OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1200

APR - 1 2010

HEALTH AFFAIRS

The Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The enclosed report responds to the request in Senate Report 111-035 accompanying the National Defense Authorization Act for Fiscal Year 2010, which requests a report on the costs and levels of coverage available to Active Duty and Reserve members and their families under the TRICARE Dental Program (TDP). The committee further requested that TRICARE consult with beneficiary organizations on needed improvements to the plan and report on any prospective changes in coverage under the dental plan, in particular, coverage for orthodontics.

The report details that the TDP contract has just entered procurement for the follow-on contract, and there are significant enhancements planned. The Request for Proposal for the follow-on TDP includes four major changes to the benefits of the current program. The benefit changes are: 1) increasing the current annual maximum from $1,200 to $1,300; 2) increasing the current lifetime orthodontic maximum from $1,500 to $1,750; 3) coverage of 1-3 surface posterior resin fillings (white fillings); and 4) the initiation of dental accident coverage with a yearly maximum of $1,200.

Thank you for your continued support of the Military Health System.

Sincerely,

Charles L. Rice, M.D.
President, Uniformed Services University of the Health Sciences
Performing the Duties of the Assistant Secretary of Defense (Health Affairs)

Enclosure:
As stated

cc:
The Honorable John McCain
Ranking Member

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1200

APR - 1 2010

HEALTH AFFAIRS

The Honorable Ike Skelton
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Charles L. Rice, M.D.
President, Uniformed Services University of the Health Sciences
Performing the Duties of the Assistant Secretary of Defense (Health Affairs)

Enclosure:
As stated

cc:
The Honorable Howard P. "Buck" McKeon
Ranking Member

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1200

APR - 1 2010

HEALTH AFFAIRS

The Honorable James H. Webb
Chairman, Subcommittee on Personnel
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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Performing the Duties of the Assistant Secretary of Defense (Health Affairs)

Enclosure:
As stated

cc:
The Honorable Lindsey O. Graham
Ranking Member

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1200

APR - 1 2010

HEALTH AFFAIRS

The Honorable Susan Davis
Chairwoman, Subcommittee on Military Personnel
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Madam Chairwoman:

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Charles L. Rice, M.D.
President, Uniformed Services University of the Health Sciences
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Enclosure:
As stated

cc:
The Honorable Joe Wilson
Ranking Member

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1200

APR - 1 2010

HEALTH AFFAIRS

The Honorable Daniel K. Inouye
Chairman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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Charles L. Rice, M.D.
President, Uniformed Services University of the Health Sciences
Performing the Duties of the Assistant Secretary of Defense (Health Affairs)

Enclosure:
As stated

cc:
The Honorable Thad Cochran
Ranking Member

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1200

APR - 1 2010

HEALTH AFFAIRS

The Honorable Daniel K. Inouye
Chairman, Subcommittee on Defense
Committee on Appropriations
United States Senate
Washington, DC 20510

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Enclosure:
As stated

cc:
The Honorable Thad Cochran
Ranking Member

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1200

APR - 1 2010

HEALTH AFFAIRS

The Honorable David R. Obey
Chairman, Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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Charles L. Rice, M.D.
President, Uniformed Services University of the Health Sciences
Performing the Duties of the Assistant Secretary of Defense (Health Affairs)

Enclosure:
As stated

cc:
The Honorable Jerry Lewis
Ranking Member

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1200

APR - 1 2010

HEALTH AFFAIRS

The Honorable Norm Dicks
Chairman, Subcommittee on Defense
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Charles L. Rice, M.D.
President, Uniformed Services University of the Health Sciences
Performing the Duties of the Assistant Secretary of Defense (Health Affairs)

Enclosure:
As stated

cc:
The Honorable C. W. Bill Young
Ranking Member

Report to Congress

TRICARE Dental Program (TDP)

Background.....Page 2

TRICARE Dental Program (TDP)..... Page 2

TDP Contract Re-Procurement..... Page 3

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TRICARE Dental Program

Background

The Senate Armed Services Committee (SASC) Report 111-035, accompanying the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2010, requested the Secretary of Defense to examine the costs and levels of coverage available to active duty and reserve members and their families under the TRICARE Dental Program (TDP). The committee further requested that TRICARE consult with beneficiary organizations on needed improvements to the plan and report on any prospective changes in coverage under the dental plan, in particular, coverage for orthodontics.

TRICARE Dental Program (TDP)

The TDP provides worldwide dental coverage for family members of Uniformed Service active duty personnel and to members of the Selected Reserve and Individual Ready Reserve (IRR) and their eligible family members. The TDP is a voluntary program that offers beneficiaries a group dental insurance plan comparable to large commercial employee plans. Active duty members are not eligible for the TDP; they are provided care either through dental facilities of the Services or through the Active Duty Dental Program contract.

The goal of the TDP is to offer an affordable dental plan that enables beneficiaries to remain dentally healthy and to focus on preventive care. The government pays 60 percent of the premium costs for TDP enrollees of active duty family members, Selected Reserve sponsors, and Special Mobilization IRR sponsors. The government does not pay any portion of the cost share charges. The current monthly premiums paid by beneficiaries are $12.69 for a single plan and $31.72 for a family plan. Selected Reserve and IRR family members, as well as non-Special Mobilization IRR sponsors, pay 100 percent of the TDP premiums. The current monthly premiums for enrollees paying 100 percent are $31.72 for a single plan and $79.29 for a family plan.

United Concordia Companies, Incorporated, (UCCI) is the current contractor for the TDP. The current TDP contract (FY 2006-2011) was re-awarded to UCCI in April, 2005. The TDP contract provides diagnostic and preventive services twice a year with no cost shares and basic restorative services for only a 20 percent cost share. The TDP annual maximum payment is $1,200 per beneficiary, and the lifetime orthodontic maximum is $1,500. All emergency, preventive, and diagnostic services are covered at 100 percent, and are not counted against the annual maximum. Only one percent of the 1.9 million beneficiaries reach the $1,200 maximum. The TDP utilization rate is 64 percent for those enrolled.

TDP Contract Re-Procurement

The current TDP contract ends on February 1, 2011. The TRICARE Management Activity (TMA) has been actively engaged in updating the benefits package and preparing for the upcoming procurement of the follow-on TDP contract. In the development of the new benefits, TMA conducted industry reviews, researched common dental insurance benefits and best practices, and reviewed changes in the professional practice of dentistry. TMA contacted the Military Services to discuss the current level of benefits and desired new benefits for their beneficiaries. In addition, feedback was provided to TMA through the Army Family Advocacy Program (AFAP), congressional inquiries, the American Dental Association Council of Government Affairs, and the Military Coalition.

Using the information gathered, a proposed set of benefits was developed. An independent government cost estimate was then requested to develop costs for the proposed TDP enhancements. TDP premium changes are limited by regulation, and any proposal to increase the benefit must take this limitation into account. The proposed benefit enhancements were approved by the Assistant Secretary of Defense for Health Affairs on November 14, 2008.

On May 4, 2009, TMA released a Request for Information (RFI) for industry comment. The purpose of this was to have potential bidders and other interested parties review the draft proposal and provide comments on the dental enhancements as well as other potential contractual issues. Comments were requested by May 18, 2009. Those comments were then evaluated and, as appropriate, incorporated into the final Request for Proposal (RFP). The formal RFP was released on December 21, 2009. Offerors were to have submitted their bids by Friday, February 19, 2010. The RFP can be viewed at http://www.tricare.mil/contracting/Healthcare/solicitations/Sol.aspx?id=15

Enhancements in the TDP Request for Proposal (RFP)

The RFP for the follow-on TDP includes four major changes as compared to the current TDP program benefits. The benefit changes are: 1) increasing the current annual maximum from $1,200 to $1,300; 2) increasing the current lifetime orthodontic maximum from $1,500 to $1,750; 3) coverage of 1-3 surface posterior resin fillings (white fillings); and 4) the initiation of dental accident coverage with a yearly maximum of $1,200. These enhancements are shown in Table 1.

Table 1. Comparison of Benefits Under Current TDP and Projected Contract

	Existing TDP Contract	Enhancements in the New TDP
Annual maximum per beneficiary	$1,200	$1,300
Lifetime orthodontic maximum	$1,500	$1,750
Posterior white fillings	Non-covered	Covered procedures at the restorative rate with a 20 percent cost share
Dental accident coverage annual maximum	Not included	$1,200

Increasing the annual maximum is a concern often cited by beneficiary groups. The new TDP contract will increase the annual maximum to $1,300. It must be noted, however, that only 0.9 percent of enrollees reach their annual maximum per contract year. One of the major reasons for the low percentage of individuals reaching the annual maximum is that diagnostic and preventive services (exams, cleanings, and x-rays) are covered at 100 percent and are not counted against the annual maximum. Additional increases to the maximum are not justified by the current utilization. Providing a higher annual maximum would benefit the few at the expense of higher premiums for both enrollees and the government.

Orthodontics is a highly desired and utilized facet of any dental insurance plan. There is high utilization of the orthodontic benefit and, thus, lifetime maximum increases are costly. While remaining within the statutory limitation for increased monthly premiums, TMA was able to enhance the orthodontic lifetime maximum to $1,750. The lifetime orthodontic maximum was $1,200 per family member until February 1, 2001. The orthodontic maximum was increased to $1,500 in 2001 with the new TDP contract and has remained at that level since.

Posterior tooth-colored (white) fillings are routinely referred to as posterior resins in the dental industry. Posterior resins have become more common practice over the past ten years, and the evidence now suggests that they can serve as quality restorations. The current TDP contract does not cover posterior resin fillings, but the future contract will

include this benefit enhancement. The posterior resins have become standard in the dental industry, and this is a benefit highly sought after by our beneficiaries.

The inclusion of dental accident coverage is a new benefit for the TDP. When individuals experience trauma that includes the mouth, the restoration cost of the teeth and supporting structures often exceeds the current annual maximum. The new dental accident coverage will help defray some of the unexpected costs due to accidents.

There are also other enhancements to the TDP that were included in the RFP. For individuals who are pregnant, a third oral prophylaxis (dental cleaning) will be covered at no cost to the enrollee. This benefit is based on the evidence that pregnancy-based gingivitis can hamper the oral health of women. There will be no cost share associated with the additional cleaning.

Another enhancement is related to those individuals with diabetes. It has been shown that there is a direct link between oral disease and overall general health as related to diabetes. Periodontal disease includes an inflammatory process, and untreated periodontal disease has a direct effect on diabetes. Some diabetic patients require a procedure called scaling and root planing, which is a 'deep cleaning' of the periodontal pockets. Periodontal procedures, including scaling and root planing, have a 40 percent cost share for the enrollee. Some beneficiaries may forgo the periodontal procedures due to the costs. Failure to treat the dental disease can have a direct negative effect on the diabetic condition. Therefore, the new benefit of waiving the cost shares for diabetics receiving these periodontal procedures may result in better management of their medical condition.

Conclusion

TMA has just entered the source selection phase for the follow-on TDP contract. Based on beneficiary outreach and changes in standards of care, there are many additional benefits and benefit enhancements for the new TDP as outlined in this report. Many of these changes were the direct result of beneficiary feedback. It has become common practice for TMA to solicit both beneficiary and industry input during the review and update of dental benefit packages for our contracts.