

6. The Multifunctional Informational Distribution System (MIDS) Low Volume Terminal (LVT) is classified Confidential. The MIDS LVT is a secure data and voice communication network using the Link-16 architecture. The system provides enhanced situational awareness, positive identification of participants within the network, secure fighter-to-fighter connectivity, secure voice capability, and ARN-118 TACAN functionality. It provides three major functions: Air Control, Wide Area Surveillance, and Fighter-to-Fighter. The MIDS LVT can be used to transfer data in Air-to-Air, Air-to-Surface, and Air-to-Ground scenarios. MIDS LVT is classified as Confidential. The MIDS enhanced Interference Blanking Unit (EIBU) provides validation and verification of equipment and concept. EIBU enhances input/output signal capacity of the MIDS LVT and addresses parts obsolescence.

7. The AN/PVS-9 Night Vision Goggles provide imagery sufficient for an aviator to complete nighttime missions down to starlight and extreme low light conditions. The AN/PVS-9 is designed to satisfy the F/A-18 mission requirements for covert night combat, engagement, and support. The third generation light amplification tubes provide a high-performance, image-intensification system for optimized F/A-18 night flying at terrain-masking altitudes. The AN/PVS-9 night vision goggles are classified as Unclassified but with restrictions on release of technologies.

8. If a technologically advanced adversary were to obtain knowledge of the specific hardware or software in this proposed sale, the information could be used to develop countermeasures which might reduce weapon system effectiveness or be used in the development of a system with similar or advance capabilities.

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DEPARTMENT OF DEFENSE

Office of the Secretary

TRICARE; Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); Fiscal Year (FY) 2008 Diagnosis-Related Group (DRG) Updates

AGENCY: Office of the Secretary, Department of Defense (DoD).

ACTION: Notice.

SUMMARY: This notice describes the changes made to the TRICARE DRG-based payment system. It also provides the updated fixed loss cost outlier threshold, cost-to-charge ratios, and the Internet address for accessing the updated adjusted standardized amount and DRG relative weights to be used for FY 2008 under the TRICARE DRG-based payment system.

DATES: *Effective Dates:* This FY 2008 DRG update is effective for admissions occurring on or after October 1.

ADDRESSES: TRICARE Management Activity (TMA), Medical Benefits and

Reimbursement Systems, 16401 East Centretech Parkway, Aurora, CO 80011-9066.

FOR FURTHER INFORMATION CONTACT: Ann N. Fazzini, Medical Benefits and Reimbursement Systems, TMA, telephone (303) 676-3803.

Questions regarding payment of specific claims under the TRICARE DRG-based payment system should be addressed to the appropriate contractor.

SUPPLEMENTARY INFORMATION: The final rule published on September 1, 1987 (52 FR 32992), set forth the basic procedures used under the CHAMPUS DRG-based payment system. This was subsequently amended by final rules published August 31, 1988 (53 FR 33461), October 21, 1988 (53 FR 41331), December 16, 1988 (53 FR 50515), May 30, 1990 (55 FR 21863), October 22, 1990 (55 FR 42560), and September 10, 1998 (63 FR 48439).

This notice updates the TRICARE rates and weights in accordance with our previous final rules. The actual changes we are making are detailed below.

I. Changes Which Affect the TRICARE DRG-Based Payment System

A. Under the TRICARE DRG-based payment system, cases are classified

into the appropriate DRG by a Grouper program. The Grouper classifies each case into a DRG on the basis of the diagnosis, procedure codes, and demographic information (that is, sex, age, and discharge status). The Grouper used for the TRICARE DRG-based payment system is the same as the FY 2007 Medicare Grouper with two modifications. The TRICARE system has replaced Medicare DRG 435 with two age-based DRGs (900 and 901), and has implemented thirty-four (34) neonatal DRGs in place of Medicare DRGs 385 through 390. For admissions occurring on or after October 1, 2001, DRG 435 has been replaced by DRG 523. The TRICARE system has replaced DRG 523 with the two age-based DRGs (900 and 901). For admissions occurring on or after October 1, 1995, the CHAMPUS grouper hierarchy logic was changed so the age split (age <29 days) and assignments to Major Diagnostic Category (MDC) 15 occur before assignment of the Pre-MDC DRGs. This resulted in all neonate tracheotomies and organ transplants to be grouped to MDC 15 and not to DRGs 480-483 or 495. For admissions occurring on or after October 1, 1998, the CHAMPUS grouper hierarchy logic was changed to move DRG 103 to the PreMDC DRGs and

to assign patients to PreMDC DRGs 480, 103 and 495 before assignment to MDC 15 DRGs and the neonatal DRGs. For admissions occurring on or after October 1, 2001, DRGs 512 and 513 were added to the PreMDC DRGs, between DRGs 480 and 103 in the TRICARE grouper hierarchy logic. For admissions occurring on or after October 1, 2004, DRG 483 was deleted and replaced with DRGs 541 and 542, splitting the assignment of cases on the basis of the performance of a major operating room procedure. The description for DRG 480 was changed to "Liver Transplant and/or Intestinal Transplant," and the description for DRG 103 was changed to "Heart/Heart Lung Transplant or Implant of Heart Assist System."

B. Wage Index and Medicare Geographic Classification Review Board Guidelines

TRICARE will continue to use the same wage index amounts used for the Medicare Prospective Payment System (PPS). TRICARE will also duplicate all changes with regard to the wage index for specific hospitals that are re-designated by the Medicare Geographic Classification Review Board. In addition, TRICARE will continue to utilize the out commuting wage index adjustment.

C. Revision of the Labor-Related Share of the Wage Index

TRICARE is adopting the Centers for Medicare and Medicaid Services' (CMS) percentage of labor related share of the standardized amount. For wage index values greater than 1.0, the labor related portion of the Adjusted Standardized Amount (ASA) shall equal 69.7 percent. For wage index values less than or equal to 1.0 the labor related portion of the ASA shall continue to equal 62 percent.

D. Hospital Market Basket

TRICARE will update the adjusted standardized amounts according to the final updated hospital market basket used for the Medicare PPS for all hospitals subject to the TRICARE DRG-based payment system according to CMS's August 22, 2007, final rule.

E. Outlier Payments

Since TRICARE does not include capital payments in our DRG-based payments (TRICARE reimburses hospitals for their capital costs as reported annually to the contractor on a passthrough basis), we will use the FY 2007 (published in CMS' August 18, 2006) fixed loss cost outlier threshold calculated by CMS for paying cost outliers in the absence of capital

prospective payments. For TRICARE's FY 2008 update, the fixed loss cost outlier threshold is based on the sum of the applicable DRG-based payment rate plus any amounts payable for IDME plus a fixed dollar amount. Thus, for FY 2008, in order for a case to qualify for cost outlier payments, the costs must exceed the TRICARE DRG base payment rate (wage adjusted) for the DRG plus the IDME payment plus \$22,649 (wage adjusted). The marginal cost factor for cost outliers continues to be 80 percent.

F. National Operating Standard Cost as a Share of Total Costs

The FY 2008 TRICARE National Operating Standard Cost as a Share of Total Costs (NOSCASTC) used in calculating the cost outlier threshold is 0.925. TRICARE uses the same methodology as CMS for calculating the NOSCASTC; however, the variables are different because TRICARE uses national cost-to-charge ratios while CMS uses hospital specific cost-to-charge ratios.

G. Indirect Medical Education (IDME) Adjustment

Passage of the MMA of 2003 modified the formula multipliers to be used in the calculation of the indirect medical education IDME adjustment factor. Since the IDME formula used by TRICARE does not include disproportionate share hospitals (DSHs), the variables in the formula are different than Medicare's, however; the percentage reductions that will be applied to Medicare's formula will also be applied to the TRICARE IDME formula. The new multiplier for the IDME adjustment factor for TRICARE for FY 2008 is 1.02.

H. Expansion of the Post-Acute Care Transfer Policy

For FY 2008, TRICARE continues to use the post-acute care transfer policy that was published in CMS' final rule on August 18, 2006.

I. Blood Clotting Factor

For FY 2008, TRICARE is adopting CMS' payment methodology for blood clotting factor according to CMS' final rule published August 18, 2006.

II. Cost-to-Charge Ratio

While CMS uses hospital-specific cost-to-charge ratios, TRICARE uses a national cost-to-charge ratio. For FY 2008, the cost-to-charge ratio used for the TRICARE DRG-based payment system for acute care hospitals and neonates will be 0.3818 which is increased to 0.3888 to account for bad debts. This shall be used to calculate the

adjusted standardized amounts and to calculate cost outlier payments, except for children's hospitals. For children's hospital cost outliers, the cost-to-charge ratio used is 0.4198.

III. Updated Rates and Weights

The updated rates and weights are accessible through the Internet at <http://www.tricare.osd.mil> under the sequential headings TRICARE Provider Information, Rates and Reimbursements, and DRG Information. Table 1 provides the ASA rates and Table 2 provides the DRG weights to be used under the TRICARE DRG-based payment system during FY 2008 and which is a result of the changes described above. The implementing regulations for the TRICARE/CHAMPUS DRG-based payment system are in 32 CFR Part 199.

Dated: October 19, 2007.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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DEPARTMENT OF DEFENSE

Office of the Secretary

Notice of closed meeting

AGENCY: Defense Intelligence Agency, National Defense Intelligence College.

ACTION: Notice of closed meeting.

SUMMARY: Pursuant to the provisions of Subsection (d) of section 10 of Public Law 92-463, as amended by section 5 of Public Law 94-409, notice is hereby given that a closed meeting of the DIA National Defense Intelligence College Board of Visitors has been scheduled as follows:

DATES: Tuesday, 8 January 2008, 0800 to 1700; and Wednesday, 9 January 2008, 0800 to 1200.

ADDRESSES: National Defense Intelligence College, Washington, DC 20340-5100.

FOR FURTHER INFORMATION CONTACT: Mr. A. Denis Clift, President, DIA National Defense Intelligence College, Washington, DC 20340-5100 (202/231-3344).

SUPPLEMENTARY INFORMATION: The entire meeting is devoted to the discussion of classified information as defined in section 552b(c)(1), Title 5 of the U.S. Code and therefore will be closed. The Board will discuss several current critical intelligence issues and advise the Director, DIA, as to the successful accomplishment of the mission assigned to the National Defense Intelligence College.