THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

MAR - 9 2009

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

Dear Mr. Chairman:

The enclosed report responds to the National Defense Authorization Act for Fiscal Year (FY) 2006, section 716, which requires that the Department submit an annual report on the monitoring, oversight, and improvement of TRICARE Standard activities of each TRICARE Regional Office (TRO).

The report describes activities undertaken by each TRO during FY 2008 to ensure that our beneficiaries who choose to use the TRICARE Standard option have access to high quality health care provided by a sufficient number of physicians. These activities include not only initiatives performed by the TROs to monitor and improve provision of TRICARE Standard, but also their oversight of regional managed care support contractors' performance of TRICARE Standard sustainment and improvement tasks. Each TRO has staff to monitor, oversee, and improve provision of the TRICARE Standard option.

The National Defense Authorization Act for Fiscal Year 2004 required Department of Defense to conduct annual surveys in TRICARE market areas to assess the willingness of civilian health care providers to accept TRICARE Standard beneficiaries as new patients. We estimate that the survey for FY 2008 will be completed and results will be analyzed and reported no later than June 2009.

As required in the statute, the enclosed annual report also provides a description of any problems or challenges that have been identified by beneficiaries with respect to the use of the TRICARE Standard option and actions undertaken to address such problems or challenges. The report concludes that, as a result of initiatives it has undertaken, the Department has been successful in ensuring that our TRICARE beneficiaries who choose the TRICARE Standard option have ready availability to the high quality health care they deserve.

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

Sir, working to get (nearly) all doctors to take TRICARE patients

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable John McCain
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

MAR - 9 2009

The Honorable Ben Nelson
Chairman, Subcommittee on Personnel
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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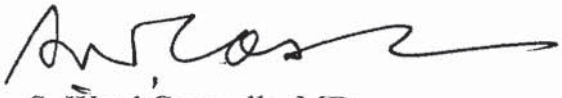
Sincerely,



S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Lindsey O. Graham
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

MAR - 9 2009

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

Dear Mr. Chairman:

The enclosed report responds to the National Defense Authorization Act for Fiscal Year (FY) 2006, section 716, which requires that the Department submit an annual report on the monitoring, oversight, and improvement of TRICARE Standard activities of each TRICARE Regional Office (TRO).

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

Sir
Taking more + more doctors
into seeing Tricare
patients. As every,
Ward

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable John M. McHugh
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

MAR - 9 2009

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

Dear Madam Chairwoman:

The enclosed report responds to the National Defense Authorization Act for Fiscal Year (FY) 2006, section 716, which requires that the Department submit an annual report on the monitoring, oversight, and improvement of TRICARE Standard activities of each TRICARE Regional Office (TRO).

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

Dear Susan
We're getting more
doctors to accept
TRICARE patients

Sincerely,

Very Best,
Ward

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Joe Wilson
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

MAR - 9 2009

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

Dear Mr. Chairman:

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

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Jerry Lewis
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

MAR - 9 2009

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

Dear Mr. Chairman:

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

Sir
Talking more doctors into accepting Tricare patients
V/R ward

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Thad Cochran
Ranking Member

Report to Congress

TRICARE Standard Activities of TRICARE Regional Offices

In

Fiscal Year 2008

Department of Defense
Report to Congress
On
TRICARE Standard Activities of TRICARE Regional Offices
in Fiscal Year 2008

Introduction

The National Defense Authorization Act for Fiscal Year (FY) 2006 requires the Secretary of Defense to provide an annual report on the monitoring, oversight, and improvement of TRICARE Standard activities performed by each TRICARE Regional Office (TRO). The statute also requires the annual report to include an assessment of the participation of eligible health care providers in TRICARE Standard for each TRICARE region. It further required a description of any problems or challenges that have been identified by both providers and beneficiaries regarding the use of the TRICARE Standard option, and the actions undertaken to address such problems or challenges. This report contains the requested information for FY 2007. Because the TROs are part of the TRICARE Management Activity (TMA) and draw on support from various parts of that organization to carry out their responsibilities, the report includes a description of key aspects of such support applicable to provision of the TRICARE Standard benefit.

Background

TRICARE is the Department of Defense (DoD) health plan for Uniformed Service members, retirees from the Uniformed Services, and their eligible family members. The Department's TRICARE Management Activity (TMA) manages the plan. TRICARE provides three health plan options for beneficiaries:

1. TRICARE Prime — a managed care plan in which each participant has an assigned primary care manager (PCM) who acts as an access-to-care "gatekeeper" for beneficiaries enrolled in TRICARE Prime. The PCM is either a member of a military treatment facility medical staff or a medical provider in the TRICARE private sector care network. For specialty care, the TRICARE Prime enrollee must receive a referral from his or her PCM and authorization from a regional managed care support contractor (MCSC). TRICARE Prime beneficiaries, except active duty Service members (ADSMs) and their families, pay an annual enrollment fee and modest, fixed copayments for care received in the private sector network. The plan also includes a TRICARE Prime point-of-service (POS) option. The POS option allows TRICARE Prime enrollees, except ADSMs, to obtain non-emergency, TRICARE-covered services from any TRICARE-authorized provider without a PCM's referral or a regional contractor's authorization. POS deductibles ($300 per year/$600 maximum per family) and copays (50 percent of the TRICARE allowable charge) will apply if the beneficiary elects the POS option.

2. TRICARE Standard — an open choice type of plan. TRICARE Standard is available to those beneficiaries not enrolled in TRICARE Prime. TRICARE Standard medical providers are not members of the TRICARE private sector care network. Beneficiaries using TRICARE Standard pay no annual enrollment fee but are subject to an annual deductible and copayments. Copayments are assessed as a percentage of the TRICARE allowable charge for services received.

3. TRICARE Extra — a preferred provider organization type of plan. TRICARE Extra is available to those beneficiaries not enrolled in TRICARE Prime. TRICARE Standard beneficiaries obtaining care from a provider in the private sector network are utilizing the TRICARE Extra option. Beneficiaries using TRICARE Extra pay no annual enrollment fee but are subject to an annual deductible, as well as copayments. The latter are assessed a percentage of the TRICARE allowable charge for services received, but at a lesser percentage than for care received from a provider outside the TRICARE private sector care network.

TRICARE Standard is the fee-for-service option that gives beneficiaries the opportunity to see any TRICARE-authorized provider. A TRICARE-authorized provider is a licensed medical provider who is approved by TRICARE. Some beneficiaries' primary reason for choosing to use TRICARE Standard is the flexibility it affords in choosing medical providers, as compared to TRICARE Prime. For beneficiaries living in areas where the TRICARE Prime network is not available, TRICARE Standard is their option for using the TRICARE benefit.

For various reasons, not all authorized TRICARE providers actually accept TRICARE patients. This has occasionally been problematic for some TRICARE beneficiaries. TMA, through its TROs, has undertaken a number of initiatives to ensure beneficiaries desiring to use TRICARE Standard have satisfactory access to qualified medical professionals willing to accept TRICARE patients.

TRO Activities

TRO-North

Activity	Activity Type		
	Monitor	**Oversee**	**Improve**
TRO-North continues to work with TMA and the other TROs on TRICARE Standard information, education, and process improvement projects, answering questions and concerns from our internal and external customers including our beneficiary population.			X
TRO-North employs one full-time Health System	X	X	X

Activity	Activity Type		
	Monitor	Oversee	Improve
Specialist as the TRICARE Standard Operations Program Manager. Responsibilities include identifying underserved non-catchment areas that have an inadequate number of TRICARE Standard authorized providers (relative to the population of the area), and to monitor, oversee, and improve the TRICARE Standard option.			
TRO-North continues to monitor TRICARE Standard through identification of eligible beneficiary populations and review of demographic trends as incorporated in the TRO-North FY 2008 Business Plan. Activities have resulted in the identification and development of demographics for locations of non-MTF enrolled beneficiaries in remote areas of the North Region. The 25 cities having the most TRICARE Standard eligible beneficiaries have been identified. The cities identified comprise 12% of the Standard eligible beneficiary population in the North Region. Several of these cities were included in the FY 2006 and 2007 Provider Surveys. Analysis has led to the recommendation for specialty-specific provider network development of areas near these cities. Additionally, it is recommended that provider and beneficiary surveys be performed in these locations as part of the upcoming survey cycle.	X		
A state-by-state demographic mapping of TRICARE Standard eligibles living in Non-Prime Service Areas (PSAs) in the North Region has been developed. It was identified that some of these non-PSAs had high purchased care claims costs. Further monitoring and analysis of the developed geographic profiles and demographic shifts help to identify areas for possible network development, provider outreach, and beneficiary education. TRO-North provided the names of the following cities (listed in priority order) for inclusion in the 2009 Standard Primary Care Provider Awareness and Participation Survey: Marquette, MI	X		

Activity	Activity Type		
	Monitor	Oversee	Improve
Charleston, WV Murray, KY Jacksonville, NC Jasper, IN New Albany, IN Ashville, NC Altoona, PA Danville, VA Peoria, IL Binghamton, NY Charlottesville, VA			
In response to the TRICARE Behavioral Health Provider Locator and Appointment Assistance Program, and utilizing input from non-physician mental health providers, the TRICARE Standard Operations Program Manager recommended several Non-PSA, remote locations for specialty specific provider surveying. This information will allow the managed care support contractor to assist active duty family members in locating mental health providers and making timely appointments.	X	X	X
Survey results from the FY 2007 Provider Awareness and Acceptance Survey reported low awareness and acceptance of TRICARE Standard by providers in the Washington, DC area. TRO-North performed an analysis of those survey results. Data analysis revealed that the number of Prime network providers and TRICARE authorized providers within the National Capital Area appears to be adequate in relation to the eligible beneficiary population. However, TRO-North did initiate provider outreach in the form of information letters to 160 physicians in and around the Washington, DC area. TRO-North tracked a 3% reply rate on the mail outs. (The response rate of those providers responding directly to the managed care support contractor was not tracked or available.) Inquiries for additional information and assistance about joining the provider network were received and forwarded to HealthNet,		X	X

Activity	Activity Type		
	Monitor	Oversee	Improve
Provider Network Management, which is responsible for recruiting and credentialing new providers. HealthNet added 137 new providers to the network in Washington, DC since June 2008.			
TRO-North Business Operations Branch continued to conduct purchased care cost trend analysis of high cost and highly utilized services by TRICARE Standard beneficiaries. The purchased care top five product lines for inpatient and outpatient services, by cost and volume, are reviewed quarterly. Information from this analysis is used to develop collaborative business initiatives, including provider outreach and network development activities in market areas where high private sector care expenditures are realized.	X		X
TRO-North's Communications and Customer Service Branch (C&CS) meets monthly with military associations including The Military Coalition, the Military Officers Association of America (MOAA), and other beneficiary advocacy organizations. At these gatherings, TRO-North representatives inform, educate, and make beneficiaries aware of all the TRICARE benefit options changes, updates, and proposals, including those relevant to TRICARE Standard. They also receive customer feedback helpful in assessing provider access and customer satisfaction.			X

TRO-South

Activity	Activity Type		
	Monitor	Oversee	Improve
TRO-South employs a full-time government health system specialist in the "TRICARE Standard Operations" position to monitor, oversee, and improve provision of the TRICARE Standard option in the South Region.	X	X	X
TRO-South employs 8 health benefits counselors who provide customer service support for all beneficiaries to include TRICARE Standard and Extra.			X
TRO-South employs a full-time government marketing and education specialist. TRO-South met regularly with the other TROs and the South Region MCSC, Humana Military Health System (HMHS) to develop marketing and educational strategies for TRICARE Standard beneficiaries and providers.			X
TRO-South monitored HMHS as it conducted non-network (TRICARE Standard) provider and network provider seminars in the South Region Prime service areas. HMHS conducted 229 provider seminars, of which 68 were targeted to non-network providers. At the seminars, through their website, and separate mailings, HMHS provided marketing materials to TRICARE Standard providers.	X		
TRO-South undertook outreach and educational activities for Reserve Component members to provide information about TRICARE Standard benefits available through the Transitional Assistance Management Program.			X
TRO-South helped to identify geographical areas of interest for surveys intended to assess providers' knowledge about, and willingness to accept, TRICARE Standard.	X		X

Activity	Activity Type		
	Monitor	Oversee	Improve
TRO-South monitored compliance of HMHS with its commitment to establish provider networks for the delivery of Prime and Extra services throughout 100 percent of the South Region. 84,104 providers, over one-half of the total providers in the South Region, are in the network, enhancing access to care for TRICARE Standard beneficiaries who wish to use the Extra option. This was an increase of 5,516 network providers and 39 hospitals/facilities over the course of the fiscal year.	X		X
The TRO-South staff and HMHS encourage Standard providers to join the TRICARE Prime network. From July 2007 to July 2008, network enrollment increased by 3%.			X
TRO-South monitored beneficiaries' use of TRICARE Standard in the region through review of data available from HMHS and from the Military Health System's claims database. In the South Region, the amount paid for Standard beneficiary claims, as a percentage of the total payments for all private sector care in the Region, decreased from 10.8% in May 2007 to 9.7% in May 2008.	X		
TRO-South oversaw HMHS' performance of its contractual requirement to provide health care finder services to beneficiaries, including Standard beneficiaries, via a toll-free phone line. HMHS also provided an on-line provider directory to assist beneficiaries in locating providers.	X	X	
TRO-South monitored results of the most recent full year of data from the Health Care Survey of DoD Beneficiaries, a population-based survey for assessing beneficiary satisfaction conducted by TMA. Survey results showed that a higher percentage of TRICARE Standard and Extra	X		

Activity	Activity Type		
	Monitor	Oversee	Improve
beneficiaries in the South Region reported usually or always getting care quickly and having no problem getting needed care compared to TRICARE Prime enrollees in the region, whether enrolled to a Military or a civilian PCM.			

TRO-West

Activity	Activity Type		
	Monitor	Oversee	Improve
TRO-West has dedicated a sizeable amount of time and resources, to include a Standard Benefit Manager, for the sole purpose of assuring optimum results for those beneficiaries choosing to use the Standard option. Since the West Region is so large (2.27 million square miles) there have been TRICARE Hubs established in five locations to ensure a good regional dispersion of information, as well as beneficiary assistance: Tacoma, Phoenix, Honolulu, Colorado Springs, and Anchorage.	X	X	X
In the 2007 West Region report, there was discussion of the West Region Beneficiary Population Sizing Model (BPSM), which was projected to be completed in early 2008. The project consisted of an analysis of beneficiary population densities throughout the West Region. There were 56 locations identified where 500 or more Standard beneficiaries resided. In order to ensure access to care on par with the Prime benefit, a BPSM was designed for each location. The BPSM establishes provider requirements for 26 specialty categories and primary care based on beneficiary population. The BPSM project took more than one year to complete and was fully unveiled in February 2008. It was communicated to all West Region Beneficiary Counseling and Assistance Coordinators (BCACs), who put it immediately to use when beneficiaries contacted them for assistance. TriWest, the West Region	X		X

Activity	Activity Type		
	Monitor	Oversee	Improve
MCSC, will use the information to identify areas in need of provider recruitment initiatives.			
There was a continuation of outreach efforts to providers in each of the 21 West Region states. As with previous years, the overall response has been positive. There were a number of discussions with behavioral health providers who were concerned about the trend in decreasing reimbursement especially for routine psychotherapy and family therapy. Thus far, participation numbers are remaining high.	X		X
A provider directory database was created using the Centers for Medicare and Medicaid Services National Plan and Enumeration System data. The database was used many times to locate non-network providers throughout the West Region, and is proving to be an excellent tool in the quest to increase beneficiary satisfaction.			X
A research database was created to conduct historical (past 3 years) comparisons. The newly designed database has already saved considerable time and effort in analyzing cost benefit of locality based reimbursement rate waivers, and will prove to be of considerable value when assisting TRICARE providers with reimbursement issues.	X		X
TriWest provided education and outreach to both network and non-network (Standard) providers. TriWest's civilian provider seminar content is updated as needed every six months and may include, but is not limited to, the following information: • Introduction to TriWest and its subcontractors, TRICARE updates since the prior seminars, and provider types; • Overview of provider resources, such as 1-888-TRIWEST; • Websites including www.triwest.com and TRICARE.mil; seminars, E-Seminars, and provider education materials; • Services available in the secured area of	X		X

Activity	Activity Type		
	Monitor	Oversee	Improve
www.triwest.com; • E-Newsletters and other publications; • Explanation of the various TRICARE programs; • Program, benefit and policy updates; • Referral and Authorization requirements, processes, and helpful hints; • Utilization, Case and Quality Management programs; • Disease Management programs; • Consult tracking; • National Provider Identifier (NPI); • Electronic Data Interchange (EDI); • Claims submission guidelines and helpful hints; and • Reimbursement methodologies and updates			
Seminars are communicated to network and non-network providers through a variety of methods. Mass faxes are sent to all network provider fax numbers, e-mails are sent to all providers who have a valid e-mail address on file (currently over 40,000 provider e-mail addresses are on file), communications by network subcontractors to all network providers, printed newsletter articles, reminder E-Newsletter articles, and website postings. TRICARE Field Representatives and network representatives share the seminar schedule in their provider office visits.			X
Medical/Surgical and Behavioral Health E-Seminars have content comparable to a live seminar with PowerPoint slides and audio. In addition, TriWest offers specialized online training for Extended Care Health Option (ECHO), home health, and hospice providers. E-Seminars are available online to anyone (network/non-network) with minimum computer requirements and an internet connection. After completing the E-Seminar, providers enter their demographic information, and upon their request, materials are mailed to them.			X

Activity	Activity Type		
	Monitor	Oversee	Improve
E-Newsletters TriWest publishes E-Newsletters every 2 to 3 weeks. E-Newsletters go to over 40,000 providers, (network and non-network). E-Newsletters include a multitude of topics regarding TRICARE, as well as TriWest processes. All E-Newsletters are archived and the articles are published at www.triwest.com, Provider Connection.			

TMA Communications and Customer Service Directorate Support of TRICARE Standard

In addition to the extensive efforts by the TROs in support of TRICARE Standard, TMA's Communications and Customer Service Directorate (C&CS) complemented and supported those efforts by conducting a robust TRICARE Standard outreach campaign to both TRICARE beneficiaries and providers of health care during FY 2008.

The C&CS TRICARE Beneficiary Publications Division wrote and produced approximately 200,000 Standard Handbooks that were distributed to MCSCs, who provided them to Standard beneficiaries upon request. 60,000 new handbooks were distributed in the North Region, 95,000 in the South Region, and 55,000 in the West Region. In 2008 the number of downloads doubled to 25,827 for the web-based TRICARE Standard Handbook from the C&CS Web Smart Site. Since the launch of the Military Health System's user-friendly "My Benefit" Web portal in July 2007, the Standard Handbook has been accessed 74,824 times.

In February 2008, the Publications Division sent out its annual TRICARE Standard newsletter via direct mail to more than 1.4 million Standard beneficiaries. "Health Matters"; a 12-page color newsletter was published with information on eligibility, savings obtained by using TRICARE Extra in the network, cancer prevention and screening, what to do if you will soon be leaving TRICARE Standard for TRICARE for Life, contact information, how to find the Standard Handbook and get e-mail updates, getting care, TRICARE Standard survey results, how to use the TRICARE pharmacy benefit, deductible and catastrophic cap information, how other health insurance interfaces with TRICARE, and dental benefits. Also, TRICARE Prime, Standard (included TRICARE Reserve Select enrollees) beneficiaries, and Non-TRICARE Reserve Select Reserve and Guard personnel were mailed a separate behavioral health care flyer highlighting the behavioral health benefit of TRICARE. Additionally, the Standard Behavioral Health flyer was downloaded 1,565 times.

The C&CS Public Affairs Division produced three 30-minute Dot.Mil.Docs radio segments, 117 news releases ,14 feature articles, and 12 monthly "Doctor Is In" medical advice columns targeting Standard beneficiaries, including a targeted news release to promote the new Standard Handbook. Additional news release topics covered the mail-order pharmacy benefit and other pharmacy initiatives, the TRICARE Reserve Select benefit (similar to Standard coverage), the new and improved TRICARE Web site where TRICARE Standard information is available, and various health and benefit feature topics in addition to initiatives designed to save money for beneficiaries and the government.

The C&CS Customer Communications Branch (CCB) tracked more than 4,183 queries to Military Health System staff from Standard/Extra beneficiaries during FY 2008. The top three contact reasons were: 1,800 beneficiaries requested basic benefit information, 664 sought claims assistance, and 629 had enrollment questions. The most frequently raised issues involved deductibles and cost shares, waiver requests, enrollment forms, payment and transfer.

CCB staff and partner contractor instructors educated 974 individuals about TRICARE, to include plan and program information, pharmacy and dental benefits which impact Standard beneficiaries. CCB hosted a conference attended by over 500 Military Health System staff. Conference topics included pharmacy and dental updates; Medicare-TRICARE benefits; timely filing waivers and debt collection case management; behavioral health care, overseas care; and how TRICARE works with other health insurance. Staff briefed 935 attendees at the Defense Finance and Accounting System (DFAS) Conference for DFAS retirees and staff, the majority of whom were TRICARE-eligible beneficiaries and 80 retiring Marine Corps executive leaders.

Frequently asked questions with answers were posted to the TRICARE Web site (174 FAQs updated) including questions and answers about shingles and flu shots, dental, autism, general benefits, durable medical equipment, TRICARE and employer-sponsored incentives (Section 707 of NDAA 2008), the Beneficiary Web Enrollment Tool, and pharmacy program updates (formulary, prior authorization, and medical necessity).

Of the 349 C&CS written responses to Congressional responses in FY 2007, approximately 2% percent involved issues concerning TRICARE Standard beneficiaries.

C&CS coordinated monthly meetings with the TRICARE Beneficiary Panel, comprised of members of the Military Coalition and Alliance, which has a mission of advocating for their members' health care priorities. Nearly every meeting was relevant to communications with TRICARE Standard beneficiaries, and the August 2008 meeting focused exclusively on the TRICARE Standard survey results concerning provider awareness of the benefit and access to it.

Participation of Eligible Health Care Providers in TRICARE Standard by Region

The National Defense Authorization Act for Fiscal Year 2004 required DoD to conduct annual surveys in TRICARE market areas to assess the willingness of civilian health care providers to accept TRICARE Standard beneficiaries as new patients. We are awaiting approval of the 2008 provider survey. We estimate that the survey will be completed and results will be analyzed and reported no later than June 2009.

TRICARE Standard Problems and Challenges Identified by Providers and Beneficiaries

With some permitted exceptions, the TRICARE payment amount for a service provided by a health care professional must, by statute (10 United States Code 1079(h)), be, to the extent practicable, no more than the amount paid for the same service by Medicare. This amount is called the "CHAMPUS Maximum Allowable Charge" (CMAC). Whenever Congress has considered reducing Medicare rates, various medical associations, individual providers, and TRICARE beneficiary organizations have expressed concern that TRICARE beneficiaries' access to care would suffer as a result of physicians declining to accept TRICARE Standard patients. Even if a health care provider does not react to a decrease in Medicare reimbursement rates by declining to see TRICARE beneficiaries, there is another way reductions can adversely impact them. "Participating providers" accept the CMAC as payment-in-full for services rendered. However, non-participating providers may legally bill a TRICARE beneficiary an amount that is 15 percent greater than the CMAC. Physicians are free to decide, on a patient-by-patient basis, whether they will participate in TRICARE Standard. Reduction in Medicare reimbursement rates, and therefore a required concomitant reduction in the CMAC, makes it more likely that physicians will shift costs to beneficiaries by choosing to be non-participating TRICARE Standard health care providers. If analysis reveals that in a particular locality TRICARE beneficiaries' access to specific health care services is severely impaired due to the CMAC reimbursement schedule, the TMA Director, after considering recommendations from the TRO Regional Director, may approve a locality waiver of the CMAC by establishing higher payment rates as provided for under existing regulatory authority (32 Code of Federal Regulations 199.14) that implements provisions in the National Defense Authorization Acts for FYs 2000 and 2001. In FY 2008, three CMAC locality waivers were approved for network providers.

Testifying before Congress in 2002, Military beneficiary groups and civilian managed care support contractors described problems with processing TRICARE claims for civilian-provided care. These problems included slow payments and procedures that made claims processing inefficient. In its October 2003 report (GAO-04-69), the General Accounting Office (now the Government Accountability Office) (GAO) documented process changes implemented by the DoD and its managed care contractors that successfully improved claims processing efficiency. Since that report, the Department has implemented a follow-on generation of managed care contracts with stringent claims processing standards enforced by

imposition of monetary penalties for failure to meet them. The contractors are meeting these standards consistently, resulting in further increases in claims processing efficiency beyond that noted in the October 2003 GAO report. Unfortunately, some health care providers may not be aware of these improvements and may be declining to accept TRICARE Standard patients because of unfavorable experiences with TRICARE claims processing in earlier years. This presents an education and marketing challenge that the Department and its managed care contractors are addressing through various efforts, noted earlier in this report, to outreach to physicians.

Conclusion

The Department is conducting a multifaceted effort to ensure TRICARE Standard remains widely available to beneficiaries. Results from ongoing surveys of providers to assess their knowledge about and acceptance of TRICARE Standard, the high degree of satisfaction with TRICARE Standard expressed in population-based surveys by beneficiaries, and the very low volume of complaints about TRICARE Standard received from beneficiaries by the TROs all indicate the Department is on the right track. However, the Department realizes that health care in the United States is a dynamic process with numerous independent variables. Continuing to achieve desirable results in such a complex environment demands strong, continuing management attention. The Department is committed to providing that attention so that our TRICARE beneficiaries who choose the TRICARE Standard option will have ready availability of the high quality health care they deserve.