



THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

JAN 17 1996

MEMORANDUM FOR: THE SURGEON GENERAL OF THE AIR FORCE

SUBJECT: Policy on Use of Supplemental Care Funds by the Military Departments

Thank you for your letter of November 16, 1995, wherein you requested a delay in implementation of the recently promulgated policies on the use of supplemental care funds. Your concerns center around the appropriate use of cooperative care versus supplemental care, the recommendation to transfer the active duty claims processing functions to the managed care support contractors, and the development of a unified policy on the payment for health care delivered to uniformed members by medical treatment facilities (MTFs) of another Service.

We agree there needs to be development of further operational guidance on the use of supplemental funds by the Services and believe these issues can be resolved by the Supplemental Care Funds Work group. We believe the issues you raised regarding the transfer of active duty claims processing and the development of a unified approach to payment of claims for Service members can be fully developed by the work group.

Regarding your concern for clarification of when to use cooperative versus supplemental care funds, my staff met with Colonel Moss, your point of contact on this issue, to discuss further the situations when these respective funds should be used. Apparently, there was confusion regarding the use of the respective terms by the Services. We clarified that cooperative care is appropriate for CHAMPUS-eligible beneficiaries when the MTF cannot provide the needed medical services, and the beneficiary is referred to a civilian provider for the care. The patient is disengaged from the MTF for the medical procedure or treatment for illness. In these instances, CHAMPUS beneficiaries are fully informed of all cost-sharing responsibilities. Generally, diagnostic tests or consultative services necessary to complete a treatment course by the MTF provider would be considered supplemental care.

Since the issue regarding use of cooperative care has been clarified, we recommend proceeding with promulgation of implementing guidance to Air Force activities to support the supplemental care policy. We look forward to your staff's further participation in the work group and appreciate your support of these initiatives.

Edward D. Martin, M.D.
Principal Deputy Assistant Secretary

HA POLICY 96-021