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May 12, 2008

Dear Critical Access Hospital Partner:

As a valuable partner of TriWest Healthcare Alliance in the mission to provide high quality health care to our military families as well as military retirees and their dependents, I wanted to provide you with an important and exciting update on a government payment issue that has affected your operations as a Critical Access Hospital.

As you probably know, reimbursements for care provided to TRICARE-eligible beneficiaries are set by the Federal Government and largely designed to mirror the Medicare payment system. Unfortunately, the past efforts to mirror Medicare payments have not extended to the payment system devised to ensure Critical Access Hospitals can continue to serve vital rural communities throughout America.

As the medical insurer of nearly 3 million TRICARE beneficiaries, TriWest Healthcare Alliance has spent years attempting to persuade our Federal allies that changes were needed to the TRICARE payment system to guarantee that our Critical Access Hospital partners would continue to provide services to beneficiaries who reside in rural and frontier communities in our 21-state West Region. I am pleased to inform you that the Department of Defense recently proposed a new regulation which, if approved, would finally update the TRICARE payment system to provide reimbursement rates of up to 101% of reasonable costs to Critical Access Hospitals like yours.

The proposed [rule](#), which can be found on our Web site, is open for comment from the public until June 4, 2008. Should you wish to express an opinion on the proposed change, you can direct your comments to: Federal Docket Management System Office, 1160 Defense Pentagon, Washington, DC 20301-1160.

I realize that the lack of appropriate reimbursement over the past several years may have caused much consternation and frustration with TriWest or the Federal Government. However, I hope you now recognize that both TriWest and our Federal partners were listening and have been working together to address your concerns.

Thank you for all that you do in service to your patients, your community and our dedicated military families.

Sincerely,

A handwritten signature in black ink, appearing to read "D. McIntyre", written in a cursive style.

David J. McIntyre
President and CEO

TRICARE West Region

"Whatever It Takes"