CHAMPVA Payment Methodology

What is CHAMPVA?

The Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) is a federal health care benefits program in which the Department of Veterans Affairs (VA) shares the cost of certain health care services and supplies with eligible beneficiaries. CHAMPVA is managed by the VHA Office of Community Care (VHA CC) in Denver, Colorado, which processes CHAMPVA applications and medical claims, verifies eligibility and authorizes benefits.

Is there a deductible requirement?

Yes. There is an annual (calendar year) deductible for covered outpatient medical services and supplies. The deductible is $50 per beneficiary or a maximum of $100 per family per year. The annual deductible must be paid prior to CHAMPVA paying 75% of the allowable amount.

There is no deductible requirement for inpatient hospital services, ambulatory surgical centers, psychiatric partial hospitalization programs, hospice, services provided through VA facilities, or for medication received through the Meds by Mail program.

Is there a beneficiary cost share?

Yes. CHAMPVA is a cost-sharing program. A cost share is the portion of the CHAMPVA-determined allowable amount that the beneficiary is required to pay. With few exceptions, a beneficiary will pay a cost share for their medical care.

There is no cost share for hospice, services received at VA facilities, or medications obtained through the Meds by Mail program.

What is an allowable amount?

The term "allowable amount" is the CHAMPVA-determined level of payment to individual health care professionals, hospitals and other institutional or noninstitutional health care providers. The CHAMPVA-determined allowable amount is generally equivalent to that used by TRICARE for similar services.

Is there catastrophic cap protection?

Yes. To provide financial protection against the impact of a long-term illness or serious injury, CHAMPVA has established an annual (calendar year) limit for out-of-pocket expenses for covered services paid by each CHAMPVA-eligible family. This is the maximum out-of-pocket expense a family can incur for CHAMPVA-covered services and supplies in a calendar year. The CHAMPVA catastrophic cap is $3,000 per calendar year.

Credits to the catastrophic cap are applied starting January 1st of each year and run through the end of the year, December 31st. Upon meeting the limit, CHAMPVA pays 100% of the allowable amount for covered services for the remainder of the calendar year.

Must the provider accept the CHAMPVA allowable amount as payment in full?

Yes. Under the provisions of Title 38 CFR 17.272(b)(2) and (3), the CHAMPVA-determined allowable amount for medical services and supplies is payment in full. The medical provider cannot bill the beneficiary for the difference between the amount billed to CHAMPVA and the allowable amount. The beneficiary is responsible, however, for payment of services and supplies that are not covered under CHAMPVA.

CHAMPVA payment for services and equipment

Ambulatory surgery: The facility charges for the surgical procedures performed in an ambulatory surgical center (ASC) (includes both freestanding ASCs and hospitals) are reimbursed using prospectively determined rates and are adjusted for local costs. The allowable amount for any ambulatory surgery service will not exceed the billed charge. CHAMPVA pays 75% of the allowable amount for covered services.

Dental: CHAMPVA coverage of dental services is limited to adjunctive dental care and must be preauthorized. Adjunctive dental care is medically necessary dental care that treats an otherwise covered medical (not dental) condition.

For authorized, adjunctive dental services, CHAMPVA pays 75% of the allowable amount after the deductible has been met. The allowable amount for dental services is the lesser of the CHAMPVA Maximum Allowable Charge (CMAC), the prevailing charge or the billed charge.

Durable medical equipment (DME): Preauthorization is required for all DME with a purchase price or total rental cost of $2,000 or more. The CHAMPVA-determined

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allowable amount for DME is the lesser of the CMAC, the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) fee schedule, the prevailing charge, or the billed charged.

Home health services: The allowable amount is the lesser of the CMAC, the prevailing charge, or the billed charge. CHAMPVA pays 75% of the allowable amount for covered services.

Hospice services: The CHAMPVA reimbursement for approved hospice services is determined using the national Medicare hospice rates for the following four levels of care: routine home care, continuous home care, inpatient respite care, and general inpatient care.

Outpatient services: The allowable amount for outpatient services is the lesser of the CHAMPVA established maximum allowable amount or the actual billed charge. After the deductible has been met, CHAMPVA will pay 75% of the allowable amount.

Inpatient services: An inpatient service occurs when the admission to a hospital is for 24 hours or more, or when the admission was intended to last for more than 24 hours.

Inpatient hospital services: The CHAMPVA Diagnosis Related Groups (DRG)-based payment system is used to calculate the cost for most inpatient hospital services furnished by hospitals subject to this system. Payment is made on the basis of prospectively determined rates and applied on a per discharge basis using DRGs.

Under this system, CHAMPVA pays the allowed amount less the beneficiary cost share which is the lesser of:

- the per diem rate times the number of inpatient days,
- 25% of the billed amount, *or*
- the base DRG rate.

The DRG rate does not apply to all inpatient facilities such as cancer hospitals, Christian Science sanitoriums, foreign hospitals, long-term hospitals, Maryland hospitals, non-Medicare participating hospitals, skilled nursing facilities, rehabilitation hospitals, and sole community hospitals that have a special exemption from Medicare, and non-VA Federal Health care facilities (Military Treatment Facilities and Indian Health Services). When the DRG rate does not apply, CHAMPVA pays 75% of the billed amount for covered services and supplies.

Mental health services: The allowable amount for inpatient care in psychiatric hospitals and psychiatric units within hospitals that are exempt from the DRG-based payment system is based on the mental health per diem rate. The per diem rate is a reimbursement methodology that calculates based on the daily rate times the length of stay.

CHAMPVA uses two sets of mental health per diems. One set applies to providers that have a high number (25 or more per fiscal year) of mental health discharges. The other set of per diems applies to providers with a lower number (less than 25 per fiscal year) of mental health discharges.

- High Volume (to include residential treatment centers): The allowable amount is the lesser of the hospital specific daily rate or the billed charge. CHAMPVA pays 75% of the allowable amount.
- Low Volume: The allowable amount is the lesser of the adjusted regional per diem rate or the billed amount. CHAMPVA pays the allowable amount less the beneficiary cost share which is the lesser of 25% of the billed amount or a per day amount times the number of inpatient days.

Professional services: These are other charges that may not be included in daily rate charges such as physicians' fees and anesthesia services. The CHAMPVA-determined allowable amount for these services is the lesser of the CMAC, the prevailing charge, or the actual billed charge. CHAMPVA pays 75% of the allowable amount.

Pharmacy services: CHAMPVA pays the full cost of covered prescriptions for medications obtained through the Meds by Mail program or through CITI participation.

The CHAMPVA allowable amount for medications obtained from a local pharmacy is the average wholesale price plus a $3.00 dispensing fee. CHAMPVA pays 75% of the allowable amount after the deductible has been met.

Skilled nursing facility (SNF): A SNF is a special kind of facility that primarily furnishes skilled nursing and rehabilitation services. The allowable amount for SNF services is based on the lesser of the Medicare Resource Utilization Group (RUG) rate or the billed charge. CHAMPVA pays 75% of the allowed amount for covered SNF services.

Please view the table on the following page for a payment summary of the CHAMPVA benefits discussed above.

CHAMPVA payment methodology summary

BENEFITS	DEDUCTIBLE?	YOU PAY	CHAMPVA PAYS
Ambulatory Surgery Facility Services	NO	25% of CHAMPVA allowable amount	75% of CHAMPVA allowable amount
Professional Services	YES	25% of CHAMPVA allowable amount after deductible	75% of CHAMPVA allowable amount
Durable Medical Equipment (DME)	YES	25% of CHAMPVA allowable amount after deductible	75% of CHAMPVA allowable amount
Inpatient Services: DRG Based	NO	Lesser of: 1) per day amount X number of inpatient days; 2) 25% of billed amount; or 3) Base DRG rate	CHAMPVA allowable amount less beneficiary cost share
Inpatient Services: Non-DRG Based	NO	25% of CHAMPVA allowable amount	75% of CHAMPVA allowable amount
Mental Health: High Volume/RTC	NO	25% of CHAMPVA allowable amount	75% of CHAMPVA allowable amount
Mental Health: Low Volume	NO	Lesser of: 1) per day amount X number of inpatient days; 2) 25% of billed amount	CHAMPVA allowable amount less beneficiary cost share
Outpatient Services (i.e. doctors visits, lab/radiology, home health, skilled nursing visits, ambulance)	YES	25% of CHAMPVA allowable amount after deductible	75% of CHAMPVA allowable amount
Pharmacy Services	YES	25% of CHAMPVA allowable amount after deductible	75% of CHAMPVA allowable amount
Services through Meds by Mail or the CITI program.	NO	Nothing	100% of VA cost

How do I get more information?

- Mail: VHA Office of Community Care
  CHAMPVA
  PO Box 469063
  Denver, CO 80246-9063
- Phone: 1-800-733-8387, Monday-Friday, 8:05 a.m. to 7:30 p.m., Eastern Standard Time
- Email: Follow the directions for submitting email via IRIS at ***https://iris.custhelp.com/app/ask***
- Website: ***http://www.va.gov/purchasedcare/***