

Military Health System

Overview Statement

By

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Mr. Chairman, distinguished Members of the Committee, it is my distinct honor to appear before your Committee today and to provide for you an overview of the Military Health System.

The Military Health System is a vast and extraordinary health system. There is no other like it in the world. We ensure the health of our forces, care for them when ill or injured anywhere around the globe, and we provide comprehensive health coverage to the families of our services members, our retirees and their families and the surviving family members of those who have died in service to their country. Our attention to the health of our forces involves research, health promotion, and appropriate care whether deployed or at home stations. It relies on fully trained and militarily prepared health care personnel. It demands timely, supportive and quality care for family members. Some view the components of the Military Health System separately; they see the support for deployed force as separate from the operation of hospitals and clinics. However, these components are interdependent, each requires the other in order to provide the highest quality, effective healthcare for our forces. We cannot provide Force Health Protection in wartime without a robust peacetime healthcare system.

FY2000 Defense Health Program Budget

For Fiscal Year 2000, we are seeking funding for the Defense Health Program in the amount of \$10.8 billion. Under the President's budget request, the total proposed budget for the Military Health System is \$16.4 billion. Our proposed funding for military personnel is \$5.5 billion and for military construction it is \$73 million

The President's fiscal year 2000 budget request:

- Continues and increases funding for the numerous Force Health Protection measures designed to promote health, prevent injuries and disease, care for casualties, and have a viable automated record system for all services members detailing their health status, plus possible exposures to health hazards
- Supports increased medical readiness training
- Contributes funds to the Global Emerging Infectious Disease Surveillance initiative
- Requires management efficiencies within the military treatment facility operations while providing increased funding for additional services
- Supports adequately the seven managed care support contracts, the transition to the next generation of contracts, the TRICARE Prime Remote program, the Family Member Dental Program expansion overseas, and the Selected Reserve dental program.
- Provides funding for advances in medical practice
- Funds demonstration programs for providing healthcare coverage for beneficiaries age 65 and older. These demonstrations will test using the Federal Employees Health Benefit Program, offering a TRICARE supplemental benefit to Medicare, and expanding the national mail order pharmacy program to include Medicare-eligible military beneficiaries.

Force Health Protection

Force Health Protection (FHP) is the military health strategy that supports the national military strategy for the next century, Joint Vision 2010. FHP addresses the national obligation and DoD's commitment to protect the health of all service members while at home and during deployments. The number and scope of current military operations, the variety of deployment environments and hazards, and our expectations of men and women in uniform all have increased as the Nation responds to changing global threats.

Force Health Protection reflects a commitment to:

- Promote and sustain wellness to ensure that we can deploy a fit and healthy military force
- Implement medical countermeasures to prevent casualties from occurring in the deployed environment
- Provide high quality casualty care

The many activities underway that contribute to FHP include greater attention to individual health status and the continual medical monitoring and recording of hazards that might affect the health of service members. Medical Surveillance has been in effect for recent deployments to Southwest Asia, as well as for deployments to Bosnia, Croatia and Hungary. Included are pre- and post-deployment medical briefings and individual health assessments, extensive environmental hazard monitoring in the theater of operations plus increased preventive and mental health resources in the theater.

We face a new era in our efforts to prevent casualties. Chemical and biological warfare (CBW) threats have complicated conventional preventive measures. To counter these threats, ongoing application of the latest technology for CBW detection, prevention and immunization (pre-treatment) are now employed to assure the protection of our forces. For instance, the Department initiated the Anthrax Vaccine Immunization Program, which is progressing very well with relatively few objections. We have now vaccinated over 200,000 service members. This summer we will enter Phase II of the program and begin immunizing those service members who will be the early deployers to high threat areas.

As the U.S. Armed Forces move into the 21st Century, they will become the highly mobile, technologically advanced forces envisioned by the Chairman of the Joint Chiefs of Staff. Medical support units can be no less mobile, no less agile, no less advanced if they are to discharge their Force Health Protection responsibilities. We have several initiatives underway that will afford us greater flexibility and improved patient care in conflict and wartime scenarios.

FHP is our unified strategy that protects service men and women from health and environmental hazards associated with military service through their continuum of service from accession, training and deployment(s), to separation or retirement, and beyond. Further, FHP acknowledges that the service member cannot focus on the

mission at hand if he or she is concerned about the healthcare that his or her family is receiving at home. Therefore, TRICARE is directly related to force health protection.

TRICARE

TRICARE is an integrated health care delivery system that has enabled the Department to provide better access to high quality care for more of our beneficiaries more cost-effectively than the previous health care delivery modalities available in the Military Health System. As a health plan, TRICARE offers a triple-option health benefit package providing beneficiaries a choice of: TRICARE Prime, an enrolled HMO like option; TRICARE Extra, a preferred provider option; and TRICARE Standard, the standard CHAMPUS option. All active duty service members are enrolled in TRICARE Prime.

To better identify and remedy problems with TRICARE, I have begun intensive on-site reviews of each TRICARE region. These reviews include meetings with the Lead Agent, service line representatives, our managed care support contractor, beneficiaries and providers. At these meetings we conduct focus groups with beneficiaries and with civilian and military providers to obtain candid assessments of healthcare delivery issues in the region. For each region we will develop an action plan for correcting problems identified. I believe that these regional reviews will provide us with valuable information on the level of service provided to our beneficiaries, as well as how we can improve the perception of TRICARE in the field.

We have already underway a number of initiatives to improve TRICARE and the military health benefit. Two of these initiatives are of particular concern: pharmacy redesign and claims processing.

Pharmacy Redesign. The proportion of Defense Health Program dollars to deliver a pharmacy benefit is growing faster than all other sectors of health program spending. In 1997, the MHS spent \$1.3 billion on the pharmacy benefit. DoD costs for the pharmacy benefit in FY97 rose about 13%; while less than the private sector increases of about 15%, they were more than the rate of inflation.

In June 1998, the General Accounting Office (GAO) issued a report regarding their review of the pharmacy benefit. The major findings included lack of an integrated information system and a fragmented and complicated benefit structure. The FY99 Defense Authorization Act directed the Department to address the pharmacy benefit.

DoD formed a working group to thoroughly examine the pharmacy benefit and to compare and contrast the current program with the best business practices in the private sector. The working group solicited input from beneficiaries and beneficiary organizations, professional pharmacy organizations, and the pharmaceutical industry.

Currently, the Department is proceeding with a pharmacy benefit redesign plan that focuses on the advantages of an integrated information system. This system will enable some Prospective Drug Utilization Review and on-line edits. Improving just one part of a system will generate a positive effect on other parts.

Another Congressionally directed action the Department is pursuing is the extension of the pharmacy benefit to Medicare-eligible beneficiaries at two sites beginning October 1999. Planning is underway, however the sites have not been identified to date.

Claims Processing. TRICARE claims processing is complex and unique in the industry. This is due to the numerous eligibility categories of our beneficiaries, the differing cost shares and benefits based on eligibility category, and the three TRICARE options for coverage. The managed care support contractors are responsible for processing TRICARE claims and have a timeliness standard of 75 percent of claims will be processed within 21 days.

In 1998, approximately 27,500,000 TRICARE claims were processed. Of these, 83 percent were processed within 21 days and 90 percent within 30 days. Although meeting the standard, it is not good enough. Several initiatives are underway to improve the timeliness and the efficiency of claims processing.

We will strengthen our timeliness standards for faster payment and require the contractors to pay interest on claims not processed on time. We plan to revise prescriptive government requirements and adopt commercial business practices. This will reduce the number of claims requiring review and the amount of clinical information required. We want to facilitate electronic filing of claims and to improve provider education on how to submit claims to TRICARE. With our managed care support contractors we have identified a number of reforms and one result will be a bottom-up review of the entire system by an independent firm with claims processing expertise. Finally, we have established tiger teams to work on-site with the TRICARE regions, especially Regions 1, 2, and 5, to identify and resolve claims processing problems.

As these reform measures take effect, we expect beneficiary and provider satisfaction to increase, administrative burdens to disappear, and best commercial practices to become widespread.

Prevention

A major initiative of the Military Health System is prevention and health promotion. We are in the final stages of implementation of several instruments that will significantly improve our ability to offer comprehensive preventive services to all of our beneficiaries. The Health Enrollment Assessment Review (HEAR) is completed by each beneficiary at the time of enrollment into TRICARE and is used by their Primary Care Manager to assess the beneficiary's current health status and to recommend a course of action or treatment to appropriately manage existing diseases. In addition, the Put Prevention Into Practice Program (PIPP) will allow our providers to evaluate review the prevention and health promotion needs of each patient, from immunizations to screening services, and to provide these services in a more timely manner. The PPIP will be in place at all of our military treatment facilities by the end of 1999.

The recently established Safety, Prevention and Health Promotion Council has developed implementation plans for addressing three priority health promotion initiatives:

- Alcohol Abuse Elimination. Develop strategies that will lead to the reduction of alcohol abuse and foster an atmosphere of either abstinence or the responsible use of alcohol by service members and our other beneficiaries.
- Tobacco Use Cessation. Promote the elimination of tobacco use through education and the development of avoidance and/or cessation programs that will include the use of nicotine replacement therapy and behavioral counseling when appropriate.
- Injury Prevention. Recognizing that one of the most common reasons people seek care in the Military Health System is for the treatment of unintentional injuries either in training or at home, develop initiatives to address the reduction of injuries both in and out of the workplace.

High Performance Military Health System

To ensure maximum efficiency of the Military Health System, we committed to a strategy that identifies, evaluates and achieves management improvements throughout military medicine. We identified 29 initiatives for implementing a high performance Military Health System. The focus of these initiatives, or our reengineering program, is optimizing our military system and its facilities. These include:

- Effective use of readiness-required personnel and equipment to support the everyday health service mission
- Equitable alignment of resources to maximize use of the direct care system
- Use of evidence-based clinical practices and a population health approach to ensure consistent, high quality healthcare

Quality of Military Healthcare

Still, we continue to strive for improvement. For example, we are creating Centers of Excellence where high risk, complex and expensive medical procedures are carried out using the concentrated expertise and resources of the military services to provide state-of-the-art care. In partnership with the Department of Veterans Affairs, we are working on patient safety issues and clinical practice guidelines. We have revised our licensing policies to require all military physicians to maintain at least one completely unrestricted state medical license. Finally, we will work with the Congressionally mandated Quality Council to evaluate the effectiveness of current quality programs and to explore future initiatives to further strengthen them. We have identified candidates for this Commission and it will soon begin its review of our system.

Mr. Chairman, my statement has addressed the highlights of our Fiscal Year 2000 budget request, our strategy of Force Health Protection, progress in our TRICARE program, our prevention strategy, our comprehensive reengineering initiatives and our efforts to achieve improved quality within the Military Health System. These are vitally important aspects of the system of military healthcare. Together they provide the resources and organizational improvements that cause men and women to want to be physicians in the military; that cause soldiers, sailors, airmen and marines to want to stay in the service of their country; that cause the American people to have great confidence in those who run the military.

I am very proud of the Military Health System, its people and the many courageous missions they undertake. We are deeply committed to do whatever is necessary to take care of our people. It is my honor to be the leader of this extraordinary health system. I look forward to working with you to the many opportunities we have to serve our troops, their families and our nation.