The amount of proposed enrollment fees, outpatient charges and inpatient copayment under the uniform HMO benefit are presented in detail in § 199.18(c) through (f).

D. Applicability of the Uniform HMO Benefit to the Uniformed Service Treatment Facilities Managed Care Program (proposed § 199.18(g))

The section would apply the uniform HMO Benefit provisions to the Uniformed Services Treatment Facility Managed Care Program, beginning in fiscal year 1996. This program includes civilian contractors providing health care services under rules quite different from CHAMPUS, the CHAMPUS Reform Initiative, or other CHAMPUS-related programs.

The National Defense Authorization Act for Fiscal Year 1991, section 718(c), required implementation of a ''managed-care delivery and reimbursement model that will continue to utilize the Uniformed Services Treatment Facilities'' in the MHSS. This provision has been amended and supplemented several times since that Act. Most recently, section 718 of the National Defense Authorization Act for Fiscal Year 1994 authorized the establishment of ''reasonable charges for inpatient and outpatient care provided to all categories of beneficiaries enrolled in the managed care program.'' This is a deviation from previous practice, which had tied Uniformed Services Treatment Facilities (USTF) rules to those of military hospitals. This new statutory provision also states that the schedule and application of the reasonable charges shall be in accordance with terms and conditions specified in the USTF Managed Care Plan. The USTF Managed Care Plan agreements call for implementation in the USTF Managed Care Program of cost sharing requirements based on the level and range of cost sharing required in DoD managed care initiatives.

Under section 731 of the FY–94 Authorization Act, the Uniform HMO Benefit is to apply ''to the maximum extent practicable'' to ''all future managed care initiatives undertaken by the Secretary.'' The Conference Report accompanying this Act calls on DoD ''to develop and implement a plan to introduce competitive managed care into the areas served by the USTFs to stimulate competition'' among health care provider organizations ''for the cost-effective provision of quality health care services.'' We have determined that it is practicable to use the Uniform HMO Benefit for the USTF Managed Care Program. In addition, this action will stimulate competition between the USTFs and firms operating the other DoD managed care program to which the Uniform HMO Benefit applies. Based on these Congressional provisions, as well as compelling need for a uniform HMO benefit, we propose to include the USTF Managed Care Program under the Uniform HMO Benefit, effective October 1, 1995.

IV. Provisions of the Proposed Rule Concerning Other Regulatory Changes

The proposed rule makes a number of additional changes to support implementation of TRICARE.

A. Nonavailability Statements (proposed revisions to §§ 199.4(a)(9) and 199.15)

Proposed revisions to § 199.4(a)(9) provide the basis for administrative linkages between a determination of medical necessity and the decision to issue or deny a Nonavailability Statement (NAS). NASs are issued when an MTF lacks the capacity or capability to provide a service, but carry no imprimatur of medical necessity. Proposed revisions to § 199.15 establish ground rules for CHAMPUS PRO review of care in military medical treatment facilities, and would allow for consolidated determinations of medical necessity applicable to both the MTF and civilian contexts when the CHAMPUS PRO performs the review.

Additional proposed revisions to section 199.4 relate to the issuance of NASs by designated military clinics. Beneficiaries residing near such designated clinics would have to obtain a nonavailability statement for the selected outpatient services subject to NAS requirements under § 199.4(A)(9)(i)(C).

In a notice of proposed rule making published on May 11, 1993, we proposed a new provision to allow consideration of availability of care in civilian preferred provider networks in connection with issuance of non-availability statements; in conjunction with this, a considerable expansion of the list of outpatient service for which an NAS is required was proposed. That proposal was not finalized. Now we propose a more limited program, covering only inpatient care. Recently, a demonstration program was established in California and Hawaii, allowing consideration of availability of care in civilian preferred provider networks in connection with issuance of non-availability statements for inpatient services only. The results of the demonstration will be incorporated into a Report to Congress on the expanded use of NASs, as required by section 735 of the National Defense Authorization Act for FY 1995, due not later than December 31, 1994. Early indications are that the demonstration effort has saved money without adverse impacts; the report to Congress will provide a definitive assessment. No final action to expand the program will go into effect until well after we comply with the Congressional reporting requirement.

Finally, proposed revisions to § 199.4(a)(9) would apply NAS requirements in cases where military providers serving at designated military outpatient clinics also provide inpatient care to beneficiaries at civilian hospitals, under External Partnership or Resource Sharing Agreements.

B. Participating Provider Program (proposed revisions to § 199.14)

Proposed revisions to § 199.14 change the Participating Provider Program from a mandatory, nationwide program to a localized, optional program. The initial intent of the program was to increase the availability of participating providers by providing a mechanism for providers to sign up as Participating Providers; a payment differential for Participating Providers was to be added as an inducement. With the advent of the TRICARE Program and its extensive networks of providers, the nationwide implementation of the Participating Provider Program would be redundant. Accordingly, this rule would eliminate the nationwide program. Where the need arises, CHAMPUS contractors will act to foster participation, including establishment of a local Participating Provider Program when needed, but not including the payment differential feature.

V. Regulatory Procedures

Executive Order 12866 requires certain regulatory assessments for any ''significant regulatory action,'' defined as one which would result in an annual effect on the economy of $100 million or more, or have other substantial impacts.

The Regulatory Flexibility Act (RFA) requires that each Federal agency prepare, and make available for public comment, a regulatory flexibility analysis when the agency issues a regulation which would have a significant impact on a substantial number of small entities.

This is not a significant regulatory action under the provisions of Executive Order 12866, and it would not have a significant impact on a substantial number of small entities.

This proposed rule will impose additional information collection requirements on the public under the Paperwork Reduction Act of 1980 (44