

Payment Integrity Scorecard

Program or Activity
Military Health Benefits - Healthcare

Reporting Period
Q3 2023

FY 2022 Overpayment Amount (\$M)*

\$106

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

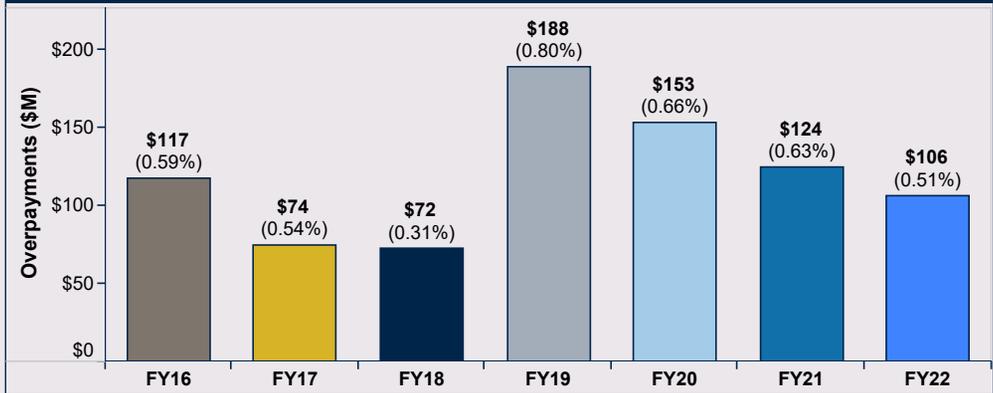


DOD
Military Health Benefits - Healthcare

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

Defense Health Agency (DHA) contracts with an external contractor to review TRICARE healthcare claims. The contractor re-adjudicates the claims to identify IPs. The root causes include, Duplicates, Miscalculated Reimbursement, and Payments made by Other Health Ins. DHA reported an est. \$106M in monetary loss for FY22. While this is greater than the statutory threshold, the program reported \$20B in proper payments for private sector healthcare claims, and each contractor was well within their Claims Accuracy Performance Rate. The main barrier that is being corrected in FY23 is the program structure of the compilation of TRICARE contracts with different characteristics, which is being fixed by the reorganization into separate programs.

**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

The Defense Health Agency (DHA) requires claims processors to provide the updated definitions of discount fields as well as a better audit trail of discount changes and the timeframes associated with the contractual negotiated discounts. By using these quarterly compliance reviews, DHA will continue to monitor contractor progress to implement CMS/DHA fee schedules in a timelier way. As a direct result of the finalized performance review findings, a contractual disincentive will be assessed if a contractor fails to meet or adhere to the performance accuracy standards, and if it is for more than one consecutive quarter, a corrective action plan will be established and thoroughly implemented. Quarterly key supporting documents were compiled to address root causes of improper payments identified in claims processing for each private sector care contract. High frequency errors were addressed in detail to raise awareness of problem areas, provide information about mitigation efforts, and to reduce the likelihood of future improper payments, specifically unintentional monetary loss. The initial audit phase of the annual Unallowed Cost audits, for Option Period number five, of the managed care contracts are nearing their completion. This is a contractual mechanism built within the TRICARE managed contracts to ensure that the contractors are identifying, tracking, and recouping overpayments on underwritten claims to make the Government whole through the adjudication process.

Accomplishments in Reducing Overpayment

		Date
1	The DHA continues working toward improving its sampling plans. The first risk-based sample of claims has been requested from the West regional contractor. DHA will start the focus study of that sample in July 23. Additional samples are being developed for other regions.	May-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.	Jun-23
3	The Annual audits for the East and West regions are fully underway. Both managed care contractors have completed the required validation of the Payment Integrity audit universes. These annual TRICARE audits will ensure that overpayments are being recaptured appropriately.	Jun-23

Payment Integrity Scorecard

Program or Activity Military Health Benefits - Healthcare	Reporting Period Q3 2023
---	------------------------------------

Goals towards Reducing Overpayments	Status	ECD	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Completed	Jul-23	1 Recovery Activity	TRICARE West, upon completion of the annual unallowable cost compliance review process, DHA will determine the amount of overpayments. The disallowed amount will either be deducted from current payments, or DHA will provide other instructions for the overpayment recovery.	Upon completion of the Option Period 5 Annual Unallowed Cost audits, the Contracting Officer will transmit a recoupment letter to the East contractor based on the findings of that review. Recoupments will be validated to confirm the full amount determined to be overpaid.
2	Completed	Jul-23	2 Recovery Activity	TRICARE East, upon completion of the annual unallowable cost compliance review process, DHA will determine the amount of overpayments. The disallowed amount will either be deducted from current payments, or DHA will provide other instructions for the overpayment recovery.	Upon completion of the Option Period 5 Annual Unallowed Cost audits, the Contracting Officer will transmit a recoupment letter to the West contractor based on the findings of that review. Recoupments will be validated to confirm the full amount determined to be overpaid.
			3 Recovery Activity	Quarterly compliance results are being reported to the Contractors and Representatives. Error details are provided for each claim identified as an overpayment. The contractors 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 improper payments specifically overpayments. Recoupments and corrections such as future contract offsets are initiated based on the findings from these in-depth quarterly payment reviews.
		Incorrect documentation in an audit or rebuttal packages from other benefit programs could result in an overpayment. If the explanation of benefits form indicates a lower amount paid than what was actually covered 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 informative and educational documentation of overpayment errors is disseminated. This information is shared with management to reduce future overpayments. This allows the stakeholders to implement the guidance to ensure progress in reducing overpayments.
\$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	A newly created Risk-based sampling methodology is in the comprehensive testing phase to improve DHA's ability to identify the maximum amount of payment error by utilizing the unique claim and historical data characteristics by considering their level of inherent risk.

In the ongoing effort to improve Payment Integrity reporting for the Department Military Health Benefits (MHB) payment portfolio, the DoD established the "Military Health Benefits – Administrative Costs" (Admin) program in FY 2022 and submitted the FY 2023 Improper Payment (IP) and Unknown Payment (UP) Risk Assessment to the DoD Office of Inspector General on June 20, 2023. The remaining MHB payments not covered under administrative costs were disaggregated into groups with similar contractual requirements and/or performance incentives. The Department is currently performing the new MHB program risk assessments to determine the susceptibility to IP&UP. The Department will deliver the completed risk assessments prior to June 30, 2024. The following Military Health Benefits (MHB) programs to increase the accuracy and efficiency of Payment Integrity reporting: • Military Health Benefits – TRICARE East Region Program (East) • Military Health Benefits – TRICARE West Region Program (West) • Military Health Benefits – TRICARE Medicare Eligible Program (TMEP) • Military Health Benefits – TRICARE Pharmacy Program (TPHarm) • Military Health Benefits – TRICARE Overseas Program (TOP) This strategic reorganization or restructuring of the previously combined Military Health Benefits program will streamline PIIA compliance while also providing numerous operational impacts and greater insights through this Department wide effort.