



Billing Code

This document is scheduled to be published in the Federal Register on 01/29/2026 and available online at <https://federalregister.gov/d/2026-01803>, and on <https://govinfo.gov>

DEPARTMENT OF DEFENSE

Office of the Secretary

Modifications to the Reimbursement of Childbirth Support Services Under the TRICARE Childbirth and Breastfeeding Support Demonstration

AGENCY: Assistant Secretary of Defense for Health Affairs, Department of Defense.

ACTION: Notice of reimbursement modification.

SUMMARY: The Acting Director of the Defense Health Agency (DHA) is notifying the public of modifications to the reimbursement of certified labor doulas (CLDs) performing childbirth support services under the Childbirth and Breastfeeding Support Demonstration (CBSD).

DATES: The new reimbursement methodology will be effective for rates beginning March 1, 2026.

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SUPPLEMENTARY INFORMATION:

Section 746 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 directed the Secretary to establish a five-year demonstration project under TRICARE to evaluate the cost, quality of care, and impact on maternal and fetal outcomes of covering the services of doulas and lactation consultants or counselors not otherwise TRICARE authorized, and to determine whether it would be appropriate to add permanent coverage to the TRICARE benefit. This demonstration was implemented as the CBSD, with details announced in a Federal Register notice (FRN) published by the Assistant Secretary of Defense for Health Affairs, now referred to as the Assistant Secretary of War for Health Affairs (ASW(HA)) on October 29, 2021 (86 Federal Register (FR) 60006). The FRN prescribed the qualifications for the three extra medical maternal health providers (CLDs, certified lactation consultants, and certified lactation counselors), the number and type of services to be reimbursed, and the

reimbursement rates for the services. The CBSD began on January 1, 2022, in the United States. The CBSD was modified for implementation overseas by an FRN published August 2, 2023 (88 FR 50850), with overseas coverage implemented on January 1, 2025. On April 11, 2024, the Director, DHA, published an FRN announcing a new reimbursement methodology for CLDs intended to create a Medicare-like reimbursement, where payment is adjusted annually to create a rate between Medicaid rates and private pay rates (89 FR 25617). The rate was to be updated on March 1 each year and could go up or down depending on state Medicaid rates. This methodology was expected to be durable but resulted in higher-than-expected variability from year to year.

This notice announces changes to the reimbursement methodology for childbirth support services intended to stabilize reimbursement of CLDs. For example, if DHA were to use the previously announced methodology for rates beginning March 1, 2026, the reimbursement rate for continuous labor support would be expected to decrease between \$100.00 to \$200.00 (depending on final Medicaid rates at the end of 2025) because state Medicaid programs added doula benefits with lower reimbursement rates, which drives down the TRICARE rate. Such a substantial decrease will likely result in fewer CLDs agreeing to provide care under the CBSD, negatively impacting beneficiary access to care and DHA's ability to complete its evaluation of the CBSD.

Due to concerns about this volatility, DHA is modifying reimbursement for childbirth support services so that the rate approved for March 1, 2025, will be considered a "baseline." The baseline will be updated each year by an inflation factor (the Medicare Economic Index (MEI)). This rate will then be adjusted by the Medicare Geographic Adjustment Factor (GAF) to develop rates for each locality.

To prevent TRICARE rates from falling below Medicaid reimbursement, the DHA Director, or designee, will approve a new baseline if it is found that TRICARE reimbursement is not keeping pace with Medicaid reimbursement. The new baseline would be established using

the methodology announced in the 2024 FRN, with a change to step two and the addition of a new step four:

1. Identify the state Medicaid rates for states reimbursing for doula services.
2. Identify an appropriate Medicaid-to-Medicare Fee Index for obstetrical services. The fee index for each included state is capped at one.
3. Divide each state Medicaid rate by the Fee Index to develop a Medicare rate for that state.
4. Remove significant outliers.
5. Create a weighted average based on the number of TRICARE reimbursed deliveries that occur in each state. This weighted average would be the national reimbursement rate for childbirth support services under the CBSD.
6. Adjust the national rate by locality with the Medicare GAF for each locality.

Step 2 is modified to cap the fee index at one so that the Medicare-like rate for a state created in step 3 will never be lower than the Medicaid rate for that state. New step 4 is added to allow the THP Director to approve the removal of outliers, so that no one state rate can distort the TRICARE rate unduly. The DHA will evaluate state Medicaid doula rates annually to determine if a new baseline should be established, with a new baseline established only if it would create a rate higher than the rate from the previous year multiplied by the MEI. In other words, this change will ensure that childbirth support services rates will not decrease and that increases will be reasonably indexed to rates nationwide. Reimbursement rates for doulas are published by March 1 of each year at <https://www.health.mil/Military-Health-Topics/Access-Cost-Quality-and-Safety/TRICARE-Health-Plan/Rates-and-Reimbursement>.

The modification to the reimbursement methodology for childbirth support services will result in annual incremental costs of about \$280,000.00.

Dated: January 27, 2026.

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Alternate OSD Federal Register Liaison Officer,

Department of Defense.

[FR Doc. 2026-01803 Filed: 1/28/2026 8:45 am; Publication Date: 1/29/2026]