

SUPPORTING STATEMENT - PART A

Diagnosis Related Groups (DRG) Reimbursement (Two Parts)

OMB Control Number 0720-0017

1. Need for the Information Collection

This information collection is in conjunction with a notice of proposed collection. The Department of Defense Authorization Act, 1984, P.L. 98-94 amended Title 10, section 1079(j)(2)(A) of the U.S.C. and provided the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) with the statutory authority to reimburse institutional providers based on diagnosis-related groups (DRGs). The TRICARE/CHAMPUS DRG-based payment system is modeled on the Medicare Prospective Payment System (PPS) and was implemented on October 1, 1987. The TRICARE/CHAMPUS DRG-based payments apply only to hospital's operating costs and do not include any amounts for hospitals' capital or direct medical education costs. Any hospital subject to the DRG-based payment system, except for children's hospitals (whose capital and direct medical education costs are incorporated in the children's hospital differential), who want to be reimbursed for allowed capital and direct medical education costs, must submit a request for payment to the TRICARE/CHAMPUS contractor. The request allows TRICARE to collect the information necessary to properly reimburse hospitals for its share of these costs. The collection of this information is authorized by 32 CFR 199.14(a)(1)(iii)(G)(1) and (2).

2. Use of the Information

Respondents to the DRG reimbursement request are medical providers at in-patient hospitals and acute care hospitals. Hospitals subject to the TRICARE DRG-based payment system who wish to be reimbursed for Allowed Capital and Direct Medical Education costs (as outlined in the TRICARE Reimbursement Manual) must submit a request for reimbursement to the appropriate TRICARE/CHAMPUS authorized contractors of Managed Care Support Contracts. The TRICARE contractors are Humana and HealthNet; hospitals submit their requests to either of these contractors, dependent upon their region.

The reimbursement form is mailed to hospitals subject to the DRG-based payment system and can also be accessed directly from the contractors' websites. No associated invitations or other communications are sent to respondents. Once completed and signed by hospital officials, forms are mailed to the appropriate contractor for processing or can be submitted online. Properly completed requests are processed and reimbursed in about 30 to 45 days, based upon the information submitted. Changes to the form, as a result of a desk review, audit, or appeal of the hospital's Medicare cost report, must be reported to the TRICARE contractor within 30 days of the date the hospital is notified of the change. In addition to reporting the changes, the hospital must submit a copy of the Notice of Program Report (NPR) and applicable pages from the amended Medicare Cost Report. The successful, end result of this collection is the reimbursement of allowed capital and direct medical education costs.

3. Use of Information Technology

About 50% of responses are collected electronically through the TRICARE contractors' websites: (Humana: <https://www.humanamilitary.com/contact/submissions/dme-reimbursement> and TriWest: <https://tricare.triwest.com/globalassets/tricare/provider/tricare-west-region-capdme-request-form.pdf>). Respondents are able to choose the easiest method to voluntarily submit their information to the TRICARE/CHAMPUS contractor annually. At this time, half of respondents still prefer to reply and submit their request by mail.

4. Non-duplication

The information obtained through this collection is unique and is not already available for use or adaptation from another cleared source.

5. Burden on Small Businesses

This information collection does not impose a significant economic impact on a substantial number of small businesses or entities.

6. Less Frequent Collection

Responses are collected as needed and coincides with the annual cost reporting year, which differs upon the facility. The frequency cannot be lessened; if this information were collected less frequently hospitals would not be reimbursed for allowed capital and direct medical education costs.

7. Paperwork Reduction Act Guidelines

This collection of information does not require collection to be conducted in a manner inconsistent with the guidelines delineated in 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

Part A: PUBLIC NOTICE

A 60-Day Federal Register Notice (FRN) for the collection published on Monday, July 21, 2025. The 60-Day FRN citation is 90 FRN 34252.

No comments were received during the 60-Day Comment Period.

A 30-Day Federal Register Notice for the collection published on Tuesday, September 23, 2025. The 30-Day FRN citation is 90 FRN 45754.

Part B: CONSULTATION

No additional consultation apart from soliciting public comments through the Federal Register was conducted for this submission.

9. Gifts or Payment

No payments or gifts are being offered to respondents as an incentive to participate in the collection.

10. Confidentiality

A Privacy Act Statement is not required for this collection because we are not requesting individuals to furnish personal information for a system of records.

A System of Record Notice (SORN) is not required for this collection because records are not retrievable by PII.

A Privacy Impact Assessment (PIA) is not required for this collection because PII is not being collected electronically.

As applicable, records will be maintained in accordance with the following records disposition schedules:

FILE NUMBER: 911-01

FILE TITLE: TRICARE Contractor Claims Records

FILE DESCRIPTION: These files consist of any record acquired or used by the fiscal intermediary and/or contractor in the development and processing of TRICARE CHAMPVA claims. These records include but are not limited to: claims (TRICARE claims or other forms approved by TRICARE) receipts (itemized statements); medical reports (operative or daily nursing notes, lab availability statements; certifications of eligibility; double coverage information; completed third party liability (guardianship); peer reviews and other correspondence that support payments to beneficiaries, physicians, and other suppliers of service under TRICARE. Includes the following database:

- TRICARE Latin America and Canada (TLAC) Claims Database Master File: Information system used for analyzing claims processed by Defense Health Agency (formerly TRICARE). Included are claim receipts, medical reports, authorization forms, non-availability statements, certifications of eligibility, double coverage information, completed third party liability, peer reviews and other correspondence that support payment to beneficiaries, physicians, and other suppliers of service.

- Third Party Outpatient Collection System (TPOCS): Information system that enables the collection, tracking, and reporting of data required for the outpatient billing process. Records include Employer Information (i.e. name, address, policyholder POC); Insurance Policy data (i.e. policy number, group number, group name, effective date, policy category, insurance company, insurance type, policy holder, drug coverage data); Accounting data (i.e. control number, transaction code, debit amount, credit amount, check number, Batch posting number, balance, patient identification, patient name, encounter date, comments,

entry date, follow-up date).

DISPOSITION: Temporary. Cut off at end of the calendar year in which received. Destroy 10 years after cutoff.

AUTHORITY: DAA-0330-2014-0014-0001

11. Sensitive Questions

No questions considered sensitive are being asked in this collection.

12. Respondent Burden and its Labor Costs

Part A: ESTIMATION OF RESPONDENT BURDEN

1) Reimbursement of TRICARE Capital and Direct Medical Education Costs

- a) Number of Respondents: 5,600
- b) Number of Responses Per Respondent: 1
- c) Number of Total Annual Responses: 5,600
- d) Response Time: 60 minutes
- e) Respondent Burden Hours: 5,600 hours

2) Total Submission Burden

- a) Total Number of Respondents: 5,600
- b) Total Number of Annual Responses: 5,600
- c) Total Respondent Burden Hours: 5,600 hours

Part B: LABOR COST OF RESPONDENT BURDEN

1) Reimbursement of TRICARE Capital and Direct Medical Education Costs

- a) Number of Total Annual Responses: 5,600
- b) Response Time: 60 minutes
- c) Respondent Hourly Wage: \$50.59
- d) Labor Burden per Response: \$50.59
- e) Total Labor Burden: \$283,304

2) Overall Labor Burden

- a) Total Number of Annual Responses: 5,600
- b) Total Labor Burden: \$283,304

The Respondent hourly wage was determined by using the Bureau of Labor Statistics 2024 Occupational Employment and Wage Statistics (OEWS) data for Healthcare Practitioners and Technical Occupations (Code: 29-0000; <https://data.bls.gov/oes/#/industry/000000>).

13. Respondent Costs Other Than Burden Hour Costs

Additional respondent costs other than burden include postage costs to return the reimbursement form. We estimate respondents will spend \$1,372 annually in postage costs based upon the current U.S. postage rates.

14. Cost to the Federal Government

Part A: LABOR COST TO THE FEDERAL GOVERNMENT

- 1) Reimbursement of TRICARE Capital and Direct Medical Education Costs
 - a) Number of Total Annual Responses: 5,600
 - b) Processing Time per Response: 2 minutes
 - c) Hourly Wage of Worker(s) Processing Responses: \$36.24
 - d) Cost to Process Each Response: \$1.21
 - e) Total Cost to Process Responses: \$6,764.80
- 2) Overall Labor Burden to the Federal Government
 - a) Total Number of Annual Responses: 5,600
 - b) Total Labor Burden: \$6,764.80

Part B: OPERATIONAL AND MAINTENANCE COSTS

- 1) Cost Categories
 - a) Equipment: \$0.00
 - b) Printing: \$0.00
 - c) Postage: \$0.00
 - d) Software Purchases: \$0.00
 - e) Licensing Costs: \$0.00
 - f) Other: \$0.00
- 2) Total Operational and Maintenance Cost: \$0.00

Part C: TOTAL COST TO THE FEDERAL GOVERNMENT

- 1) Total Labor Cost to the Federal Government: \$6,764.80
- 2) Total Operational and Maintenance Costs: \$0.00
- 3) Total Cost to the Federal Government: \$6,764.80

15. Reasons for Change in Burden

Respondent labor cost has increased slightly because of an increase in an estimated hourly wage, which is due solely to wage inflation. There has been no real change in the underlying public burden (response time, responses).

16. Publication of Results

The results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

We are not seeking approval to omit the display of the expiration date of the OMB approval on the collection instrument.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

We are not requesting any exemptions to the provisions stated in 5 CFR 1320.9.