

2010 Military Health System Conference

Key Changes to TRICARE Overseas Contracts

Sharing Knowledge: Achieving Breakthrough Performance

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TRICARE Management Activity

Overview



- TOP Contract Information
- Acquisition Goals
- Benefits of Contract Consolidation
- Phase-Out of Legacy Contracts
- Transition Challenges
- Key Changes in TOP Contract
- Summary and Questions

TOP Contract Information



- Awardee: International SOS Assistance, Inc.
- Award Date: 19 October 2009
- Prime Subcontractors:
 - WPS (claims processing)
 - MEDPROTECT (education and enrollment)
 - Healthways (disease management)
- Estimated Contract Value
 - Approx. \$269M (if all options are exercised)
 - Exclusive of health care costs (pass-through)

TOP Contract Information



- Periods of Performance
 - Transition-In: 19 Oct 2009 – 31 Aug 2010
 - Option Periods (OPs):
 - OP1: 1 Sep 2010 – 31 Aug 2011
 - OP2: 1 Sep 2011 – 31 Aug 2012
 - OP3: 1 Sep 2012 – 31 Aug 2013
 - OP4: 1 Sep 2013 – 31 Aug 2014
 - OP5: 1 Sep 2014 – 31 Aug 2015

TOP Acquisition Goals



- Consolidate six existing overseas contracts into a single worldwide TOP contract
 - Overseas Claims Processing (South Region MCS contract)
 - TRICARE Global Remote Overseas (TGRO)
 - TRICARE Puerto Rico
 - Regional TRICARE Support Contracts – Eurasia Africa, Pacific, and Latin America/Canada

Benefits of Contract Consolidation



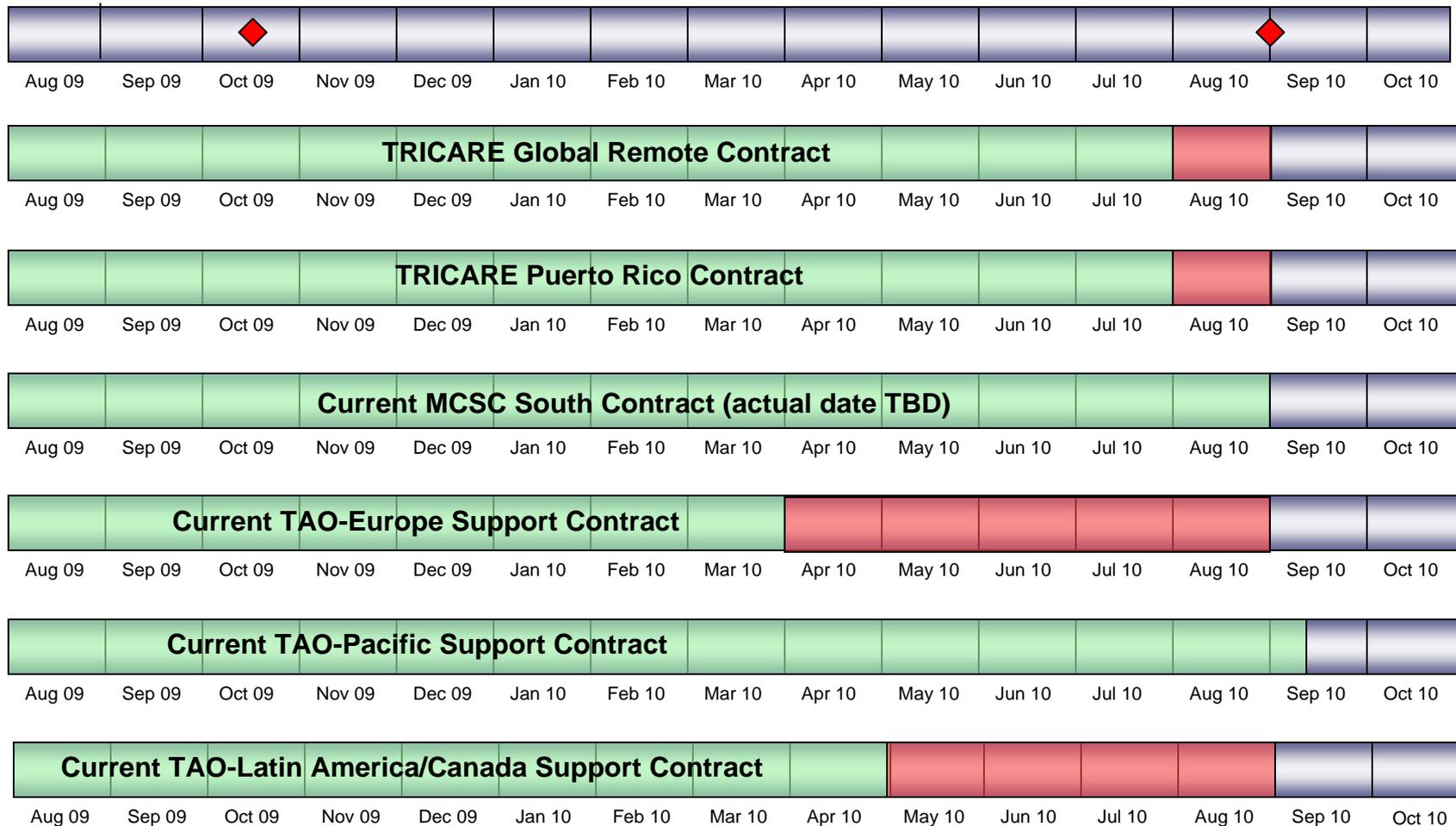
- Anticipated benefits include:
 - Simplified contract administration
 - Better visibility of contractor performance
 - Uniform application of TRICARE manuals, policies, and procedures
 - Improved data quality/single claims database
 - Elimination of multiple claims handling/processing
 - Potential for “economies of scale”

Phase-Out of Legacy Contracts



Contract Award
19 Oct 09

Start of HCD
1 Sep 10



Legacy Contract in effect

Need for Contract Extension or Reprocurement

Transition Challenges



To maintain continuity of care and of all operations under current contracts until the start of health care delivery under the new TOP contract –

while simultaneously establishing the processes and relationships which will ensure successful implementation of the new contract.



Key Changes in TOP Contract



- Current practices
- New contract requirements
- Anticipated impact to:
 - Beneficiaries
 - Providers
 - MHS staff
 - Others

Host Nation Provider Agreements



- Current:
 - MTFs build Preferred Provider Networks
 - Remote contractors build remote networks
- New:
 - TOP Contractor responsible for all networks
 - No requirement to duplicate existing PPNs
- Impact:
 - Potential changes to existing referral patterns
 - Potential for network discount agreements

Host Nation Provider Agreements



- Current:
 - MTFs establish new PPN agreements to compensate for changes in MTF capabilities/capacities (deployments, downsizing, etc.)
- New:
 - Contractor must adjust network/non-network capabilities and capacities as needed
- Impact:
 - Requires timely, ongoing communication

Host Nation Provider Agreements



- Current:
 - “Network adequacy” not clearly defined
- New:
 - Based on % of paid claims for TOP enrollees submitted by network providers
 - Target increases each option period (1%-2%)
- Impact:
 - Network adequacy can be objectively monitored and assessed
 - Incentive to build/maintain strong networks

Referral Management



- Current:
 - MTFs manage their own referrals
 - Remote contractors manage all other referrals
- New:
 - TOP Contractor manages all referrals
 - Covered benefit reviews by contractor
- Impact:
 - Change in customary MTF business practices
 - Workload balancing may improve timeliness

Medical Management



- Current:
 - MTFs conduct utilization management (UM) activities for MTF enrollees; TAOs/remote contractors support remote enrollees and traveling beneficiaries
- New:
 - Contractor conducts UM reviews for all beneficiaries (as required by contract)
- Impact:
 - Greater visibility of potential UM issues

Medical Management



- Current:
 - MTFs provide case management (CM) services to MTF enrollees; TAOs/remote contractors support remote enrollees
- New:
 - Contractor must assess specific conditions for possible CM (as required by contract)
- Impact:
 - Rapid identification of potential CM cases

Medical Management



- Current:
 - Current remote contracts do not include Disease Management (DM)
- New:
 - Contractor must establish DM program for remote enrollees with specific conditions
- Impact:
 - Improved health care management for remote enrollees with chronic health issues

Remote Active Duty Dental Care



- Current:
 - Remote contractors arrange for active duty dental care in all remote overseas locations
 - Mandated reviews for certain procedures
- New:
 - TOP contractor assumes duties in all remote overseas locations EXCEPT U.S. territories
- Impact:
 - ADSMs in U.S. territories will utilize ADDP

TAO/MTF Coordination/Interface



- Current:
 - No formal MOU process
- New:
 - MOUs to be established between the TOP contractor and each MTF and TAO
- Impact:
 - Significant start-up effort; must be maintained
 - Can be an effective communication tool
 - May highlight areas for improvement

Enrollment Services



- Current:
 - MTF enrollments performed on-site by regional support contractors
 - Remote enrollments performed by remote contractors
- New:
 - TOP contractor performs all enrollments
- Impact:
 - No impact to beneficiaries; improved data

Beneficiary and Provider Services



- Current:
 - Each regional support contractor establishes unique marketing/education plan/products
- New:
 - TOP contractor must collaborate with TMA's Communications and Customer Service (C&CS) Directorate via MOU process
- Impact:
 - Uniform, readily accessible TOP marketing products with familiar “look and feel”

Beneficiary and Provider Services



- Current:
 - Each regional support contractor establishes unique beneficiary/provider education efforts
- New:
 - Contractor must provide education support per TOM Chap 11, plus 20 hours of customer service support per month (per TAO/MTF)
- Impact:
 - Comprehensive, flexible education support

Beneficiary and Provider Services



- Current:
 - TGRO contractor conducts semiannual beneficiary surveys
- New:
 - Contractor shall conduct quarterly beneficiary and provider surveys and report findings to the Gov't
- Impact:
 - Enhanced visibility of customer concerns

Claims Processing



- Current:
 - Duplicative and confusing payment process
 - Claims data is fragmented across contracts
- New:
 - TOP contractor responsible for all aspects of claims processing
- Impact:
 - Potential for faster claims payment
 - Elimination of duplicate claim rate payments

Claims Processing



- Current:
 - 85% of claims processed in 21 days
 - No processing standard for 100% of claims
- New:
 - TOP contractor shall process 85% of claims in 21 days, and 100% in 90 days (unless otherwise directed by the Government)
- Impact:
 - Gov't standards are clearly defined

Data Access and Security



- Current:
 - Application of data security requirements varies by contract and location
- New:
 - All TRICARE requirements for systems, data, and personnel security apply to TOP contract
- Impact:
 - Extremely challenging phase-in work
 - Compliant, secure systems and data

Data Access and Security



- Current:
 - TOP data fragmented across six contracts
 - Access to contractor data varies by region and contract; many ad hoc reports requested
- New:
 - Authorized users have real-time access to contractor data with search/drill-down capabilities
- Impact:
 - Improved data access for Gov't users

Quality Management/Improvement



- Current:
 - No requirement for remote contractors to submit an internal QM/QI plan to Gov't
- New:
 - TOP contractor shall establish and continuously operate a QM/QI program
- Impact:
 - Enhanced ability to identify and correct problems throughout the life of the contract

Quality Management/Improvement



- Current:
 - No specific contractual requirement for local or regional contingency plan
- New:
 - TOP contractor develops annual contingency plan in conjunction with TOPO and TAOs
- Impact:
 - TOP contractor shall implement contingency plan within 48 hours of notification

Program Integrity



- Current:
 - Complex jurisdiction issues and policy interpretations due to multiple contractors
- New:
 - Single TOP contractor responsible for preventing, minimizing, identifying, and resolving fraud and abuse overseas
- Impact:
 - Greater potential to identify fraud/abuse

Contract Incentives/Guarantees



- Current:
 - No contract incentives or performance guarantees on existing overseas contracts
- New:
 - Critical areas in TOP contract are covered by performance guarantees, negative/positive incentives, and semiannual award fees
- Impact:
 - Strong incentive for contractor to excel

Contract Incentives/Guarantees



- Performance Guarantees:
 - Telephone answering speed, call resolution, claims processing timeliness, TEDs accuracy
- Contract Incentives:
 - Program Integrity referrals, claims accuracy (positive incentives)
 - Network adequacy (negative incentive)
- Semiannual Award Fee:
 - Gov't plan due 90 days prior to start of HCD

Summary



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- Key Changes in TOP Contract

“Coming together is a beginning. Keeping together is progress. Working together is success.”

~ Henry Ford



QUESTIONS?

Thank you for attending!