved accreditation organization evaluates for accreditation an entity that is an applicant for, or recipient of, CHAMPUS-authorized provider status.

* * * * *

Participating provider. A CHAMPUSauthorized provider that is required, or has agreed by entering into a CHAMPUS participation agreement or by act of indicating "accept assignment" on the CHAMPUS claim form, to accept the CHAMPUS-allowable amount as the maximum total charge for a service or item rendered to a CHAMPUS beneficiary whether the amount is paid for fully by the CHAMPUS or requires cost-sharing by the CHAMPUS beneficiary.

* * * * *

Qualified accreditation organization. A not-for-profit corporation or a foundation that:

- (i) Develops process standards and outcome standards for health care delivery programs, or knowledge standards and skill standards for health care professional certification testing, using experts both from within and outside of the health care program area or individual speciality to which the standards are to be applied;
- (ii) Creates measurable criteria that demonstrate compliance with each standard;
- (iii) Publishes the organization's standards, criteria and evaluation processes so that they are available to the general public;
- (iv) Performs on-site evaluations of health care delivery programs, or provides testing of individuals, to measure the extent of compliance with each standard:
- (v) Provides on-site evaluations or individual testing on a national or international basis;
- (vi) Provides to evaluated programs and tested individuals time-limited written certification of compliance with the organization's standards;
- (vii) Excludes certification of any program operated by an organization which has an economic interest, as defined by § 199.2, in the accreditation organization or in which the accreditation organization has an economic interest;
- (viii) Publishes promptly the certification outcome of each program evaluation or individual test so that it is available to the general public; and
- (ix) Has been found by the Director to apply standards, criteria, and certification processes which reinforce CHAMPUS provider authorization requirements and promote efficient delivery of CHAMPUS benefits.
- 3. Section 199.4 is proposed to be amended by revising paragraph (c)(3)(x) and by removing and reserving (g)(70) and (g)(71) to read as follows:

§199.4 Basic program benefits.

* * * * *

(c) * * * * (3) * * *

(x) Physical and occupational therapy. Assessment and treatment services of a CHAMPUS-authorized physical or occupational therapist may be cost-shared when: