



THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

August 20, 1997

MEMORANDUM FOR: ASSISTANT SECRETARY OF THE ARMY (M&RA)
ASSISTANT SECRETARY OF THE NAVY (M&RA)
ASSISTANT SECRETARY OF THE AIR FORCE (MRAI&E)

SUBJECT: Policy Memorandum on Establishment of TRICARE Outpatient Clinics

The implementation of TRICARE has entailed the transition of former contracted PRIMUS and NAVCARE clinics to status as TRICARE Outpatient Clinics. The purpose of this memorandum is to clarify DoD policy on transition of clinics not located on military installations. [Prior guidance](#) was provided in a memorandum to the Services on September 1, 1995 (attached), and in subsequent correspondence. As stated in the 1995 memorandum, TRICARE Outpatient Clinics are to be operated by the Government just as the Government operates other military treatment facilities (MTFs).

Questions have arisen regarding the status of PRIMUS and NAVCARE clinics in the future. The TRICARE rule, published October 5, 1995, provides authority for operation of PRIMUS and NAVCARE clinics until TRICARE is implemented in the location or until October 1, 1997, whichever is later. This is to clarify that each Service should execute its own policy regarding termination of PRIMUS/NAVCARE clinics or conversion to TRICARE Outpatient Clinics. Service policies will be in compliance with the TRICARE rule (32 CFR 199.17), and any other applicable Service policy on establishment and operation of outpatient MTFs. Any support contracts for TRICARE Outpatient Clinics shall not be at risk for health care services, and, if contract support is arranged, meaningful military governance of clinics must be preserved.

Questions have also arisen regarding the creation of additional TRICARE Outpatient Clinics in areas other than military installations where no PRIMUS or NAVCARE clinics exists. In these cases, the ASD(HA) will be the approving authority. Approval will be based on documentation of cost effectiveness, demonstration of appropriate military governance, minimum military/contractor staffing ratio, absence of at-risk features in support contracts (if any), and compliance with other legal, regulatory, and policy requirements.

Our policies on PRIMUS/NAVCARE and TRICARE Outpatient Clinics have been communicated to offerors in current TRICARE managed care support contract procurements in official government responses to questions from offerors. It is incumbent on us to ensure full compliance with our policies by the start of health care delivery in contracts not yet awarded, as well as existing contracts.

Edward D. Martin
Edward D. Martin, M.D.
Acting Assistant Secretary of Defense

HA Policy 97-062

Attachment:
As stated



THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1200

September 1, 1995

MEMORANDUM FOR: ASSISTANT SECRETARY OF THE ARMY (M&RA)
ASSISTANT SECRETARY OF THE NAVY (M&RA)
ASSISTANT SECRETARY OF THE AIR FORCE (MRAI&E)

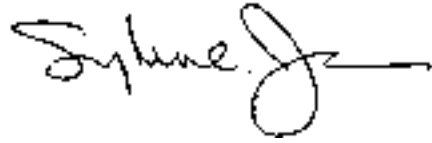
SUBJECT: Request for PRIMUS/NAVCARE Program Transition Plan

This memorandum is a request for information relating to the conversion of your PRIMUS/NAVCARE clinics to TRICARE outpatient clinics under the TRICARE Program.

The PRIMUS/NAVCARE program, which consists of military treatment facility (MTF) sponsored contractor-owned and contractor-operated outpatient clinics, will be converted to TRICARE government-managed outpatient clinics that will be extensions of the MTFs. Conversion of PRIMUS/NAVCARE clinics will take place at the time of implementation of the regional TRICARE managed care support contracts in locations of existing PRIMUS/NAVCARE clinics. Contractor-owned and operated outpatient clinics established after September 30, 1994, will fall under the Uniform HMO Benefit regarding outpatient cost sharing.

The Government will operate the facilities, provide primary health care services, credential the providers, and be liable for the care provided. The clinics will be staffed with military personnel, civilian employees, contractors, or a combination of these. The clinic providers will be direct care primary care managers for TRICARE enrollees. Access, priority for care, Third Party Collection program, and cost sharing in these clinics will be the same as in other MTFs. TRICARE Outpatient Clinics will be funded within the MTF budget. Attached is the draft section of the TRICARE final rule pertaining to the PRIMUS/NAVCARE program.

Please submit to HSO&R (TOP) at 1D511 by September 22, 1995, your transition plan for the conversion of each of your PRIMUS/NAVCARE clinics to TRICARE outpatient clinics.

A handwritten signature in black ink, appearing to read "Stephen C. Joseph", with a long horizontal flourish extending to the right.

Stephen C. Joseph, M.D., M.P.H.

Attachment:
As stated

cc:
Surgeons General