

(2) The individuals described by this paragraph are covered beneficiaries participating in the TRICARE program who may be affected by a significant change covered by a notification under paragraph (1).

(3) The Secretary shall provide notice under paragraph (1) through electronic means.

(b) **TIMING OF NOTICE.**—The Secretary shall provide notice under paragraph (1) of subsection (a) by the earlier of the following dates:

(1) The date that the Secretary determines would afford individuals described in paragraph (2) of such subsection adequate time to understand the change covered by the notification.

(2) The date that is 90 days before the date on which the change covered by the notification becomes effective.

(3) The effective date of a significant change that is required by law.

(c) **SIGNIFICANT CHANGE DEFINED.**—In this section, the term “significant change” means a systemwide change—

(1) in the structure of the TRICARE program or the benefits provided under the TRICARE program (not including the addition of new services or benefits); or

(2) in beneficiary cost-share rates of more than 20 percent.

(Added Pub. L. 113–291, div. A, title VII, §711(a), Dec. 19, 2014, 128 Stat. 3413.)

**§ 1098. Incentives for participation in cost-effective health care plans**

(a) **WAIVER OF LIMITATIONS AND COPAYMENTS.**—Subject to subsection (b), the Secretary of Defense, with respect to any plan contracted for under the authority of section 1079 or 1086 of this title, may waive, in whole or in part—

(1) any limitation set out in the second sentence of section 1079(a) of this title; or

(2) any requirement for payment by the patient under section 1079(b) or 1086(b) of this title.

(b) **DETERMINATION AND REPORT.**—(1) Subject to paragraph (3), the Secretary may waive a limitation or requirement as authorized by subsection (a) if the Secretary determines that during the period of the waiver such a plan will—

(A) be less costly to the Government than a plan subject to such limitations or payment requirements; or

(B) provide better services than those provided by a plan subject to such limitations or payment requirements at no additional cost to the Government.

(2) The Secretary shall submit to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives a report with respect to a waiver under paragraph (1), including a comparison of costs of and benefits available under—

(A) a plan with respect to which the limitations and payment requirements are waived; and

(B) a plan with respect to which there is no such waiver.

(3) A waiver under paragraph (1) may not take effect until the end of the 180-day period begin-

ning on the date on which the Secretary submits the report required by paragraph (2) with respect to such waiver.

(Added Pub. L. 99–661, div. A, title VII, §701(a)(1), Nov. 14, 1986, 100 Stat. 3895; amended Pub. L. 101–510, div. A, title XIV, §1484(h)(1), Nov. 5, 1990, 104 Stat. 1717; Pub. L. 104–106, div. A, title XV, §1502(a)(1), Feb. 10, 1996, 110 Stat. 502; Pub. L. 106–65, div. A, title X, §1067(1), Oct. 5, 1999, 113 Stat. 774.)

**AMENDMENTS**

1999—Subsec. (b)(2). Pub. L. 106–65 substituted “and the Committee on Armed Services” for “and the Committee on National Security”.

1996—Subsec. (b)(2). Pub. L. 104–106 substituted “Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives” for “Committees on Armed Services of the Senate and House of Representatives”.

1990—Subsec. (a). Pub. L. 101–510 substituted “subsection (b)” for “subsections (b) and (c)” in introductory provisions.

**§ 1099. Health care enrollment system**

(a) **ESTABLISHMENT OF SYSTEM.**—The Secretary of Defense, after consultation with the other administering Secretaries, shall establish a system of health care enrollment for covered beneficiaries who reside in the United States.

(b) **DESCRIPTION OF SYSTEM.**—Such system shall—

(1) allow covered beneficiaries to elect a health care plan from eligible health care plans designated by the Secretary of Defense; or

(2) if necessary in order to ensure full use of facilities of the uniformed services in a geographical area, assign covered beneficiaries who reside in such area to such facilities.

(c) **HEALTH CARE PLANS AVAILABLE UNDER SYSTEM.**—A health care plan designated by the Secretary of Defense under the system described in subsection (a) shall provide all health care to which a covered beneficiary is entitled under this chapter. Such a plan may consist of any of the following:

(1) Use of facilities of the uniformed services.

(2) The Civilian Health and Medical Program of the Uniformed Services.

(3) Any other health care plan contracted for by the Secretary of Defense.

(4) Any combination of the plans described in paragraphs (1), (2), and (3).

(d) **REGULATIONS.**—The Secretary of Defense, after consultation with the other administering Secretaries, shall prescribe regulations to carry out this section.

(Added Pub. L. 99–661, div. A, title VII, §701(a)(1), Nov. 14, 1986, 100 Stat. 3896.)

**REGULATIONS**

Pub. L. 99–661, div. A, title VII, §701(d)(1), (2), Nov. 14, 1986, 100 Stat. 3898, provided that:

“(1) Except as provided in paragraph (2), the Secretary of Defense shall prescribe regulations as required by section 1099(d) of title 10, United States Code (as added by subsection (a)(1)) to implement the system of health care enrollment for covered beneficiaries—

“(A) on October 1, 1987, with respect to—

“(i) covered beneficiaries included in the demonstration project required under section 702 [10 U.S.C. 1073 note]; and

“(ii) facilities of the uniformed services located in the geographical area covered by the demonstration project; and

“(B) not later than September 30, 1990, for all other covered beneficiaries and facilities of the uniformed services.

“(2) The Secretary may not assign covered beneficiaries to facilities of the uniformed services, as authorized by section 1099(b)(2) of such title (as added by subsection (a)(1)), before October 1, 1990.”

#### REPORTS TO CONGRESS

Pub. L. 99-661, div. A, title VII, §701(c)(1), Nov. 14, 1986, 100 Stat. 3898, required Secretary of Defense, not later than July 1, 1987, to submit to Congress a report detailing any plans to establish or implement a system of health care enrollment (other than as required under section 702(a)(2)(C)) under section 1099(a) of this title and the plan of the Secretary for completing implementation of such system.

### § 1100. Defense Health Program Account

(a) ESTABLISHMENT OF ACCOUNT.—(1) There is hereby established in the Department of Defense an account to be known as the “Defense Health Program Account”. All sums appropriated to carry out the functions of the Secretary of Defense with respect to medical and health care programs of the Department of Defense shall be appropriated to the account.

(2) Of the total amount appropriated for a fiscal year for programs and activities carried out under this chapter, the amount equal to three percent of such total amount shall remain available for obligation until the end of the following fiscal year.

(b) OBLIGATION OF AMOUNTS FROM ACCOUNT BY SECRETARY OF DEFENSE.—The Secretary of Defense may obligate or expend funds from the account for purposes of conducting programs and activities under this chapter, including contracts entered into under section 1079, 1086, 1092, or 1097 of this title, to the extent amounts are available in the account.

(c) REGULATIONS.—The Secretary of Defense shall prescribe regulations to carry out this section.

(Added Pub. L. 99-661, div. A, title VII, §701(a)(1), Nov. 14, 1986, 100 Stat. 3896; amended Pub. L. 104-106, div. A, title VII, §735(a)-(d)(1), Feb. 10, 1996, 110 Stat. 382.)

#### AMENDMENTS

1996—Pub. L. 104-106, §735(d)(1), amended section catchline generally, substituting “Defense Health Program Account” for “Military Health Care Account”.

Subsec. (a)(1). Pub. L. 104-106, §735(a)(1), substituted “Defense Health Program Account” for “Military Health Care Account” and “medical and health care programs of the Department of Defense” for “the Civilian Health and Medical Program of the Uniformed Services”.

Subsec. (a)(2). Pub. L. 104-106, §735(b), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “Amounts appropriated to the account shall remain available until obligated or expended under subsection (b) or (c).”

Subsec. (b). Pub. L. 104-106, §735(a)(2), substituted “conducting programs and activities under this chapter, including contracts entered into” for “entering into a contract” and inserted comma after “title”.

Subsec. (c). Pub. L. 104-106, §735(c), redesignated subsec. (e) as (c) and struck out former subsec. (c) which

read as follows: “ALLOCATION OF AMOUNTS IN ACCOUNT FOR PROVISION OF MEDICAL CARE BY SERVICE SECRETARIES.—(1) The Secretary of a military department shall, before the beginning of a fiscal year quarter, provide to the Secretary of Defense an estimate of the amounts necessary to pay for charges for benefits under the program for covered beneficiaries under the jurisdiction of the Secretary for that quarter.

“(2) The Secretary of Defense shall, subject to amounts provided in advance in appropriation Acts, make available to each Secretary of a military department the amount from the account that the Secretary of Defense determines is necessary to pay for charges for benefits under the program for covered beneficiaries under the jurisdiction of such Secretary for that quarter.”

Subsec. (d). Pub. L. 104-106, §735(c)(1), struck out subsec. (d) which read as follows: “EXPENDITURE OF AMOUNTS FROM ACCOUNT BY SERVICE SECRETARIES.—The Secretary of a military department shall provide medical and dental care to covered beneficiaries under the jurisdiction of the Secretary for a fiscal year quarter from amounts appropriated to the Secretary and from amounts from the account made available for that quarter to the Secretary by the Secretary of Defense. If the Secretary of a military department exhausts the amounts from the account made available to the Secretary for a fiscal year quarter, the Secretary shall transfer to the account from amounts appropriated to the Secretary an amount sufficient to provide medical and dental care to covered beneficiaries under the jurisdiction of the Secretary for the remainder of the fiscal year quarter.”

Subsec. (e). Pub. L. 104-106, §735(c)(2), redesignated subsec. (e) as (c).

Subsec. (f). Pub. L. 104-106, §735(c)(1), struck out subsec. (f) which read as follows: “DEFINITIONS.—In this section:

“(1) The term ‘account’ means the Military Health Care Account established in subsection (a).

“(2) The term ‘program’ means the Civilian Health and Medical Program of the Uniformed Services.”

#### EFFECTIVE DATE

Pub. L. 99-661, div. A, title VII, §701(d)(3), Nov. 14, 1986, 100 Stat. 3898, provided that: “Section 1100 of such title (as added by subsection (a)(1)) shall take effect on October 1, 1987.”

#### REPORTS TO CONGRESS

Pub. L. 99-661, div. A, title VII, §701(c)(2), Nov. 14, 1986, 100 Stat. 3898, required Secretary to submit to Congress not later than May 1, 1987, a report on plans of Secretary for establishing diagnosis-related groups for inpatient services under section 1100(a) of this title, and not later than May 1, 1988, a report on plans of Secretary for establishing diagnosis-related groups for outpatient services under such section.

### § 1101. Resource allocation methods: capitation or diagnosis-related groups

(a) ESTABLISHMENT OF CAPITATION OR DRG METHOD.—The Secretary of Defense, after consultation with the other administering Secretaries, shall establish by regulation the use of capitation or diagnosis-related groups as the primary criteria for allocation of resources to facilities of the uniformed services.

(b) EXCEPTION FOR MOBILIZATION MISSIONS.—Capitation or diagnosis-related groups shall not be used to allocate resources to the facilities of the uniformed services to the extent that such resources are required by such facilities for mobilization missions.

(c) CONTENT OF REGULATIONS.—Such regulations may establish a system of diagnosis-related groups similar to the system established