



Highlights of [GAO-04-69](#), a report to the Committees on Armed Services, U.S. Senate and House of Representatives

Why GAO Did This Study

Testifying before Congress in 2002, military beneficiary groups and civilian managed care support contractors described problems with the processing of TRICARE claims for civilian-provided care. These problems included slow payments and procedures that made claims processing inefficient.

The Bob Stump National Defense Authorization Act of 2003 required GAO to review improvements to TRICARE claims processing and continuing impediments to claims processing efficiency. Specifically, GAO describes (1) efforts to improve claims processing and changes in processing timeliness and (2) Department of Defense (DOD) procedures and data that continue to affect claims processing efficiency.

To identify improvements to claims processing and impediments to processing efficiency, GAO analyzed 1999 and 2002 claims data for changes in processing timeliness. GAO also interviewed and analyzed claims processing documentation from DOD officials, managed care support contractors, and claims processors.

What GAO Recommends

To improve the efficiency of TRICARE claims processing, GAO recommends that DOD evaluate how it issues program changes and identify ways to improve the consolidation and scheduling of such changes. DOD concurred with the recommendation.

www.gao.gov/cgi-bin/getrpt?GAO-04-69.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Majorie E. Kanof at (202) 512-7101.

DEFENSE HEALTH CARE

TRICARE Claims Processing Has Improved but Inefficiencies Remain

What GAO Found

In an effort to improve TRICARE claims processing, DOD and its managed care support (MCS) contractors have made changes that are designed to make it more efficient. First, they have jointly identified—and then eliminated or changed—certain DOD requirements they deemed inefficient and nonessential to accurate claims processing. For example, contractors are no longer required to hold claims with incomplete information and request the missing information from the provider or beneficiary. Instead, contractors may now return some claims with missing information. In another change, DOD eliminated preauthorization requirements for certain procedures and gave the MCS contractors more latitude for determining when preauthorizations are appropriate. To encourage providers to submit their claims electronically, DOD gave MCS contractors the authority to decide whether to adjudicate electronically submitted claims sooner than those submitted on paper. Further, MCS contractors have worked with their claims processors to implement new technologies for data input, claims routing, customer service, and claims submission. Finally, MCS contractors and their claims processors have improved the timeliness with which they process claims. In fiscal year 2002, claims processors processed over 97 percent of claims in 30 days or less—an improvement over fiscal year 1999, when 91 percent of claims were processed in 30 days or less.

Although DOD and its MCS contractors have made changes to improve claims processing, some DOD procedures and inaccuracies in its data continue to create inefficiencies in TRICARE claims processing. Some DOD procedures may create inefficiencies by inadvertently increasing the demand for customer service, which claims processors are required to provide. Additionally, inaccuracies in DOD eligibility data—data that are needed to process TRICARE claims—can contribute to claims processing delays or rework if, for example, claims must be reprocessed when errors are identified. Finally, some DOD procedures lead to rework for claims processors, either in the form of reprocessing claims or reprogramming processing software. For example, when DOD makes program changes to TRICARE to alter or create a health benefit, it does not adhere to any schedule. In 2002, DOD made 123 program changes on 19 different dates throughout the year. Given the fact that implementing these changes often involves reprogramming and testing processing software, this approach can create rework for claims processors when DOD issues similar or related changes on separate occasions.