Payment Integrity Scorecard

Program or Activity	Reporting Period
Military Health Benefits - Healthcare	Q2 2023

FY 2022 Overpayment Amount ($M)* **$106**

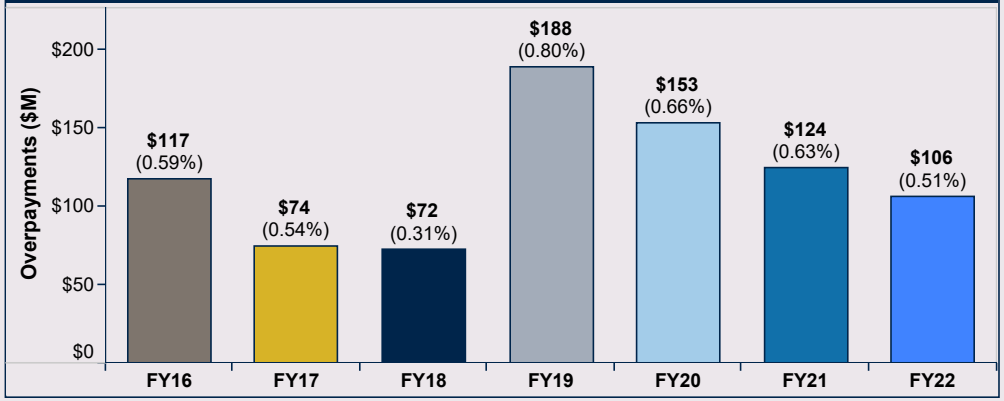
*Estimate based a sampling time frame starting 10/2020 and ending 9/2021

DOD
Military Health Benefits - Healthcare

Brief Program Description & summary of overpayment causes and barriers to prevention:

The Defense Health Agency (DHA) contracts with an external review contractor to review TRICARE healthcare claims. The contractor re-adjudicates the claims to identify improper payments. Claims with an error are assigned an error amount and root cause categories. The root cause errors include, Miscalculated Reimbursement, Duplicate Payments, Provider Discount Rates Miscalculated, and Payments made by Other Health Insurance Plans. DHA reported an estimated $106M in monetary loss for FY22. While this amount is greater than the statutory threshold, the program reported $20B in proper payments for private sector healthcare claims, and each private sector care contractor was well within their contractual Claims Accuracy Performance Rate.

Historical Payment Rate and Amount ($M)
(Overpayment as Percentage of Total Outlays)



Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments

In FY23, DHA is improving its PIIA program by integrating risk-based sampling into its claims audit selection process. When this is fully implemented, DHA will place more emphasis on the characteristics of each claim. Identifying higher risk payments will allow DHA to focus and allocate resources for, areas more susceptible to improper payments. DHA will require claims processors to provide definitions of discount fields and a better audit trail of discount changes and timeframes associated with contractual negotiated discounts. DHA will require claims processors to implement changes to the CMS/DHA fee schedules timely. DHA will monitor implementation using quarterly compliance reviews. As a result, a contractual disincentive will be assessed if a contractor fails to meet performance accuracy standards, and if it is for more than one consecutive quarter, a corrective action plan will be established and implemented. The annual Unallowed Cost audits are a mechanism in the contracts to ensure that the contractors are identifying and recouping overpayments to demonstrate proper stewardship. Quarterly Memos were distributed to Program Offices to address root causes of improper payments identified in claims processing for each unique private sector care contract. High frequency errors were addressed in detail to raise awareness of problem areas, provide information about mitigation, and reduce future improper payments.

	Accomplishments in Reducing Overpayment	Date
1	DHA continues to improve its statistical sampling plans. The first risk-based sample of claims has been developed to test a new approach to sampling for compliance reviews. Claim documentation for this focus study will arrive in May 2023.	Feb-23
2	Detailed error reports have been created using current and historical data from compliance reviews. High frequency errors are being tracked and examined to identify root causes. Findings from these reports are being included in the quarterly memos to the Program Offices.	Mar-23
3	The Annual audits for the East and West regions commenced. Both managed care contractors are currently reviewing the universes and will begin auditing claims next quarter. These audits will ensure that overpayments are being recaptured appropriately.	Mar-23

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Program or Activity
Military Health Benefits - Healthcare

Reporting Period
Q2 2023

	Goals towards Reducing Overpayments	Status	ECD
1	Continue to refine historical error and rebuttal reporting to better identify and track high frequency error types. Incorporate new tables and graphs into the quarterly memos to highlight improper payment trends being identified through the quarterly compliance reviews. Identify additional opportunities to reduce documentation errors. This reporting will also be addressed in the quarterly memos.	On-Track	May-23
2	Continue collaborating with the CORs to ensure purchased care contractor claims processors receive periodic training and following the guidance regarding split billings when new PPS rates are determined. Specifically focused on the high frequency errors attributed to Skilled Nursing Facility Per-Diem Rate Miscalculated, Reimbursement Method Miscalculated and Payments made by Other Health Insurance. Document and verify, as part of the timely implementation of new rates when published by Medicare.	On-Track	Jul-23

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	**Recovery Audit**	The Annual Unallowed Cost audits for the West region commenced. The managed care contractor is currently reviewing the universe and will begin auditing claims this quarter. These audits ensure that overpayments are being recaptured appropriately.	The Contracting Officer transmitted the Option Period 4 recoupment letter to the East contractor based on the findings of the Annual Unallowed Cost audit. Recoupments were confirmed for the full amount determined to be overpaid. FY23 TRICARE West has recovered $4.7 Million.
2	**Recovery Audit**	The Annual Unallowed Cost audits for the East region commenced. The managed care contractor is currently reviewing the universe and will begin auditing claims this quarter. These audits will ensure that overpayments are being recaptured appropriately.	The Contracting Officer transmitted the Option Period 4 recoupment letter to the West contractor based on the findings of the Annual Unallowed Cost audit. Recoupments were confirmed for the full amount determined to be overpaid. FY23 TRICARE West has recovered $10 Million.
3	**Recovery Audit**	Quarterly compliance results are being reported to the contractors, the Program Office. Details are provided for each claim identified as an overpayment. The contractors can confirm that recoupment efforts have occurred or will commence using these review findings.	DHA enforces contract policies to recover identified overpayments. IPs disbursed for non-underwritten care are required to be recouped from providers. If refunds are not received, the contractors retain a receivable to offset future claims from those providers.

Amt($)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
$95M	Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed.	Authorizations and referrals document the medical status, diagnosis codes, and approved types of care. These documents support medical status at the time the claim is processed. Ex. include duplicate payments, payment was made for non-covered services, incorrect coding.	Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies.	Quarterly compliance reviews and annual audits are conducted to identify and report on suspected improper payments. Recoupments and corrections are initiated based on the findings.
		Incorrect information received from other benefit programs could result in an overpayment. For example, an explanation of benefits form indicates a lower amount paid than what was actually covered which would impact the calculation of the TRICARE allowed amount.	Training – teaching a particular skill or type of behavior; refreshing on the proper processing methods.	Quarterly reporting memos to the Contracting Officers and their Representatives are intended to be informative and educational. Information identified is intended to be shared with team members in order to reduce future improper payments.
$11M	Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed.	Some beneficiaries receive benefits from other insurers or Gov. programs. The claim or supporting documentation must indicate that other coverage exists. To determine the proper allowed amount, a summary of benefits paid by the other source must be provided with the claim.	Predictive Analysis - A data analytics technique used to prevent Improper Payments. It uses predictive capabilities to identify unobserved attributes that lead to suspicion of Improper Payments based on known Improper Payments	Risk-based sampling methodology is being developed to improve DHA's ability to identify the maximum amount of payment error by taking claim characteristics and their level of risk into account.

Throughout FY 2023 the Defense Health Agency – Contract Resource Management division in collaboration with the Office of the Under Secretary of Defense Comptroller - Financial Management Policy and Reporting directorate has been thoroughly performing a comprehensive risk assessment for the newly created Military Health Benefits Administrative program. This is a direct effort to adhere to OMB guidance in determining the susceptibility to significant improper and unknown payments associated with the Military Health Benefits contractual admin payments. Furthermore, the Department is restructuring and replacing the previous Military Health Benefits program to establish five new phase one programs. Specifically, TRICARE East, TRICARE West, TRICARE Medicare Eligible, TRICARE Pharmacy and TRIACRE Overseas programs. This is a functional and strategic Department decision to align the distinct contractual and data characteristics pertaining to each program instead of the previous all-encompassing approach. This will allow the Department to achieve PIIA Compliance for the Military Health payments universe while also achieving operational distinction and impacts. Those program specific risk assessments will be initiated in FY 2023 and will finalize in FY 2024.