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## DEPARTMENT OF VETERANS AFFAIRS

8320-01

Reasonable Charges for Medical Care or Services; v3.23, 2018 Calendar Year

Update and National Average Administrative Prescription Drug Charge Update

AGENCY: Department of Veterans Affairs.

ACTION: Notice.

SUMMARY: This Department of Veterans Affairs (VA) notice updates the data for calculating the “Reasonable Charges” collected or recovered by VA for medical care or services. This notice also updates the “National Average Administrative Prescription Costs” for purposes of calculating VA’s charges for prescription drugs that were not administered during treatment, but provided or furnished by VA to a veteran.

FOR FURTHER INFORMATION CONTACT: Romona Greene, Office of Community Care, Revenue Operations, Payer Relations and Services, Rates and Charges (10D1C1), Veterans Health Administration (VHA), Department of Veterans Affairs, 810 Vermont Avenue, NW, Washington, DC 20420, (202) 382-2521. (This is not a toll free number).

SUPPLEMENTARY INFORMATION: Section 17.101 of Title 38 of the Code of Federal Regulations sets forth the “Reasonable Charges” for medical care or services provided or furnished by VA to a veteran: “For a nonservice-connected disability for which the veteran is entitled to care (or the payment of expenses for care) under a health plan contract; For a nonservice-connected disability incurred incident to the veteran’s employment and covered under a worker’s

compensation law or plan that provides reimbursement or indemnification for such care and services; or For a nonservice-connected disability incurred as a result of a motor vehicle accident in a State that requires automobile accident reparations insurance.” Section 17.101 provides the methodologies for establishing billed amounts for several types of charges; however, this notice will only address partial hospitalization facility charges; outpatient facility charges; physician and other professional charges, including professional charges for anesthesia services and dental services; pathology and laboratory charges; observation care facility charges; ambulance and other emergency transportation charges; and charges for durable medical equipment, drugs, injectables, and other medical services, items, and supplies identified by Healthcare Common Procedure Coding System (HCPCS) Level II codes.

Section 17.101 provides that the actual charge amounts at individual VA medical facilities based on these methodologies and the data sources used for calculating those actual charge amounts will either be published as a notice in the Federal Register or will be posted on the Internet site of the Veterans Health Administration Office of Community Care’s Web site at [https://www.va.gov/communitycare/revenue\\_ops/payer\\_rates.asp](https://www.va.gov/communitycare/revenue_ops/payer_rates.asp).

Certain charges are hereby updated as stated in this notice and will be effective on January 1, 2018.

In cases where VA has not established charges for medical care or services provided or furnished at VA expense (by either VA or non-VA providers)

under other provisions or regulations, the method for determining VA's charges is set forth at 38 CFR 17.101(a)(8).

Based on the methodologies set forth in § 17.101, this notice provides an update to charges for 2018 HCPCS Level II and Current Procedural Terminology (CPT) codes. Charges are also being updated based on more recent versions of data sources for the following charge types: partial hospitalization facility charges; outpatient facility charges; physician and other professional charges, including professional charges for anesthesia services and dental services; pathology and laboratory charges; observation care facility charges; ambulance and other emergency transportation charges; and charges for durable medical equipment, drugs, injectables, and other medical services, items, and supplies identified by HCPCS Level II codes. As of the date of this notice, the actual charge amounts at individual VA medical facilities based on the methodologies in § 17.101 will be posted on the VHA Office of Community Care's Website at [https://www.va.gov/communitycare/revenue\\_ops/payer\\_rates.asp](https://www.va.gov/communitycare/revenue_ops/payer_rates.asp) under the heading "Reasonable Charges Data Tables" and identified as "v3.23 Data Tables (Outpatient and Professional)."

The list of data sources used for calculating the actual charge amounts listed above also will be posted on the VHA Office of Community Care's Website under the heading "Reasonable Charges Data Sources" and identified as "Reasonable Charges v3.23 Data Sources (Outpatient and Professional) (PDF)."

Acute inpatient facility charges and skilled nursing facility/sub-acute inpatient facility charges remain the same as set forth in the notice published in the Federal Register on September 25, 2017 (82 FR 44701).

We are also updating the list of VA medical facility locations. The list of VA medical facility locations, including the first three digits of their zip codes as well as provider-based/non-provider-based designations, will be posted on the VHA Office of Community Care's Website under the heading "VA Medical Facility Locations" and identified as "v3.23 (Jan18)."

As indicated in 38 CFR 17.101(m), when VA provides or furnishes prescription drugs not administered during treatment, "charges billed separately for such prescription drugs will consist of the amount that equals the total of the actual cost to VA for the drugs and the national average of VA administrative costs associated with dispensing the drugs for each prescription." Section 17.101(m) includes the methodology for calculating the national average administrative cost for prescription drug charges not administered during treatment.

VA determines the amount of the national average administrative cost annually for the prior fiscal year (October through September) and then applies the charge at the start of the next calendar year. The national average administrative drug cost for calendar year 2018 is \$16.64. This change will be posted on the VHA Office of Community Care's Website at [https://www.va.gov/COMMUNITYCARE/revenue\\_ops/admin\\_costs.asp](https://www.va.gov/COMMUNITYCARE/revenue_ops/admin_costs.asp) under the heading "CY 2018 Average Administrative Cost for Prescriptions."

Consistent with § 17.101, the national average administrative cost, the updated data, and supplementary tables containing the changes described in this notice will be posted online, as indicated in this notice. This notice will be posted on the VHA Office of Community Care's Website under the heading "Federal Registers, Rules, and Notices" and identified as "v3.23 Federal Register Notice 01/01/18 (Outpatient and Professional), and National Administrative Cost (PDF)." The national average administrative cost, updated data, and supplementary tables containing the changes described will be effective until changed by a subsequent Federal Register notice.

**Signing Authority**

The Secretary of Veterans Affairs, or designee, approved this document and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs. Gina S. Farrisee, Deputy Chief of Staff, Department of Veterans Affairs, approved this document on November 24, 2017, for publication.

Dated: November 24, 2017.

Jeffrey Martin,  
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Office of Regulation Policy & Management,  
Office of the Secretary,  
Department of Veterans Affairs.

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