

1092 note. This is also the geographical basis in the law for nonavailability statements that authorize CHAMPUS beneficiaries who live within areas served by military hospitals to obtain care outside the military facility. 10 U.S.C. 1079(a)(7). Because the purpose of the special eligibility rule for Medicare-eligible beneficiaries is to replace the pharmacy services lost as a consequence of the base closure, and because the 40-mile catchment area is the only geographical area designation established in law to describe the beneficiaries primarily served by a military medical facility, we believe it most appropriate to adopt the established 40-mile catchment area for purposes of the applicability of the special eligibility rule for pharmacy services. Thus, under the proposed rule, Medicare-eligible beneficiaries who live within the established 40-mile catchment area of a treatment facility that closed are eligible to use the pharmacy programs if available in that area.

There are several noteworthy special rules regarding the area that will be considered adversely affected by the closure of a military treatment facility. First, 40-mile catchment area generally will apply in the case of the closure of a military clinic, as it does in the case of the closure of a hospital. Recognizing that there may be clinic closure cases involving very small clinics that were not providing any significant amount of pharmacy services to retirees and their dependents, these cases will not be considered to be areas adversely affected by the closure of a medical treatment facility. The reason for this is simply that if the facility was not providing a significant amount of services, its closure will not have a noteworthy adverse affect in the area. Another circumstance in which a facility closure will not be considered to have an adverse affect on an area is if the area is also within the catchment area of another military medical treatment facility that remains open and available to the beneficiaries.

The Director, Office of CHAMPUS may establish other procedures for the effective operation of the pharmacy programs, dealing with issues such as encouragement of use of generic drugs for prescriptions and use of appropriate drug formularies, as well as establishment of requirements for demonstration of past reliance on a military medical treatment facility for pharmacy services.

L. PRIMUS and NAVCARE Clinics (proposed § 199.17(l))

The proposed rule would add a new § 199.17(l). Under the authority of 10 U.S.C. sections 1074(c) and 1097, this section would authorize PRIMUS and NAVCARE Clinics, which have operated to date under demonstration authority. Because these contractor owned and operated clinics have increased beneficiary access to care and become very popular with beneficiaries, this provision will make permanent the PRIMUS and NAVCARE Clinic authority.

As under the demonstration project, PRIMUS and NAVCARE Clinics will function as extensions of military treatment facilities. As such, all beneficiaries eligible for care in military treatment facilities (including active duty members, Medicare-eligible beneficiaries, and other non-CHAMPUS eligible beneficiaries) are eligible to use PRIMUS and NAVCARE Clinics established prior to October 1, 1994. CHAMPUS deductibles and copayments will not apply. Rather, military hospital policy regarding beneficiary charges will apply. For PRIMUS and NAVCARE Clinics established after September 30, 1994, the provisions of the Uniform HMO Benefit regarding out patient costsharing will apply (see proposed § 199.18(d)(3)). Other CHAMPUS rules and procedures, such as coordination of benefits requirements will apply. The Director, OCHAMPUS may waive or modify CHAMPUS regulatory requirements in connection with the operation of PRIMUS and NAVCARE Clinics.

M. Consolidated Schedule of Beneficiary Charges (proposed § 199.17(m))

This paragraph establishes a consolidated schedule of beneficiary charges applicable to health care services under TRICARE for Prime enrollees (other than active duty members), Standard enrollees, and Medicare-eligible beneficiaries. The schedule of charges is summarized at Table 1, following the preamble. As demonstrated by the table, TRICARE provides for reduced beneficiary out-of-pocket costs.

Included in the consolidated schedule of beneficiary charges is the "Uniform HMO Benefit" design required by law. This is further discussed in the next section of the preamble.

N. Additional Health Care Management Requirements Under Prime (proposed § 199.17(n))

This paragraph describes additional health care management requirements

within Prime, and establishes the point-of-service option, under which CHAMPUS beneficiaries retain the right to obtain services without a referral, albeit with higher cost sharing. Each CHAMPUS-eligible enrollee will select or be assigned a Primary Care Manager who typically will be the enrollee's health care provider for most services, and will serve as a referral agent to authorize more specialized treatment if needed. Health Care Finder offices will also assist enrollees in obtain referrals to appropriate providers. Referrals for care will give first priority to the local MTF; other referral priorities and practices will be specified during the enrollment process.

O. Enrollment Procedures (proposed § 199.17(o))

This paragraph describes procedures for enrollment of beneficiaries other than active duty members, who must enroll. The Prime plan features open season periods during which enrollment is permitted. Prime enrollees will maintain participation in the plan for a 12 month period, with disenrollment only under special circumstances, such as when a beneficiary moves from the area. A complete explanation of the features, rules and procedures of the Program in the particular locality involved will be available at the time enrollment is offered. The features, rules and procedures may be revised over time, coincident with reenrollment opportunities.

P. Civilian Preferred Provider Networks (proposed § 199.17(p))

This paragraph sets forth the rules governing civilian preferred provider networks in the TRICARE Program. It includes conformity with utilization management and quality assurance program procedures, provider qualifications, and standards of access for provider networks. In addition, the methods which may be used to establish networks are identified.

DoD beneficiaries who are not CHAMPUS-eligible, such as Medicare beneficiaries, may seek civilian care under the rules and procedures of their existing health insurance program. Providers in the civilian preferred provider network generally will be required to participate in Medicare, so that when Medicare beneficiaries use a network provider they will be assured of a participating provider.

Q. Preferred Provider Network Establishment Under Any Qualified Provider Method (proposed § 199.17(q))

This paragraph describes one process that may be used to establish a preferred