

Prime Plan, or "Prime." They are free to choose to enroll to obtain the benefits of Prime, or not to enroll and remain in the TRICARE Standard Plan, or "Standard," with the option of using the preferred provider network under the TRICARE Extra Plan, or "Extra." When the TRICARE Program is implemented in an area, active duty members will be enrolled in Prime.

*C. Eligibility for Enrollment in Prime* (proposed § 199.17(c))

This paragraph describes who may enroll in the Program. All active duty members are automatically enrolled; all CHAMPUS-eligible beneficiaries may enroll. Since it is likely that priorities for enrollment will be necessary owing to limited availability of Prime, the order of priority for enrollment will be as follows: First priority will be active duty members; second priority will be active duty family members; and third priority will be CHAMPUS-eligible retirees, family members of retirees, and survivors. At this time, TRICARE Prime will not offer enrollment to non-CHAMPUS-eligible beneficiaries.

*D. Health Benefits Under Prime* (proposed § 199.17(d))

This paragraph states that the benefits established for the Uniform HMO Benefit option (see § 199.18, Uniform HMO Benefit option) are applicable to CHAMPUS eligible enrollees in TRICARE Prime.

Under TRICARE, all enrollees in Prime and all beneficiaries who do not enroll remain eligible for care in MTFs. Active duty family members who enroll in TRICARE Prime would be given priority for MTF access over non-enrollees; priorities for other categories of beneficiary would be unaffected by their enrollment. Regarding civilian sector care, active duty member care will continue to be arranged as needed and paid for through the supplemental care program.

*E. Health Benefits Under Extra* (proposed § 199.17(e))

This paragraph describes the availability of the civilian preferred provider network under Extra. When Extra is used, CHAMPUS cost sharing requirements will be reduced. See Table 2 following the preamble for a comparison of TRICARE Standard, TRICARE Extra, and TRICARE Prime cost sharing requirements.

*F. Health Benefits Under Standard* (proposed § 199.17(f))

This paragraph describes health benefits for beneficiaries who opt to remain in Standard. Broadly,

participants in Standard maintain their freedom of choice of civilian provider under CHAMPUS (subject to nonavailability statement requirements), and face standard CHAMPUS cost sharing requirements, except when they take advantage of the preferred provider network under Extra. The CHAMPUS benefit package applies to Standard participants.

*G. Coordination With Other Health Care Programs* (proposed § 199.17(g))

This paragraph provides that, for beneficiaries enrolled in managed health care programs not operated by DoD, DoD may establish a contract or agreement with the other managed health care program for the purpose of coordinating beneficiary entitlements under the other program and the military health services system. This potentially includes any private sector health maintenance organization (HMO) or competitive medical plan, and any Medicare HMO. Any contract or agreement entered into under this paragraph may integrate health care benefits, delivery, financing, and administrative features of the other managed care plan with some or all of the features of the TRICARE Program. This paragraph is based on 10 U.S.C. section 1097(d), as amended by section 714 of the National Defense Authorization Act for Fiscal Year 1995.

*H. Resource Sharing Agreements* (proposed § 199.17(h))

This paragraph provides that military treatment facilities may establish resource sharing agreements with the applicable managed care support contractors for the purpose of providing for the sharing of resources between the two parties. Internal and external resource sharing agreements are authorized. Under internal resource sharing agreements, beneficiary cost sharing requirements are the same as in military facilities. Under internal or external resource sharing agreements, a military treatment facility commander may authorize the provision of services pursuant to the agreement to Medicare-eligible beneficiaries, if this will promote the most cost-effective provision of services under the TRICARE Program.

*I. Health Care Finder* (proposed § 199.17(i))

This paragraph establishes procedures for the Health Care Finder, an administrative office that assists beneficiaries in being referred to appropriate health care providers, especially the MTF and civilian network

providers. Health Care Finder services are available to all beneficiaries.

*J. General Quality Assurance, Utilization Review, and Preauthorization Requirements* (proposed § 199.17(j))

This paragraph emphasizes that all requirements of the CHAMPUS basic program relating to quality assurance, utilization review, and preauthorization of care apply to the CHAMPUS component of Prime, Extra and Standard. These requirements and procedures may also be made applicable to military facility services.

*K. Pharmacy Network Services in Base Realignment and Closure Sites* (proposed § 199.17(k))

This paragraph establishes two special pharmacy programs, a retail pharmacy network program and a mail service pharmacy program. This proposal is made with consideration of the existing mail service pharmacy demonstration, under which features of the permanent, nationwide program are being tested at a number of sites. Proceeding to solicit public comment on design features at this point, prior to completion of the demonstration, will enable us to move most expeditiously to establish the nationwide program in the future.

An important aspect of the mail service and retail pharmacy programs is that, under the authority of section 702 of the National Defense Authorization Act for Fiscal Year 1993, Pub. L. 102-484, there is a special rule regarding eligibility for prescription services. The special rule is that Medicare-eligible beneficiaries, who are normally ineligible for CHAMPUS, are under certain special circumstances eligible for the pharmacy programs. The special circumstances are that they live in an area adversely affected by the closure of a military medical treatment facility. A provision of the National Defense Authorization Act for Fiscal Year 1995 additionally provides eligibility for Medicare eligible beneficiaries who demonstrate that they had been reliant on a former military medical treatment facility for pharmacy services.

Under the proposed rule, the area adversely affected by the closure of a facility is established as the catchment area of the treatment facility that closed. The catchment area is the existing statutory designation of the geographical area primarily served by a military hospital. The catchment area is defined in law as "the area within approximately 40 miles of a medical facility of the uniformed services." Pub. L. 100-180, sec. 721(f)(1), 10 U.S.C.A.