OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

PERSONNEL AND READINESS

The Honorable Roger Wicker
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

OCT 30 2025

Dear Mr. Chairman:

The Department's response to Senate Report 118–58, pages 172-173, accompanying S. 2226, the National Defense Authorization Act for Fiscal Year 2024, "Medical Record Reviews for Identification of Improper Payments," is enclosed.

The report provides an overview on the Defense Health Agency's (DHA) progress on two open Government Accountability Office (GAO) recommendations as well as a comprehensive report of the medical records reviews conducted for Fiscal Years 2020 and 2021. In contrast to the previous report to Congress, DHA changed its perspective on the feasibility of conducting medical records reviews to estimate and identify improper payments. DHA determined TRICARE's programmatic structure is not comparable to the structure of the Centers for Medicare & Medicaid Services (CMS) and, therefore, cannot follow the same processes CMS uses to identify improper payments. DHA continues to use medical records reviews in other capacities. In addition, a new methodology for sampling based on risk and claim characteristics, has been implemented to reduce improper payments. This approach has received positive feedback from both the Department of Defense Office of Inspector General and GAO as an alternate approach to comply with the two open priority recommendations from 2015.

Thank you for your continued strong support for the health and well-being of our Service members, veterans, and their families. I am sending a similar letter to the House Armed Services Committee.

Sincerely,

[redacted]

Sean O'Keefe
Deputy Under Secretary of Defense for
Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Jack Reed
[redacted]

OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
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PERSONNEL AND READINESS

The Honorable Mike D. Rogers
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

OCT 30 2025

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Report to the Committees on Armed Services of the Senate and the House of Representatives

Medical Records Reviews for Identification of Improper Payments in TRICARE

October 2025

The estimated cost of this report or study for the Department of Defense (DoD) is approximately $15,000 in Fiscal Years 2023 - 2024. This includes $0 in expenses and $15,000 in DoD labor.

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Executive Summary

This report is in response to Senate Report 118–58, pages 172-173, to accompany S. 2226, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2024, which requests the Secretary of Defense to submit a report to the Committees on Armed Services of the Senate and the House of Representatives on medical record reviews for identification of improper payments. The request requires a comprehensive report detailing the Defense Health Agency's (DHA) prior efforts to conduct two medical record reviews (MRR) for the identification of improper payments (IPs) for FY 2020 and 2021 as they relate to the Government Accountability Office's (GAO) recommendations as stated in GAO-15-269. This report also provides an update to the "TRICARE Improper Medical Claims Payments" report to Congress, April 2020.

In contrast to the previous report to Congress, DHA changed its perspective on the feasibility of conducting MRRs to estimate and identify IPs. In reviewing the feasibility of conducting MRRs to support increased accuracy of Ips estimation, DHA found that TRICARE's programmatic structure is not comparable to the structure of the Centers for Medicare & Medicaid Services (CMS) and therefore cannot follow the processes that CMS uses to identify IPs. DHA programs will continue to use MRRs in other capacities and has developed a new approach of risk-based sampling methodology to increase the accuracy of estimating IPs. This approach has received positive feedback from both the Department of Defense (DoD) Office of the Inspector General (OIG) and GAO as an alternate approach to implementing the two open priority recommendations from 2015.

This report is a comprehensive review of the initial GAO report, the programs involved in the response to the recommendations, and progress that DHA has made in implementing the recommendations. The report also addresses the statutory, policy, and contract changes that impact the original recommendations. Lastly, the report explains the actions that DHA took to investigate MRR feasibility and how DHA will have implemented presently and in the future both DoD OIG audits and GAO recommendations from GAO-15-269.

The committee requested information on six areas of concern. The following areas of the report address the concerns by number:

1. Response rate: Table 5, Table 8
2. Numbers and types of documentation errors, including missing documentation: Table 4, Table 7
3. Causes, if known, for the documentation errors: Table 3
4. Reasons why corrective actions would or would not be warranted: Pages 29-31
5. Potential impact of these results on the Department's FY 2020 and 2021 improper payment rate estimates: Page 23
6. Whether the Department will continue such medical records reviews and the reasons for the Department's decision and proposed actions to identify improper payments: Pages 23, 29-31

Consolidated Response to Congressional Questions

(1) **Response rate –** details on pages 23-28 of full report

Documentation Results for FY 2020 Medical Record Reviews

Region	Claims Sampled	Claims returned w/no Doc.	Rate not returned	Claims returned w/ Doc.	Rate of return	Claims w/no Doc. or Insufficient Doc.	Rate of no Doc. or Insufficient Doc.
EAST	395	107	27%	288	73%	209	52%
WEST	412	272	66%	140	34%	293	71%

Documentation Results for FY 2021 Medical Record Reviews

Region	Claims Sampled	Claims returned w/o Doc.	Rate not returned	Claims returned w/ Doc.	Rate of return	Claims w/no Doc. or Insufficient Doc.	Rate of no Doc. or Insufficient Doc.
EAST	376	50	13%	326	87%	107	28%
WEST	427	255	60%	172	40%	286	67%

(2) **Numbers and types of documentation errors, including missing documentation -** details on pages 22-26 of full report

Medical Record Review Error Codes Table 3

Code	Definition
C1	**No Error Identified**
MR1	**No Documentation Provided -** Provider did not respond to the request for records within the required timeframe.
MR2	**Insufficient Documentation Provided -** Provider did not provide enough documentation to support the service.
MR3	**Procedure Coding Error -** Procedure was billed using an incorrect procedure code and the result affected the payment amount.
MR4	**Diagnosis Coding Error -** The billed diagnosis code was incorrect and resulted in a payment error.

MR5	**Unbundling Error -** Provider separately billed and was paid for the separate components of a procedure code when only one inclusive procedure code should have been billed and paid
MR6	**Number of Unit Error -** Incorrect number of units was billed for a particular procedure/service, National Drug Code (NDC) units, or revenue code. This does not include claims where the provider billed for less than the allowable amount, as provided for in written TRICARE policy
MR7	**Policy Violation -** Review indicates that the services or procedure is not in agreement with TRICARE policy
MR8	**Administrative / Other Error -** Payment error was determined by the medical review but does not fit into one of the other medical review error categories, including program-specific, non-covered services.
MTD	**Medical Technical Deficiency -** A deficiency was found during medical review that did not result in a payment error.

TRICARE Combined Regions MRR FY19 Claims – Completed in FY 2020 Table 4

Error Code	TRICARE East Number of Reviewed Claims	TRICARE East Dollars in Error	TRICARE West Number of Reviewed Claims	TRICARE West Dollars in Error
C1 – No Error Identified	160	$0.00	109	$0.00
MR1 – No Documentation	107	$4,796,600.98	272	$17,689,410.90
MR2 – Insufficient Documentation	102	$16,445,101.29	21	$2,717,835.60
MR3 – Procedure Code	1	$76.67	2	$49.80
MR4 – Diagnosis Code	4	$7,217.64	0	$0.00
MR5 – Unbundling	0	$0.00	0	$0.00
MR6 – Number of Units	4	$784.13	3	$331.90
MR7 – Policy	0	$0.00	0	$0.00
MR8 – Admin / Other	11	$330,525.47	2	$205.57
MTD – Technical Deficiency	6	$0.00	3	$0.00
	Totals 395	**$21,580,306.18**	**Totals 412**	**$20,407,833.77**

TRICARE Combined Regions MRR FY20 Claims – Completed in FY 2021 Table 7

Error Code	TRICARE East Number of Reviewed Claims	TRICARE East Dollars in Error	TRICARE West Number of Reviewed Claims	TRICARE West Dollars in Error
C1 – No Error Identified	240	$0.00	122	$0.00
MR1 – No Documentation	50	$1,392,009.40	255	$20,177,580.44
MR2 – Insufficient Documentation	57	$6,973,647.69	31	$7,320,630.22
MR3 – Procedure Code	5	$1,509.93	3	$1,116.28
MR4 – Diagnosis Code	0	$0.00	0	$0.00
MR5 – Unbundling	0	$0.00	0	$0.00
MR6 – Number of Units	3	$7,493.47	3	$24,469.70
MR7 – Policy	2	$856.10	4	$18,942.90
MR8 – Admin / Other	14	$568,351.22	6	$6,047.50
MTD – Technical Deficiency	5	$0.00	3	$0.00
	Totals 376	**$8,943,867.81**	**Totals 427**	**$27,548,787.04**

(3) **Causes, if known, for the documentation errors**

Code	Definition
C1	**No Error Identified**
MR1	**No Documentation Provided -** Provider did not respond to the request for records within the required timeframe.
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MTD	**Medical Technical Deficiency -** A deficiency was found during medical review that did not result in a payment error.

(4) **Reasons why corrective action actions would or would not be warranted.**

Payment errors identified during the post-payment review are then further assessed for missing documentation or incorrect reimbursement. Claims processing errors are also assessed for noncompliance with a required procedure or process; medical emergency not substantiated; medical necessity review not evident. Process errors are always accompanied by a payment error. All errors are documented. If deficiencies exceed the contractual standards, contractors are monetarily disincentivized.

(5) **Potential impact of these results on the Department's Fiscal Year 2020 and 2021 improper payment rate estimates.**

In both studies, the Purchased Care Contractors (PCC) encountered challenges in gathering initial and rebuttal documentation from providers, which artificially inflated error rates.

Therefore, typical MRRs do not consider the final payment amounts after other factors, including cost shares and copays, have been applied. Overall, the MRRs conducted did not result in identification of root causes or an accurate reflection of payment error rates. This was due to the amount of documentation errors.

(6) **Whether the Department will continue such medical records reviews and the reasons for the Department's decision and proposed actions to identify improper payments.**

The TRICARE Claims Review Service (TCRS) contract mandates compliance reviews, focused studies to assist the Improper Payment Evaluation Branch (IPEB) in studying areas of the TRICARE Health Plan (THP) based on risk assessment, continuity of review services, and MRR. These contract changes were implemented based on the TRICARE System Manual Updates, November 27, 2017. This contract included a base period with 5 option years. The contract includes many services relevant to GAO-15-269 recommendations

including MRR and compliance audits for TRICARE programs. TCRS is required to utilize the most up to date and accurate versioning of TRICARE Manuals when evaluating healthcare claims. Therefore, the process and findings could change as requirements in the TRICARE Manuals are updated over time.

There are four types of MRRs used by DHA in various programs to prevent, mitigate, estimate, and respond to IPs. When potential fraud, waste, and abuse (FWA) is identified through MRR, the information is routed directly to DHA OIG Health Care Fraud Division (HCFD) for review. The increased collaboration and communication within DHA programs will enhance the understanding of how MRRs can support DHA's target reduction of IPs across the healthcare system. MRRs and cross-program collaboration, combined with the new risk-based sampling methodology contained in the approved alternate approach will lead to implementation of the GAOs recommendations, and will fulfill the recommendations from recent DoD OIG audit reports.

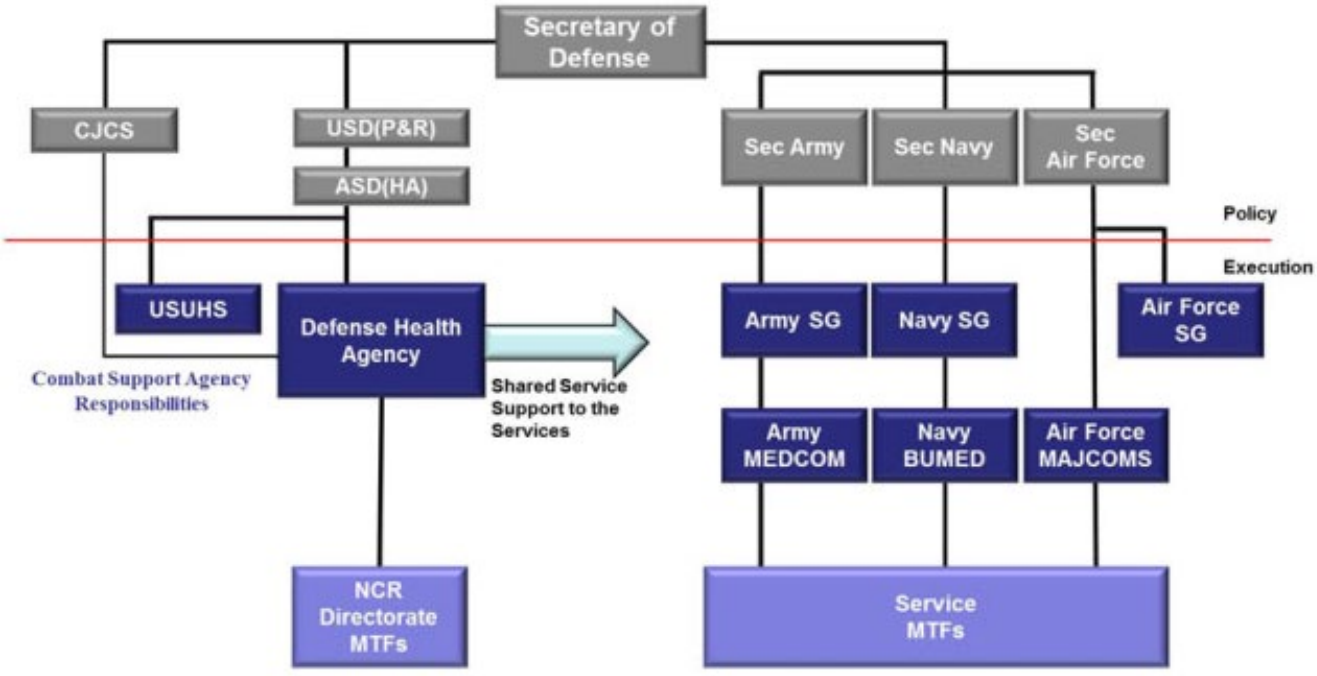
Background

Program Descriptions

DHA is a joint, integrated Combat Support Agency that enables the Army, Navy, and Air Force medical services to provide a medically ready force and a ready medical force to Combatant Commands in both peacetime and wartime. The DHA is an Agency within DoD. The DHA is responsible for delivering the THP to 9.6 million beneficiaries worldwide. DHA also enables a global network of military and civilian health care professionals to provide care to Service members, retirees, and family members. The Military Health System (MHS) is responsible for providing health services through Direct Care and Private Sector Care. The THP manages and oversees an integrated health care delivery system in the East and West TRICARE regions. The THP also manages the TRICARE contracts in each region. This responsibility includes contracting and fiscal management functions.

Figure 1

Snapshot of the MHS Organization, 2023



TRICARE is administered by the DHA on a regional basis. Prior to 2018, TRICARE had three geographical regions in the United States, TRICARE West, TRICARE North, and TRICARE

South. In January 2018, TRICARE was divided into two regions, TRICARE East, and TRICARE West.

Figure 2

TRICARE Regions in the United States Prior to January 2018

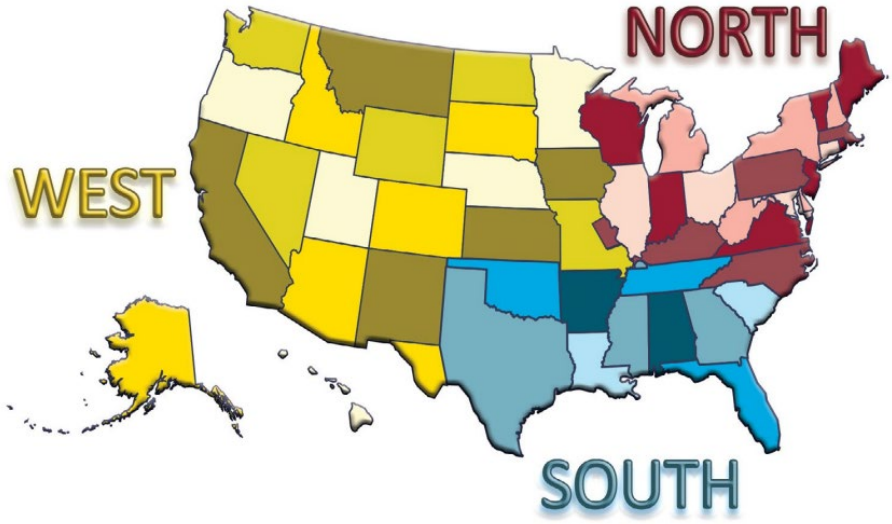


Figure 3

TRICARE Regions in the United States at Present

Managed Care Support Contractors (MCSCs) provide and manage the delivery of health care to TRICARE's beneficiaries by developing and maintaining a civilian provider network. MCSCs are the East and West regional contractors. They are also responsible for ensuring access to care, referrals and authorizations, provider and beneficiary education, provider credentialing, and claims processing.

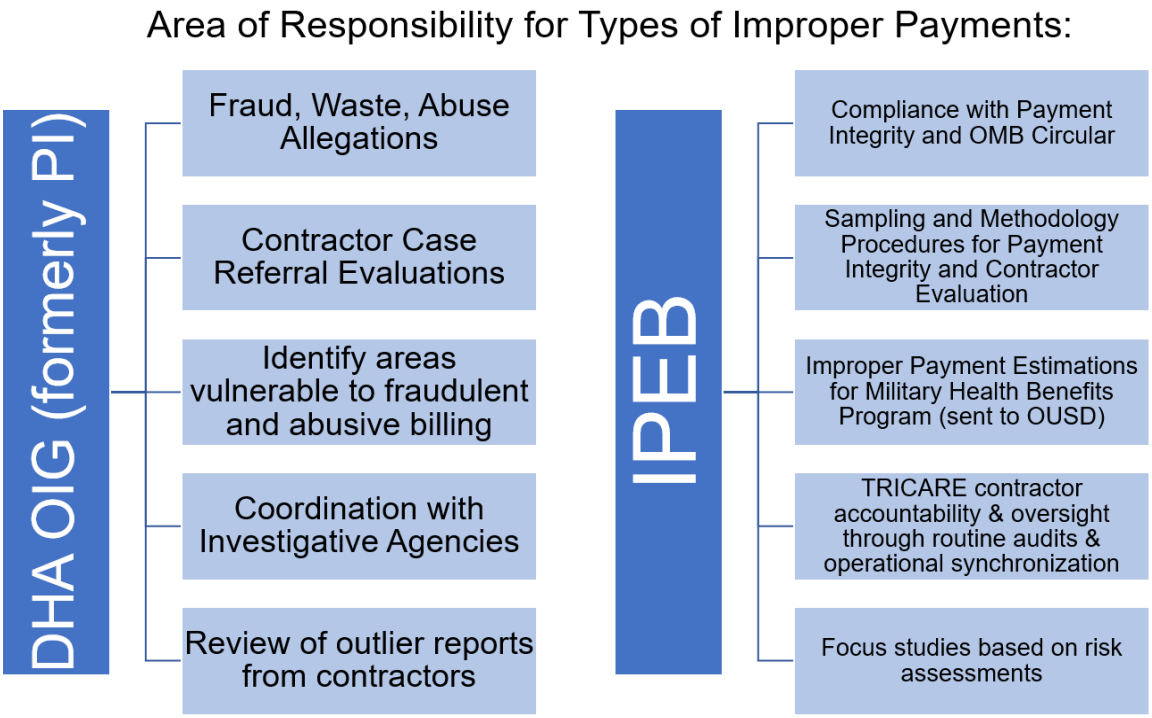
Within DoD, the Office of the Under Secretary of Defense for Personnel and Readiness, through the Office of the Assistant Secretary of Defense for Health Affairs, maintains operational oversight of the MHS, including the private sector health care system. Within DHA, Contract Resource Management (CRM) is housed in Aurora, Colorado, under the leadership of J8, Deputy Assistant Director, Financial Operations. CRM supports the DHA's Contract Management division, DHA OIG and Case Recoupment activities related to private sector care.

CRM's IPEB is responsible for post-payment audits and improper payment analysis, review, and recommendations. Prior to 2015, IPEB was aligned under DHA Directorate J10, as part of the Healthcare Operations Branch. In 2015, IPEB underwent an organizational realignment to J8, Resources and Management. In 2018, IPEB transitioned to its current alignment within J8. TRICARE policy and FWA oversight are aligned in other DHA departments.

DHA Program Integrity, now DHA OIG HCFD, is responsible for healthcare anti-fraud activities. DHA OIG HCFD executes anti-fraud and abuse policies and procedures, provides oversight of contractor program integrity activities, and coordinates investigatory actions with Federal law enforcement partners. DHA OIG HCFD works in tandem with Defense Criminal Investigative Offices as well as other Federal, State, and local agencies. The scope and responsibility for DHA OIG HCFD and IPEB are distinct but complementary as explained in Figure 4.

Figure 4

General Description of Duties of DHA OIG HCFD and the Improper Payment Evaluation Branch for Oversight of TRICARE Payments



Distinctions between DHA OIG HCFD and IPEB are clearly defined. DHA OIG HCFD is responsible for monitoring and assessing private sector contractor program integrity responsibilities. Duties include reviewing contractor performance against requirements within the terms and conditions of the contract, establishing quality standards for case referrals and work products, and oversight of contractor administrative actions for prevention of fraud and abuse. Private sector contractors submit summary reports to DHA OIG HCFD that provide information on prepayment review denials, recoupments, duplicate claim denials, and other areas related to potential FWA. The referrals from the contractors are sent directly to DHA OIG HCFD so they can be evaluated and referred to investigative agencies as indicated. Historically, potential FWA dollar amounts are reported separately from IPEB improper payment reporting to avoid compromising ongoing investigations.

GAO Report

Section 725 of the NDAA for FY 2014 required the Comptroller General to report "evaluating similarities and differences of Medicare and TRICARE in identifying and recovering improper payments." The GAO was required to examine improper payments in TRICARE and Medicare. A GAO report titled "Improper Payments: TRICARE Measurement and Reduction Efforts Could Benefit from Adopting Medical Record Reviews" (GAO-15-269), published February 18, 2015, addressed (1) TRICARE and Medicare improper payment measurement comparability; and (2) the extent to which each program identifies root causes of, and develops corrective actions to address, improper payments.

GAO found that DHA improper payment reviews are not comparable to Medicare improper payment reviews due to organizational, supportive and administrative procedural differences. GAO-15-269 recommended that DoD "implement more comprehensive TRICARE improper payment measurement methods that include medical record reviews (MRR) and develop more robust corrective action plans (CAP)" (GAO, 2015).

DoD concurred with GAO's recommendations and identified steps DoD must take for implementation. The Department for Health and Human Services (HHS) had no comments on the report. DHA presented its decision and initial approach to Congress in a report in April 2020. In this report, DHA elaborated its plan to gain compliance with the GAO's recommendations; DHA subsequently planned to incorporate MRRs in its IP estimate (DoD, 2020). DHA reported that completed MRRs did not uncover identifiable root causes or trends to warrant PCC CAPs as of 2022. On August 12, 2022, the GAO sent a letter of Priority Open Recommendations: Department of Defense and to the Comptroller General with an overall status of the DoD implementation of GAO's recommendations. Identified in the letter were 84 priority recommendations for DoD. Priority six revisited the two recommendations related to TRICARE's improper payments.

The two priority recommendations from the report currently remain open. The most recent status update on the recommendations state "As of January 2023, DoD has not taken further action. To fully implement the recommendation, DHA will need to continue to conduct medical record reviews and publicly note the results as part of its improper payment reporting"

(Berrick, 2023). The second status update states, "In 2023, GAO continues to believe a corrective action related to these issues is worthwhile," and "without taking corrective action, DHA cannot effectively take steps to address practices that contribute to improper payments and excess spending" (Berrick, 2023).

Policies and Laws Relevant to Reporting Improper Payments

There have been several policy updates, procedural enhancements, and contractual changes since GAO-15-269 was published. These changes have clarified language on MRR and sought to increase IP identification through enhanced oversight and auditing. MRRs are contractually mandated in TRICARE PCCs and by the MCSCs. PCCs are the contractors within TRICARE outside the scope of the MCSCs. MRRs that identify potential FWA are routed directly to DHA OIG HCFD for review and may not be subject to additional audit or action by the IPEB team. DHA has taken measures to modify processes and procedures both in reporting and identifying potential IP to adequately comply with stautory changes throughout the past eight years. Outlined below are the biggest changes in law and regulations that DHA addressed to achieve and maintain compliance in IP identification and reporting.

The Payment Integrity Information Act of 2019 (PIIA) was enacted in part to improve efforts to identify and reduce Government-wide IP. PIIA repealed and replaced the three public laws related to identifying and reporting on IP in the DoD: Public Law No. 107-300, "Improper Payments Information Act of 2002," November 26, 2002; Public Law No. 111-204, "Improper Payments Elimination and Recovery Act of 2010" (IPERA), July 22, 2010; and Public Law No.112-248, "Improper Payments Elimination and Recovery Improvement Act of 2012" (IPERIA), January 10, 2013. IP, as defined by PIIA, may not result in an actual monetary loss to the Government and has a broader scope than previous definitions. PIIA, along with the Office of Management and Budget (OMB) Circular No. A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control," Appendix C, "Requirements for Payment Integrity Improvement," and revised OMB Circular No. A-136, "Financial Reporting Requirements," all govern the ways in which DoD programs report deliverables related to IP. In the original GAO report, requirements were identified based on IPERA and IPERIA standards.

The DoD Financial Management Regulation (DoD FMR) states that the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, Financial Management Policy and Reporting Directorate, is the executive agent for the DoD Payment Integrity Program, to which CRM reports unknown and improper payment estimates through the annual Agency Financial Report (AFR). The DoD FMR has continuous updates. Specifically, Volume 4, Chapter 14, "Payment Integrity," had major changes that added key policy requirements from PIIA. GAO has referenced the DoD AFR as the appropriate place to publish changes in IP methodology, including implementation of MRR, as well as any associated CAPs or completed priority taskers for high-priority or high-risk programs. The inclusion of routine Sampling and Methodology Plans in the AFR is an example of one CAP in place to comply with GAOs recommendations.

Department of Defense Instruction (DoDI) 5010.40, "DoD Enterprise Risk Management and Risk Management and Internal Control Program," December 11, 2024, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that systems of internal control are operating as intended and to evaluate the effectiveness of the controls. The DoDI is an integral part of PIIA reporting of potential IPs and is referenced in several DoD OIG audits of IP reporting.

Contract Responsibilities for Oversight of Improper Payments

GAO-15-269 cites the NDAA for FY 2014 as the reason for conducting its review of TRICARE processes. Subsequent NDAAs address the need for modifications and updates to the Military Health Benefits (MHB) programs as well as TRICARE. In fulfillment of section 701 of the NDAA for FY 2017, the DoD implemented the most sweeping changes to the TRICARE benefit structure since TRICARE was established in 1995.

GAO-15-269 states that "the basic process of reviewing claims has not changed in 20 years." This was an accurate assessment at the time the report was published, but several program changes followed the NDAA for FY 2017. As an example of how reporting leads to policy revision, a DoD OIG audit on Applied Behavior Analysis (ABA) prompted Change 16 to the TRICARE Operations Manual on December 29, 2017. This change added required comprehensive medical reviews of ABA providers' claims, including comparison of session notes with providers' claims to validate documentation. The contractor was then required to take corrective action on claims and refer cases to DHA OIG HCFD as appropriate. Additionally, through contractual updates, TRICARE contractors enhanced their processes and procedures both in reviewing claims and referring potential improper payments to the appropriate DHA program.

The TCRS contract mandates compliance reviews, focused studies to assist the IPEB in studying areas of the THP based on risk assessment, continuity of review services, and MRR. These contract changes were implemented based on the TRICARE System Manual Updates, November 27, 2017. This contract included a base period with five option years. The contract includes many services relevant to GAO-15-269 recommendations including MRR and compliance audits for TRICARE programs. "The purpose of this contract is to assist IPEB in identifying and reporting IP and discrepancies in payment record coding." (Young, 2017) IPEB is responsible for assessing the potential risk of IP, identifying, and reporting IP to OMB for publication in the DoD AFR, with the support of the TCRS contractors. The TCRS is responsible for validating healthcare services documented in a patient's medical record when invoiced to the Government for payment under section 1.2.4 Objective 3 of the contract (Young, 2017). TCRS is required to utilize the most up to date and accurate versioning of TRICARE Manuals when evaluating healthcare claims. Therefore, the process and findings could change as requirements in the TRICARE Manuals are updated over time.

The TCRS contractors use several Government Systems and Applications to complete the claims reviews and MRR. TCRS contractors maintain a document management system where they can control and manage compliance review documentation and patient claims history

received electronically from purchased-care contractors on behalf of the DHA pursuant to TOM, Chapter 2, Section 1, paragraph 3.2 (Young, 2017). The contractors also review the sanctioned provider list as managed by HHS to determine if any sanctioned healthcare providers have been reimbursed. The TCRS contractors use the TRICARE Rates and Reimbursements Website to manage compliance and accuracy of paid claims.

The TCRS contractors routinely conduct internal quality reviews. "The Government conducts external quality reviews, as a second-level review of the contractor internal review" (Young, 2017), which is done within DHA by the IPEB. Focus Studies are also used to review whether services or products are being reimbursed in accordance with TRICARE reimbursement requirements, or to identify variations in reimbursement determinations for a specific procedure or service across purchased-care contract. An example of a Focus Study could explore whether reimbursement procedures and rates for sleep apnea oral devices are similar across the West Region and the East Region, or if there are differences in how these claims are paid. Studies may also be conducted to identify discrepancies in interpretation of TRICARE policy instructions, leading to review and revision of policies when warranted. Government panels are used to evaluate the need for Focus Studies based on identified IP risk-level and likelihood. The contractor then reviews healthcare claims associated with the Focus Study, validates the accuracy of payments, identifies (if any) the areas of inconsistency within policy or instruction, and documents other areas of concern.

The MRRs within scope of the TCRS contract are related to billing and coding practices. The TCRS contractors conduct MRRs "to determine 1) the sufficiency and/or completeness of medical record documentation, 2) to determine if services rendered are a benefit under the TRICARE program, 3) to determine if the services rendered match the services billed and paid, and 4) to identify actual or potential IPs based on the evaluation of medical record documentation" (Young, 2017). Under this contract, MRR are "not intended to determine medical necessity or appropriateness of care or services rendered" (Young, 2017). IPEB Government staff attend reoccurring claims meetings held by the contractors on the internal processes and reviews of TRICARE claims. IPEB personnel are involved in ongoing oversight of compliance reviews, MRRs, and other auditing tasks related to IP identification and estimation.

Supplemental Reports on Improper Payments

Annually, the DoD OIG publishes an audit of DoD Improper Payments reporting. These routine audits are within the oversight responsibility and scope of the OIG under PIIA. The DHA MHB program is one of the programs reviewed through this audit. As part of the DoD Payment Integrity Program's reporting, IPEB works closely with the OUSD Comptroller to report IP estimates for the MHB program. Each year, the DoD OIG evaluates this information to assess program compliance with PIIA.

In addition to annual audits required by PIIA, DoD OIG conducts focused research and reports on many DHA programs. These reports have referenced GAO recommendations or have specific applicability to action items from previous reports. IPEB works with other DHA

programs to respond to and address recommendations from DoD OIG and GAO. When reports reference MRR or open GAO action items, DHA provides responses as a nexus of DoD OIG and GAO recommendations. Over time, the reports from DoD OIG enrich the understanding of how MRR are implemented by DHA across programs to meet requirements set forth by law and as recommended by GAO. The table below chronologically itemizes the DoD OIG reports that reference MRR and reflect whether multiple programs within DHA hold responsibility for actions requested therein.

Table 1

Itemized List of DoD OIG Reports Mentioning Medical Records Review or Assigned to Multiple Programs

Department of Defense Office of Inspector General Reports Related to Improper Payments

Report Number	Report Name	Date	Mentions MRR	Multi-Program Responsibility
DODIG-2015-040	Defense Health Agency Did Not Have Adequate Controls in the North Region to Detect Improper Payments for Claims Submitted by Skilled Nursing Facilities	November 25, 2014	Yes	Yes
DODIG-2017-064	The Defense Health Agency Improperly Paid for Autism-Related Services to Selected Companies in the TRICARE South Region	March 10, 2017	Yes	Yes
DODIG-2018-084	TRICARE North Region Payments for Applied Behavior Analysis Services for the Treatment of Autism Spectrum Disorder	March 14, 2018	Yes	Yes
DODIG-2019-112	Audit of TRICARE Payments for Health Care Services and Equipment That Were Paid Without Maximum Allowable Reimbursement Rates	August 20, 2019	No	Yes
DODIG-2022-052	Audit of the Defense Health Agency's Reporting of Improper Payment Estimates for the Military Health Benefits Program	January 11, 2022	Yes	No
DODIG-2022-047	Audit of TRICARE Telehealth Payments	February 3, 2022	No	Yes
DODIG-2023-075	Audit of the Department of Defense's FY 2022 Compliance with Payment Integrity Information Act Requirements	May 22, 2023	No	Yes

Synopses of DoD OIG Reports

DODIG-2015-040

Historically, comparison between TRICARE policy and the standards outline by the CMS have been made by DoD OIG and GAO in several reports. Prior to GAO-15-269, DoD OIG conducted an audit titled "Defense Health Agency Did Not Have Adequate Controls in the North Region to Detect Improper Payments for Claims Submitted by Skilled Nursing Facilities," DODIG-2015-040, November 25, 2014. The report compared the expectation of medical record documentation related to Skilled Nursing Facility (SNF) services as mandated by CMS and the differing TRICARE Reimbursement Manual (TRM) guidance that SNFs were not required to provide assessment data to the TRICARE MCSCs. DoD OIG found that DHA "did not have adequate controls to detect improper payments related to SNFs. The North region claims processor contractors were required to request and provide the medical claims and associated documentation to DoD OIG for this audit. DoD OIG discussed these findings with the Chief, Improper Payments Evaluation and Transition Branch (now known as IPEB), who stated that DHA program managers considered TRICARE claims processing to be low risk for IP, and therefore did not conduct additional comprehensive reviews of SNF-related claims." (DoD OIG, 2014) DHA requires its third-party independent contractors to conduct statistical claims audits of each of the TRICARE PCC every quarter. These audits include SNF claims. Prior and current results of the claims audits were the basis for the low risk assessment. In addition to the third-party audits, the TRICARE PCC also conducted quarterly reviews as outlined in the TOM. These reviews included claim and medical record comparisons.

The recommendations by DoD OIG were specific to SNF claims, which the DoD OIG had identified as problematic based on a previous review by CMS. As is mentioned in later reviews, CMS methodology for identifying, tracking, and reconciling potential IP differs from the methodology available, feasible, and used by DHA for TRICARE IP identification. The differences in programs, policies, and processes contributes to the difficulty of broad implementation of recommendations that would collate and synchronize CMS best practices with oversight of IP in DHA. The DHA Director's response was received an accepted by DoD OIG effective October 31, 2014, closing all recommendations.

DODIG-2017-064

DoD OIG report "The Defense Health Agency Improperly Paid for Autism-Related Services to Selected Companies in the TRICARE South Region," March 10, 2017 (DODIG-2017-064) reviewed IP for Calendar Year (CY) 2015 within the TRICARE South Region. The DoD OIG found that DHA made IPs in part because there was a lack of supporting documentation, duplicate billings, unreliable documentation, unauthorized billing, and a lack of risk indicators used by the DHA contractors when selecting sampling criteria. MRRs were recommended as a procedure that could assist in routing specific claims to DHA OIG HCFD. DoD OIG recommended that MRRs have specific indicators of potentially improper payments if they are selected for review.

Relevant policy and guidance when this report was published did not require "health care companies to submit patient medical records, session notes, or other supporting documentation when submitting claims" for payment (DoD OIG, 2017). DHA contractor personnel could request medical records to verify that services were performed appropriately. TRICARE guidance required the DHA contractors to perform quality monitoring and oversight. Oversight included MRR to identify fraudulent billing practices, missing referrals, and missing required medical record documentation per the TOM 6010.56-M, February 1, 2008, Chapter 18, Section 18, C-154. It is important to note that the definition of improper payments and laws governing reporting have changed since this report was published. There are no listed open recommendations for this DoD OIG report.

DODIG-2018-084

On March 14, 2018, the DoD OIG published the report "TRICARE North Region Payments for Applied Behavior Analysis Services for the Treatment of Autism Spectrum Disorder," (DODIG-2018-084). This audit was requested by the Director of THP. DoD OIG found that DHA made IPs for ABA services to companies in the TRICARE North Region through its contractor, for services performed in 2015 and 2016. DHA found that the contractor lacked documentation or had insufficient documentation to support payment of certain services, but the payments were not initially detected as improper. The DoD OIG stated that "DHA did not perform comprehensive medical reviews on a relevant sample of ABA claims" (DoD OIG, 2018). The recommendation from DoD OIG included required annual comprehensive medical reviews on ABA providers' claims for TRICARE North, South, and West Regions, reviewing session notes and providers' claims to validate supporting documentation. This action was resolved and closed as the DHA Director agreed to revise policy and conduct medical reviews related to ABA claims for those regions. The action items for this report were assigned to multiple programs within DHA. All recommendations were addressed by DHA and closed, then presented in their following semi-annual report. The comprehensive demonstration stemming from DODIG-2017-064, and this report will conclude on December 31, 2023.

DODIG-2019-112

The report "Audit of TRICARE Payments for Health Care Services and Equipment That Were Paid Without Maximum Allowable Reimbursement Rates," August 20, 2019 (DODIG-2019-112), included the review of North, South, and West Regions of TRICARE claims from 2017. DoD OIG recommended the DHA Director conduct reviews of health care services that did not have maximum rates. The Director of DHA responded that DHA does conduct reviews in accordance with Chapter 5 of the TRICARE Reimbursement Manual. The scope of the audit included the DHA Medical Benefits and Reimbursement Systems Division, "who were accountable for the contractual obligations that established internal controls and PI cases" (DoD OIG, 2019). The DHA OIG HCFD is responsible for reviewing these types of IPs. TRICARE regional contractors were responsible to identify excessive payments and take appropriate action, but there was ambiguity in the TRICARE policy and a lack of definitions for excessive and reasonable charges.

The report included comparisons to CMS guidelines and made recommendations that the DHA Director should revise TRICARE policy to incorporate similar language. DoD OIG warned against the potential waste of funds if practices and policy were not revised. Waste of funds falls under the purview of DHA OIG HCFD. Some policies for TRICARE were revised as a corrective action to this report and previous reports. The responsible party for report response and corrective actions was the DHA Chief of Medical Benefits and Reimbursement Systems. The recommendations made in the report are resolved.

DODIG-2022-052

The "Audit of the Defense Health Agency's Reporting of Improper Payment Estimates for the Military Health Benefits Program" report, January 11, 2022 (DODIG-2022-052), sought to determine whether DHA had accurately identified and reported IPs as required by PIIA. MRR recommendations from the GAO-15-269 were cited as a contributing factor to inadequate IP reviews for TRICARE West payments. In the DoD OIG's explanation of how MRRs should be conducted, services rendered audits were suggested (DoD OIG, 2022). Services-not-rendered falls under the fraud, waste, and abuse scope and is reviewed by DHA OIG HCFD. DoD OIG stated that DHA personnel did not conduct MRRs during the audit period; however, there were MRRs implemented by DHA for FY 2020 and FY 2021, leading the DoD OIG to decline adding MRR recommendations to the report. All recommendations from this report are resolved per the final DoD OIG report for FY 2021.

DODIG-2022-047

The DoD OIG published report "Audit of TRICARE Telehealth Payments," February 7, 2022 (DODIG-2022-047). The purpose of the audit was to review paid telehealth services and determine if Federal and DoD guidelines were met. The scope of the audit reviewed pre-coronavirus disease 2019 (COVID-19) services from FY 2018-2020, and then during-COVID-19 services from February 2020 through September 2020. DoD OIG identified improperly paid claims for FY 2020. Recommendations for the DHA Director included internal controls based on site fees and coding, internal controls that require location for claims to be paid, and recovery of funds associated with improperly paid claims.

In the DHA's response, the Director informed DoD OIG that the TRICARE West Region MCSC implemented additional controls to address the issues and conducted a claims sweep project to correct claims, resulting in a recoupment for DHA. The TRICARE East Region MCSC developed a system change for better oversight of "place of service" codes. The Director also identified three contract oversight tools in use for identifying, monitoring, and resolving IP. In the study, DoD OIG described the "risks associated with telehealth claims as leading to waste of DoD funds or as indicators of risk of fraud" (DoD OIG, 2022). Based on the potential waste or risk of fraud, these claims would be appropriate for DHA OIG HCFD review, as their scope includes potential FWA. All recommendations from DoD OIG are resolved for this report.

DODIG-2023-075

DoD OIG report "Audit of the Department of Defense's FY 2022 Compliance with Payment Integrity Information Act Requirements," May 22, 2023 (DODIG-2023-075), was the routine audit of IP within DoD for FY 2022. Corrective actions recommended in the report include "identification of frequently assessed error codes, reviewing error types, and addressing high frequency error types" (DoD OIG, 2023). The CAP for the Military Health Benefits-Healthcare program proposed by DHA described the root cause of IPs during the reporting period as errors that included miscalculated per diem rates, reimbursement errors, duplicate payments, provider discount rate miscalculation, and lack of support for payments made by other health insurance (OHI) plans. The implementation date for the CAPs is October 15, 2023. Aside from the findings above, the Military Health Benefits-Healthcare program met its target reduction rate for improper and unknown payments for FY 2022.

Potential IPs, as mentioned in Federal regulation, can be an indicator of fraud and are reportable by several programs within DHA. Most often, MRR results leading to identification of IP or potential fraud are identified outside of IPEB and routed to IPEB or DHA OIG HCFD as determined by the DHA contractors. Any program within DHA can refer potential FWA to DHA OIG HCFD through their website or hotline. In Table 2, listed below, are the DHA sections that respond to actionable taskers per the reports synopsized above. Many sections and programs within DHA work seamlessly and collaboratively to address DoD OIG and GAO recommendations as requested by the DHA Director and assigned through the Audit Liaison Team, J1, Readiness and Personnel. Dependent upon the type of audit, requested MRR, and scope of the potential IPs within Federal law, policy, and DHA guidance, the recommendations and action items are assigned to one or more of these programs for response and tracking. IPEB is one of the programs in DHA that can address potential IPs based on the source and type of report or audit. All open recommendations for this report have a status of resolved by DoD OIG.

Table 2

DHA Programs Tasked with Deliverables in Responding to DoD OIG Audit and Report Findings

DHA Offices with Tasks Recommended by DoD OIG Reports:

Report Number	Improper Payment Evaluation Branch, CRM, J8	DHA OIG/Program Integrity	TRICARE Contractors (TCRS, TQMC, PCC)	DHA Policy & Internal Reviews, THP, J10	Audit Liaison Team (other than PIIA), J1
DODIG-2015-040	Response to risk level of program		MRR & routing	Review Policy & CMS Best Practices	Focused MRR
DODIG-2017-064		Review Potential FWA	MRR & route to DHA OIG		
DODIG-2018-084			MRR	Revise Policy	
DODIG-2019-112		Review Potential FWA	Identify excessive payments	Revise Policy	Track & Report CAP & responses
DODIG-2022-052		FWA audits			
DODIG-2022-047		Review Potential FWA	Implement more internal controls		
DODIG-2023-075	Risk-based methodology & CAP development				

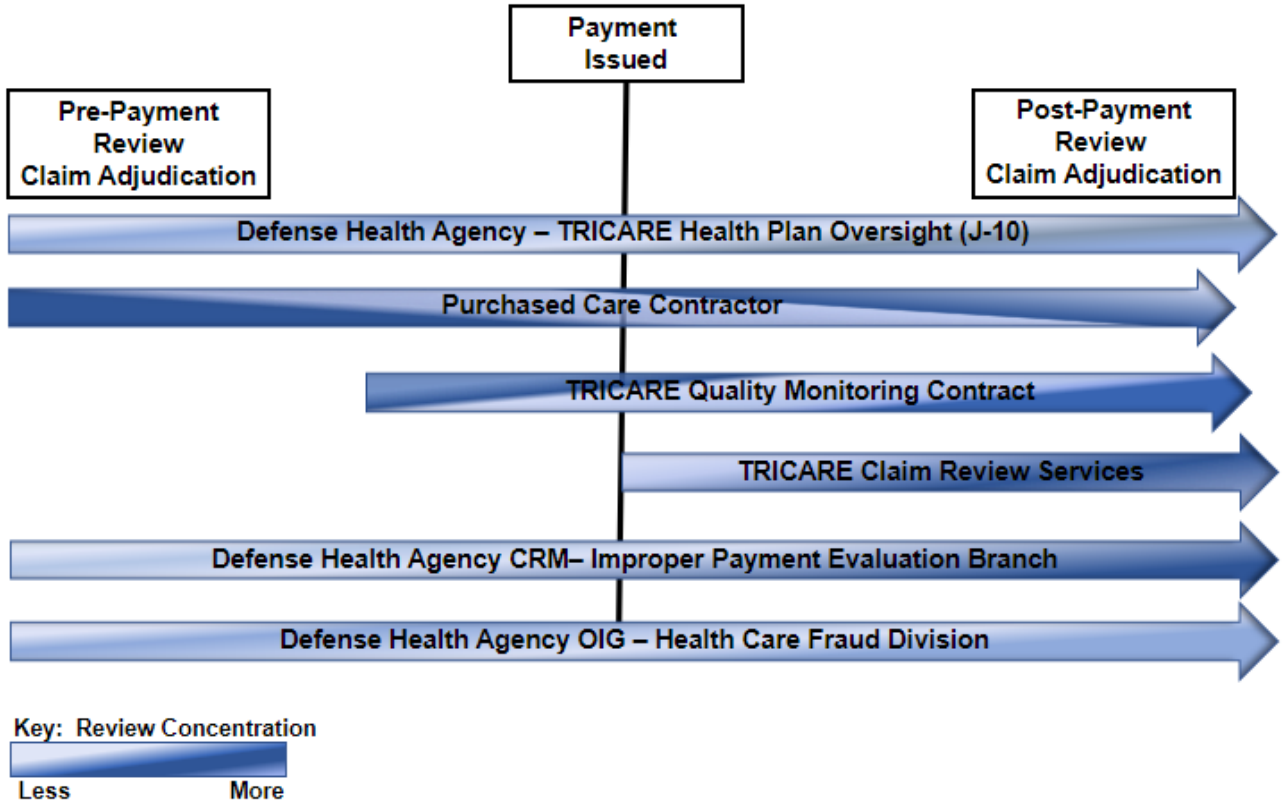
DHA Response and Findings

Medical Record Reviews within DHA

MRRs can vary in scope and purpose, dependent upon contract requirements, need, and governing regulations. MRRs include any documentation submitted with the claim or through additional documentation request. MRR scope can include coverage validation and utilization, coding reviews, billing practices, or medical necessity requirements (AAPC, 2023). MRRs are conducted by several programs throughout DHA. Each type of MRR is specific to the mission requirements, avoiding duplication of efforts between programs. MRRs are conducted throughout the claims process and lifecycle, in pre-payment oversight through post-payment audit and analysis.

Figure 5

Flow of MRRs by DHA Programs During Claims Adjudication

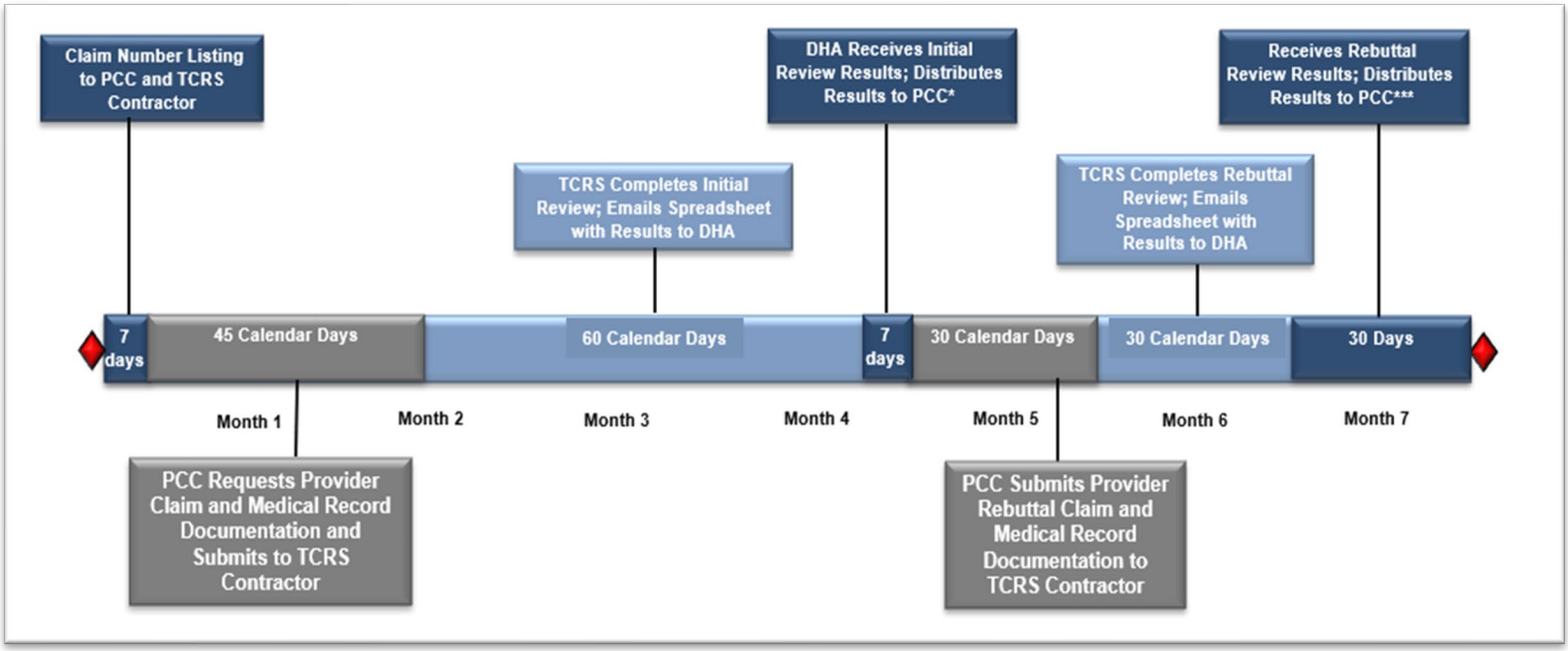


Fiscal Year 2020 and 2021 Medical Record Reviews

In response to GAO-15-269, DHA conducted two MRR studies. Per standard operating procedures, as described in Figure 5, DHA IPEB requested the PCC to acquire associated documentation within 45 days to utilize for MRRs. In both studies, the PCC encountered challenges in gathering initial and rebuttal documentation from providers, which artificially inflated error rates. The types of errors identified are more accurately defined as unknown payments (UP). Therefore, use of MRRs UP results is an unreliable way to measure IP estimates to maintain compliance with PIIA. As directed by OBM Circular A-123 Appendix C, IP estimates, for the purposes of PIIA, are to be calculated using actual claims payment amounts. In contrast, MRR results are measured by using maximum allowed payable amounts. Therefore, typical MRRs do not consider the final payment amounts after other factors, including cost shares and copays, have been applied. Overall, the MRRs conducted did not result in identification of root causes or an accurate reflection of payment error rates. This was due to the amount of documentation errors.

Figure 6

Overview of MRR Audit Documentation Timeline for TCRS Cycle



DHA created unique payment error code categories and definitions for MRR reporting:

Table 3

Medical Record Review Error Codes in IPEB Reports

Code	Definition
C1	**No Error Identified**
MR1	**No Documentation Provided -** Provider did not respond to the request for records within the required timeframe.
MR2	**Insufficient Documentation Provided -** Provider did not provide enough documentation to support the service.
MR3	**Procedure Coding Error -** Procedure was billed using an incorrect procedure code and the result affected the payment amount.
MR4	**Diagnosis Coding Error -** The billed diagnosis code was incorrect and resulted in a payment error.

MR5	**Unbundling Error -** Provider separately billed and was paid for the separate components of a procedure code when only one inclusive procedure code should have been billed and paid
MR6	**Number of Unit Error -** Incorrect number of units was billed for a particular procedure/service, National Drug Code (NDC) units, or revenue code. This does not include claims where the provider billed for less than the allowable amount, as provided for in written TRICARE policy
MR7	**Policy Violation -** Review indicates that the services or procedure is not in agreement with TRICARE policy
MR8	**Administrative / Other Error -** Payment error was determined by the medical review but does not fit into one of the other medical review error categories, including program-specific, non-covered services.
MTD	**Medical Technical Deficiency -** A deficiency was found during medical review that did not result in a payment error.

Table 4

TRICARE Combined Regions MRR FY19 Claims – Completed in FY 2020

Results from the first study is shown below.

Error Code	TRICARE East Number of Reviewed Claims	TRICARE East Dollars in Error	TRICARE West Number of Reviewed Claims	TRICARE West Dollars in Error
C1 – No Error Identified	160	$0.00	109	$0.00
MR1 – No Documentation	107	$4,796,600.98	272	$17,689,410.90
MR2 – Insufficient Documentation	102	$16,445,101.29	21	$2,717,835.60
MR3 – Procedure Code	1	$76.67	2	$49.80
MR4 – Diagnosis Code	4	$7,217.64	0	$0.00
MR5 – Unbundling	0	$0.00	0	$0.00
MR6 – Number of Units	4	$784.13	3	$331.90
MR7 – Policy	0	$0.00	0	$0.00
MR8 – Admin / Other	11	$330,525.47	2	$205.57
MTD – Technical Deficiency	6	$0.00	3	$0.00
	Totals 395	**$21,580,306.18**	**Totals 412**	**$20,407,833.77**

Table 5

Documentation Results for FY 2020 Medical Record Reviews

Region	Claims Sampled	Claims returned w/no Doc.	Rate not returned	Claims returned w/ Doc.	Rate of return	Claims w/no Doc. or Insufficient Doc.	Rate of no Doc. or Insufficient Doc.
EAST	395	107	27%	288	73%	209	52%
WEST	412	272	66%	140	34%	293	71%

Table 6

Error Rate for FY 2020 Medical Record Reviews

Region	# of Errors (w/Doc.)	# of Errors (w/o Doc.)	Sample - Paid Amt	Error Amt	Error Rate*
EAST	188	107	$22,453,550.56	$21,949,886.80	98%
WEST	78	272	$28,470,286.87	$25,215,332.83	89%

*Error rate is not stratified or extrapolated

The second MRR was conducted in FY 2021 to review provider documentation supporting claims payment. DHA produced a statistically valid sample of 803 claims, which were reviewed by an independent third-party contractor. The MRR yielded a better rate of return of documentation for the East Region and a slightly better rate of return for the West Region from the previous years' MRR.

Results from the second study are shown below.

Table 7

TRICARE Combined Regions MRR FY20 Claims – Completed in FY 2021

Error Code	TRICARE East Number of Reviewed Claims	TRICARE East Dollars in Error	TRICARE West Number of Reviewed Claims	TRICARE West Dollars in Error
C1 – No Error Identified	240	$0.00	122	$0.00
MR1 – No Documentation	50	$1,392,009.40	255	$20,177,580.44
MR2 – Insufficient Documentation	57	$6,973,647.69	31	$7,320,630.22
MR3 – Procedure Code	5	$1,509.93	3	$1,116.28
MR4 – Diagnosis Code	0	$0.00	0	$0.00
MR5 – Unbundling	0	$0.00	0	$0.00
MR6 – Number of Units	3	$7,493.47	3	$24,469.70
MR7 – Policy	2	$856.10	4	$18,942.90
MR8 – Admin / Other	14	$568,351.22	6	$6,047.50
MTD – Technical Deficiency	5	$0.00	3	$0.00
	Totals 376	**$8,943,867.81**	**Totals 427**	**$27,548,787.04**

Table 8

Documentation Results for FY 2021 Medical Record Reviews

Region	Claims Sampled	Claims returned w/o Doc.	Rate not returned	Claims returned w/ Doc.	Rate of return	Claims w/no Doc. or Insufficient Doc.	Rate of no Doc. or Insufficient Doc.
EAST	376	50	13%	326	87%	107	28%
WEST	427	255	60%	172	40%	286	67%

Table 9

Error Rate for FY 2021 Medical Record Reviews

Region	# of Errors (w/Doc.)	# of Errors (w/o Doc.)	Sample - Paid Amt	Error Amt	Error Rate*
EAST	139	50	$18,363,956.48	$ 8,944,061.13	49%
WEST	310	255	$35,784,866.61	$27,590,650.12	77%

*Error rate is not stratified or extrapolated

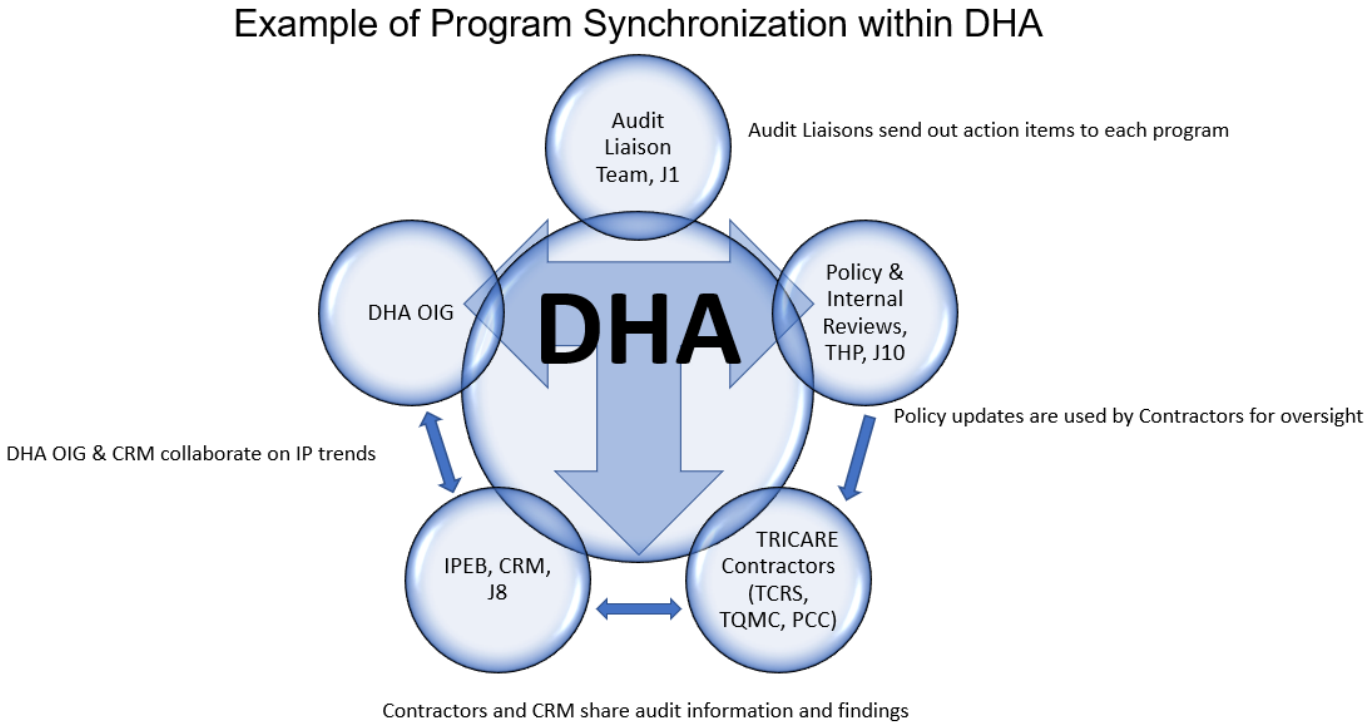
DHA CRM Recommendations

DHA Actions to Address GAO-15-269 Recommendations

Since GAO-15-269 was published in 2015, DHA has taken positive steps to ensure compliance and fulfillment of the GAO requests made in the report. Through policy revision, new Federal law, updates to procedures and processes, and in contract oversight, management, and revision, DHA continues to pursue implementation of GAO and DoD OIG recommendations, and PIIA requirements. Many programs within DHA contribute to the overall responsibility in responding to recommendations. Figure 7 shows a few examples of how programs collaborate inter-directionally to support the prevention and remediation of IPs.

Figure 7

How DHA Programs Collaborate to Prevent and Respond to IP



TRICARE MCSCs follow the TRICARE Manuals and have implemented medical management programs to ensure that provided care is medically necessary and appropriate. PCC's pre-payment and pre-service medical necessity reviews are performed as a routine part of claim processing. The TRICARE Quality Management contractor complies with TRICARE statutes, regulations, and policies. The contractor looks at many aspects of care, including inappropriate medical care and inappropriate utilization as a post-payment action. The TCRS contractors, as overseen by Government, validate claims audit packages and review all applicable authorizations, referrals, prescriptions, and medical necessity review information for accuracy and completeness. Payment errors identified during the post-payment review are then further assessed for missing documentation or incorrect reimbursement. Claims processing errors are also assessed for noncompliance with a required procedure or process; medical emergency not substantiated; medical necessity review not evident. Process errors are always accompanied by a payment error. All errors are documented. If deficiencies exceed the contractual standards, contractors are monetarily disincentivized.

CAPs for the two GAO recommendations were started in December 2016. DHA CRM reviewed and updated the MRR process and completed the initial review of GAO's recommendations on June 29, 2017. The MRR process was scheduled to begin in FY 2019, due

to the award and contract start dates for Agency T-2017 (T17) MCSCs. The contract start date for T17 was January 2018. The original estimated completion date for two years' of MRR was August 30, 2022. Based on the findings within the FY 2020 and FY 2021 MRR, DHA revised its position on concurrence with the two GAO recommendations from 2015. The CAPs were updated for GAO project No. 291216 on June 30, 2023.

DHA Recommendations to Further Comply with GAO-15-269

DHA investigated how to comply with the GAO-15-269 report recommendations for several years post-report. Throughout that time, laws, regulations, and additional audit reports provided knowledge and evidentiary support that the original recommendations were not feasible within current DHA programmatic structure, budget, and resource guidelines. Following the two MRR studies in FY 2020 and FY 2021, DHA personnel began to evaluate new and innovative approaches to comply with the GAO's recommendations while enhancing DHA reporting performance and accuracy of estimated IPs and maintaining appropriate staffing and support within approved budgeting guidelines and available resource allocation.

Considerable effort was spent by DHA in developing and using an MRR process commensurate to CMS processes. DHA subsequently determined that MRRs cannot feasibly be incorporated into IP sa

pling methodology reporting with complete and accurate results. These findings were presented to DHA leadership through a decision paper signed by the Director of DHA on October 5, 2023. CRM recommended the implementation of an alternate GAO-recommended approach that would be responsive to GAO's concerns and meet the recommendations contained in its report.

The DHA CRM has well-established procedures for processing, paying, and auditing claims. The methods were built utilizing industry standards and empirically support auditing guidelines. The DHA relies on the MCSCs to fulfill their contractual obligations, which include only paying for care that is medically necessary. The DHA continually audits the MCSCs to ensure accuracy of claims processing and compliance with TRICARE requirements. GAO-15-269 made evident opportunities for DHA to utilize existing pre-payment and post-payment reviews to better inform the MHS's estimates of IP under PIIA. MCSCs (both T17 and T5) medical management programs (section C of each contract), utilization and clinical reviews (section H.16.1.7.3 of each contract), and post-payment reviews (section H.10 of each contract) can be leveraged for more accurate IP reporting by DHA. There are no other recognized viable alternatives to the initial attempt to mirror the CMS approaches towards measuring improper payments through MRR.

DHA Alternate Approach Implementation

The GAO-raised alternate approach to IP auditing will leverage the results of the other post-payment reviews, focus any new medical record documentation reviews on higher risk claim types, and incorporate those findings into the publicly reported IP estimates in DoD's AFR. This approach allows DHA to address TRICARE IPs more accurately in response to

GAO's first recommendation and will assist in the root cause identification and CAPs for reporting of true IPs in response to GAO's second recommendation.

DHA developed a new methodology, utilizing claim characteristics and other reviews to give claims a risk rating that is unique to each contract. Assigning risk to claims allows for visibility into error trends and improvement of IP detection and recovery. One example of a characteristic used to indicate high risk claims is multiple adjustments. If a claim has been adjusted multiple times, it could indicate a higher risk for error or improper payment.

This approach allows DHA CRM to analyze historical data to build new models that assign risk levels to unaudited claims and analyze other reviews to incorporate into the risk rating. By reviewing unaudited claims, DHA CRM will inform future sampling more efficiently and improve detection of IPs. The DHA will focus efforts, specific to each contract, on claims that are more susceptible to IPs, becoming a force multiplier where there is higher risk, while maintaining good stewardship of tax dollars and budget by avoiding duplication of efforts and redundancies of processes. This approach leverages the results of other post-payment reviews and will incorporate findings from reviews and audits into the improper payment data that is publicly reported in DoD's AFR.

The alternate approach has been approved, and the IPEB continues to progress in its evaluation of risk-based sampling methodology and is currently auditing a sample of claims pulled with the new modeling. The Focus Study for the alternate approach had an estimated completion date of January 2024. DHA CRM requested approval to seek closure of the two GAO outstanding priority recommendations on October 13, 2022. The alternate approach approval was included in the closure request package.

Conclusion

The purpose of this report is to answer the Congressional inquiry regarding the DHA response to GAO-15-269 recommendations one and two. There are two outstanding priorities from GAO specific to conducting MRRs to assist in the estimation of IPs within the TRICARE programs. There have been several policy updates, procedural enhancements, and contractual changes since GAO-15-269 was published. These changes have clarified language on MRR and sought to increase IP identification through enhanced oversight and auditing. PIIA was enacted in part to improve efforts to identify and reduce Government-wide IP. PIIA repealed and replaced the three public laws related to identifying and reporting on IP.

Since the GAO's published report, DoD OIG has published several supplemental audit reports that referenced or augmented the recommendations from GAO. DHA has continued to review and address recommendations made within these reports while concurrently reviewing how to implement the GAO recommendations from 2015.

There are four types of MRRs used by DHA in various programs to prevent, mitigate, estimate, and respond to IPs. When potential FWA is identified through MRR, the information is routed directly to DHA OIG HCFD for review. The increased collaboration and communication within DHA programs will enhance the understanding of how MRRs can support

DHA's target reduction of IPs across the healthcare system. MRRs and cross-program collaboration, combined with the new risk-based sampling methodology outlined in the approved alternate approach, will lead to compliance with the GAO's recommendations and will fulfill the recommendations from recent DoD OIG audit reports.

Two specific MRR Focus Studies were conducted by IPEB in FY 2020 and FY 2021. After DHA review, DHA determined that CMS processes for MRR utilization were not feasible due to the programmatic structure of TRICARE. However, DHA has identified a reasonable path forward for CRM to utilize the findings from MRRs to enhance and direct specific Focus Studies in a post-payment audit. Updates to the open priorities on GAO's recommendations were provided by DHA throughout the last several years and are ongoing.

DHA CRM has begun to evaluate the risk-based sampling methodology and plans needed to execute the alternate approach. DHA CRM is reviewing the proposed methodology with DoD OIG auditors to ensure transparency and understanding. This allows the DoD OIG auditors to review and provide comments back to DHA CRM. To date, DoD OIG has responded positively to the alternative approach. (Note: DoD OIG reviews DoD Components' improper payment reporting in the consolidated DoD AFR and any accompanying material such as that provided on PaymentAccuracy.gov to determine if the Agency complies with PIIA and OMB guidance)

DHA CRM is currently testing risk-based sampling methodology on TRICARE West post-payment claims. DHA CRM will continue to revise and update the sampling methodology in line with recommendations from DoD OIG, GAO, and regulatory guidance. DHA will publish the changes and findings in future AFRs. DoD OIG and OUSD have estimated that the completed CAPs would be closed no later than June 2025. The implementation and continuation of innovative and collaborative approaches to prevention, estimation, and remediation of IPs within the MHB programs will ensure appropriate oversight of congressional program funding, provide heightened transparency in Agency actions, and foster additional public trust in both DHA and TRICARE.

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Acronyms

AFR	Agency Financial Report
ABA	Applied Behavior Analysis
CAP	Corrective Action Plan
CMS	Center for Medicare & Medicaid Services
COVID-19	Coronavirus Disease 2019
CRM	Contract Resource Management
CY	Calendar Year
DHA	Defense Health Agency
DoD	Department of Defense
FMR	Financial Management Regulation
FWA	Fraud, Waste, and Abuse
FY	Fiscal Year
GAO	Government Accountability Office
HA	Health Affairs
HCFD	Health Care Fraud Division
HHS	Health and Human Services
IP	Improper Payment
IPEB	Improper Payment Evaluation Branch
IPERA	Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments Elimination and Recovery Improvement Act
MCSC	Managed Care Support Contractors
MHB	Military Health Benefits
MHS	Military Health System
MRR	Medical Record Review
NDAA	National Defense Authorization Act
OHI	Other Health Insurance
OIG	Office of Inspector General
OMB	Office of Management and Budget
OUSD	Office of the Under Secretary of Defense
PCC	Purchased Care Contracts/Contractors
PI	Program Integrity
PIIA	Payment Integrity Information Act
SNF	Skilled Nursing Facilities
TCRS	TRICARE Claims Review Service
THP	TRICARE Health Plan
TOM	TRICARE Operations Manual
TRM	TRICARE Reimbursement Manual
UP	Unknown Payments