(A) The services are prescribed and monitored by a physician;

(B) The purpose of the prescription is to reduce the disabling effects of an illness, injury, or neuromuscular disorder; and

(C) The prescribed treatment increases, stabilizes, or slows the deterioration of, the beneficiary's ability to perform specified purposeful activity in the manner, or within the range considered normal, for a human being.

* * * * * * (g) Exclusions and limitations (70)–(71)[Reserved] * * * * * *

4. Section 199.6 is proposed to be amended by adding new paragraphs (a)(13) and (a)(14); removing paragraph (b)(1)(ii); revising paragraphs (a)(8), (c)(1), (c)(2) and (c)(3)(iii)(I)(3), redesignating paragraph (e) as (a)(15) and paragraph (f) as (a)(16) and by adding a new paragraph (e) to read as follows:

§199.6 Authorized providers.

* * (a) * * *

(8) Participating providers. A CHAMPUS-authorized provider is a participating provider, as defined in § 199.2, under the following circumstances:

*

 (i) Mandatory participation.
(A) All medicare-participating hospitals must be CHAMPUS participating providers for all inpatient CHAMPUS claims.

(B) Hospitals that are not Medicareparticipating but are subject to the CHAMPUS-DRG-based payment methodology or the CHAMPUS mental health payment methodology as established by § 199.14(a), must enter into a participating agreement with the CHAMPUS for all inpatient claims in order to be a CHAMPUS-authorized provider.

(C) Corporate services providers authorized as CHAMPUS providers under the provisions of paragraph (e) of this section.

(ii) Voluntary participation.

(A) Total claims participation: The participating provider program. A CHAMPUS-authorized provider that is not required to participate by this part may become a participating provider by entering into an agreement or memorandum of understanding (MOU) with the Director, OCHAMPUS, which includes, but is not limited to, the provisions of paragraph (a)(14) of this section. The Director, OCHAMPUS, may include in a participating provider agreement/MOU provisions that establish between OCHAMPUS and a class, category, type, or specific provider, uniform procedures and conditions which encourage provider participation while improving beneficiary access to benfits and contributing to CHAMPUS efficiency. Such provisions shall be otherwise allowed by this part or by DoD Directive or DoD Instruction. Participating provider program provisions may be incorporated into an agreement/MOU to establish a specific CHAMPUS-provider relationship, such as a preferred provider arrangement.

(B) *Claim-specific participation*. A CHAMPUS-authorized provider that is not required to participate and that has not entered into a participation agreement pursuant to paragraph (a)(8)(ii)(A) of this section may elect to be a participating provider on a claimby-claim basis by indicating "accept assignment" on each CHAMPUS claim form for which participation is elected.

(13) *Medical records:* CHAMPUSauthorized provider organizations and individuals providing clinical services shall maintain adequate clinical records to substantiate that specific care was actually furnished, was medically necessary, and appropriate, and identify(ies) the individual(s) who provided the care. This applies whether the care is inpatient or outpatient. The minimum requirements for medical record documentation are set forth by all of the following:

(i) The cognizant state licensing authority;

(ii) The Joint Commission on Accreditation of Healthcare Organizations, or the appropriate Qualified Accreditation Organization as defined in § 199.2;

 (iii) Standards of practice established by national medical organizations; and
(iv) This part.

(14) Participation agreements. Except for agreements in effect on September 30, 1994, a participation agreement otherwise required by this part shall include, in part, all of the following provisions requiring that the provider shall:

(i) Not charge a beneficiary for the following:

(A) Services for which the provider is entitled to payment from CHAMPUS;

(B) Services for which the beneficiary would be entitled to have CHAMPUS payment made had the provider complied with certain procedural requirements;

(C) Services not medically necessary and appropriate for the clinical management of the presenting illness, injury, disorder or maternity; (D) Services for which a beneficiary would be entitled to payment but for a reduction or denial in payment as a result of quality review; and

(E) Services rendered during a period in which the provider was not in compliance with one or more conditions of authorization;

(ii) Comply with the applicable provisions of this part and related CHAMPUS administrative policy;

(iii) Accept the CHAMPUS determined allowable payment combined with the cost-share, deductible, and other health insurance amounts payable by, or on behalf of, the beneficiary, as full payment for CHAMPUS allowed services;

(iv) Collect from the CHAMPUS beneficiary those amounts that the beneficiary has a liability to pay for the CHAMPUS deductible and cost-share;

(v) Permit accessed by the Director to the clinical record of any CHAMPUS beneficiary, to the financial and organizational records of the provider, and to reports of evaluations and inspections conducted by state of private agencies or organizations;

(vi) Provide to the Director prompt written notification of the provider's employment of an individual who, at any time during the twelve months preceding such employment, was employed in a managerial, accounting, auditing, or similar capacity by an agency or organization which is responsible, directly or indirectly for decisions regarding Department of Defense payments to the provider;

(vii) Cooperate fully with a designated utilization and clinical quality management organization which has a contract with the Department of Defense for the geographic area in which the provider renders services;

(viii) Obtain written authorization before rendering designated services or items for which CHAMPUS cost-share may be expected;

(ix) Maintain clinical and other records related to individuals for whom CHAMPUS payment was made for services rendered by the provider, or otherwise under arrangement, for a period of 60 months from the date of service;

(x) Maintain contemporaneous clinical records that substantiate the clinical rationale for each course of treatment, the methods, modalities or means of treatment, periodic evaluation of the efficacy of treatment, and the outcome at completion or discontinuation of treatment;

(xi) Refer CHAMPUS beneficiaries only to providers with which the referring provider does not have an