

# Inspector General

United States  
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Action is Needed to Improve the Completeness and Accuracy of DEERS Beneficiary Data

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## Acronyms and Abbreviations

CFR	Code of Federal Regulations
DEERS	Defense Enrollment Eligibility Reporting System
DHRA	Defense Human Resources Activity
DMDC	Defense Manpower Data Center
ID	Identification Card
RAPIDS	Real-time Automated Personnel Identification System
SSA	Social Security Administration
SSN	Social Security Number



**INSPECTOR GENERAL**  
**DEPARTMENT OF DEFENSE**  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

April 2, 2012

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS  
DIRECTOR, DEFENSE HUMAN RESOURCES ACTIVITY  
DIRECTOR, DEFENSE MANPOWER DATA CENTER

SUBJECT: Action Is Needed to Improve the Completeness and Accuracy  
of DEERS Beneficiary Data (Report No. DODIG-2012-069)

We are providing this report for your information and use. The Defense Manpower Data Center lacked controls to identify when Real-time Automated Personnel Identification System personnel failed to maintain supporting documentation. Therefore, DoD lacked certainty that only eligible beneficiaries were enrolled in the Defense Enrollment Eligibility Reporting System and issued military identification cards. The unsupported and inaccurate data adversely affected the integrity of the DoD process for issuing military identification cards. Further, ineligible beneficiaries could obtain unauthorized access to health care benefits and, conceivably, to Government facilities and other privileges.

We considered comments from the Defense Human Resources Activity and the Defense Manpower Data Center when preparing this final report. Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore we do not require any additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-8905.

A handwritten signature in cursive script, reading "Amy J. Frontz".

Amy J. Frontz, CPA  
Principal Assistant Inspector General  
for Auditing



# Results in Brief: Action Is Needed to Improve the Completeness and Accuracy of DEERS Beneficiary Data

## What We Did

We assessed the completeness and accuracy of beneficiary data contained in the Defense Enrollment Eligibility Reporting System (DEERS). We selected a statistical sample of DEERS beneficiaries and compared the sample data to available supporting documentation.

## What We Found

DEERS beneficiary supporting documentation was not complete, and DEERS data were not always accurate. Specifically, of the 9.4 million Uniformed Service beneficiary records, DEERS supporting documentation did not adequately:

- substantiate the identity of 2.1 million beneficiaries;\*
- demonstrate the eligibility of 2.8 million beneficiaries;\*
- support between one and five critical data fields, such as name and date of birth, associated with 5.7 million beneficiaries;\* and
- contain date of birth, gender, name, or relationship records of 199,680 beneficiaries.\*

This occurred because the Defense Manpower Data Center (DMDC) lacked procedures to identify when Real-time Automated Personnel Identification System (RAPIDS) personnel did not scan and store DEERS beneficiary identity documentation, and DoD policy was vague on requiring RAPIDS personnel to scan and store sufficient documentation to verify DEERS beneficiary eligibility. Further, DMDC lacked procedures to verify that supporting

documentation existed and to validate that DEERS beneficiary data were accurate.

As a result, DoD lacked certainty that only eligible beneficiaries were enrolled in DEERS and received military identification cards (IDs). Specifically, RAPIDS personnel inappropriately issued military IDs without obtaining or maintaining documentation that supported DEERS records. Additionally, the extent of the unsupported and inaccurate data adversely affected the integrity of the DoD process for issuing military IDs. Action to improve DEERS data is needed, as evidenced by the 2,495 instances, identified by the TRICARE Management Activity, of ineligible beneficiaries who obtained unauthorized health care benefits.

## What We Recommend

The Director, Defense Human Resources Activity (DHRA), should issue policy requiring RAPIDS personnel to scan and store eligibility documentation. In addition, the Director, DMDC should implement additional procedures to validate that DEERS supporting documentation exists and that the DEERS data are accurate.

## Management Comments and Our Response

The Director, DHRA and DMDC, agreed with our recommendations. Please see the recommendations table on the back of this page.

\*The number of beneficiaries is based on statistical sampling projections. See Appendix B for details on the statistical sampling methodology and results.

## Recommendations Table

<b>Management</b>	<b>Recommendations Requiring Comment</b>	<b>No Additional Comments Required</b>
Director, Defense Human Resources Activity		1.a. and 1.b.
Director, Defense Manpower Data Center		2.a., 2.b.(1), 2.b.(2), and 2.b.(3)

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# Introduction

## Audit Objective

The audit objective was to assess the completeness and accuracy of beneficiary data contained in the Defense Enrollment Eligibility Reporting System (DEERS) that DoD used to estimate health care liabilities reported on DoD financial statements. For the purposes of our audit, we considered beneficiary data as the DEERS record and the associated supporting documentation.

The Defense Manpower Data Center (DMDC) lacked controls to identify when Real-time Automated Personnel Identification System (RAPIDS) personnel failed to maintain supporting documentation; therefore, a large part of the sample beneficiary records lacked the supporting documentation necessary to verify the completeness and accuracy of identity, eligibility, and critical data fields. We assessed the completeness and accuracy of DEERS beneficiary data and the associated supporting documentation, but did not determine the impact on the DoD financial statements. The DoD Office of the Actuary uses DEERS data to calculate future health care liabilities.

To test the completeness and accuracy of the DEERS beneficiary data, we identified a statistical sample of 375 beneficiaries and reviewed the DEERS information and the associated supporting documentation for beneficiary identity, eligibility, and certain critical data fields. See Appendix A for a discussion of the scope and methodology and Appendix B for details on the statistical sampling methodology and results.

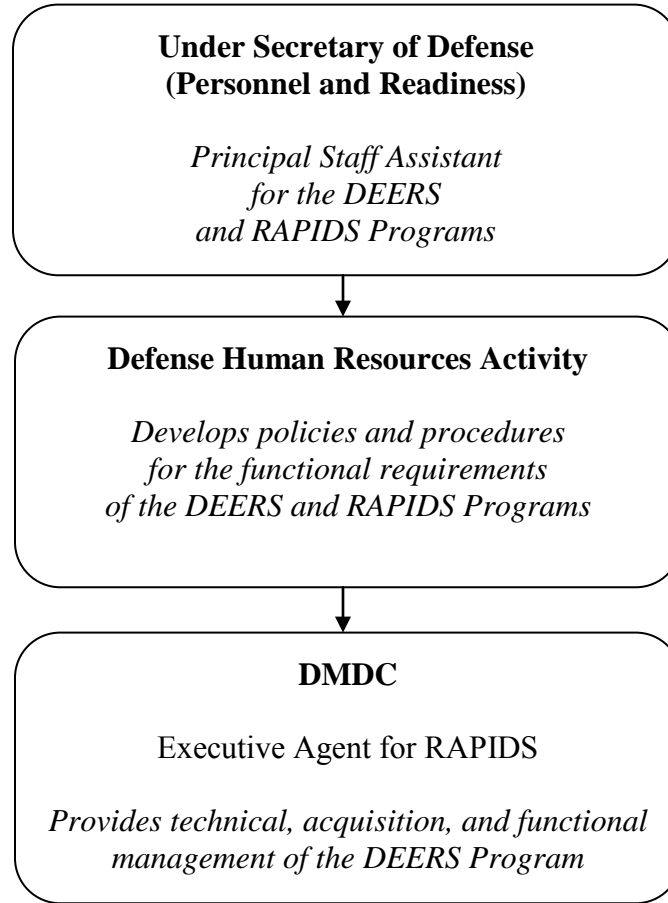
## Defense Enrollment Eligibility Reporting System

DEERS is a worldwide, computerized database that includes Uniformed Service members (sponsors), their family members, and others who are eligible for military benefits. All sponsors automatically obtain registration into DEERS. DEERS contains one record for each Uniformed Service member, whether on active duty for more than 30 days, retired, or in the Reserves or National Guard. The Uniformed Services are responsible for updating information as Service members' military status changes. DEERS also maintains a record for each family member, regardless of the family member's eligibility for benefits. Individual Service personnel are responsible for enrolling their dependents in DEERS at RAPIDS locations and for notifying DEERS when an eligible dependent's status changes.

DMDC is the responsible agency for technical and acquisition management as well as the functional management of the DEERS program. The Defense Human Resources Activity (DHRA) develops policies and procedures for DMDC. Figure 1 shows DMDC's place in the organizational structure.



**Figure 1. DMDC Organizational Structure**



Source: DoD-I 1000.13, "Identification (ID) Cards for Members of the Uniformed Services, Their Dependents, and Other Eligible Individuals," May 17, 2011; Air Force Instruction 36-3026, "Identification Cards for Members of the Uniformed Services, Their Eligible Family Members, and Other Eligible Personnel," June 17, 2009 (as amended November 2, 2009); and DoD-I 1341.2, "Defense Enrollment Eligibility Reporting System (DEERS) Procedures," March 19, 1999.

DEERS tracks DoD personnel and their eligibility for DoD benefits. DEERS determines benefits based on the beneficiary's demographic data and status in DEERS. Tracking DoD personnel and eligibility for DoD health care benefits not only ensures that beneficiaries correctly receive benefits, but it also helps reduce fraudulent access and abuse of DoD benefits. In addition, it ensures that all beneficiaries receive the benefits to which they are entitled.

DoD administers health care benefits for over 9 million beneficiaries through the TRICARE program.<sup>1</sup> DEERS contains Service-related eligibility and demographic data used to determine

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<sup>1</sup> The TRICARE program serves active duty Service members, National Guard and Reserve members, retirees, their families, survivors, and certain former spouses worldwide by bringing together the health care resources of the Uniformed Services and civilian health care professionals, institutions, pharmacies and suppliers to provide access to health care services.

eligibility for military benefits, including health care, commissary, and exchange privileges for all Service members, retirees, and their family members. To perform the actuarial liability estimate valuation, the DoD Office of the Actuary must identify and obtain demographic information from the entire DEERS population eligible for benefits.

## **Real-time Automated Personnel Identification System**

RAPIDS consists of software and hardware components used to update DEERS and issue military identification cards (IDs). The DEERS/RAPIDS Project Offices are under the direction of each Military Service. The project offices assist each other in verifying certain categories of eligible persons, even if they belong to another parent Service. With online network communication to DEERS using RAPIDS, project office personnel assist beneficiaries in receiving benefits and issue them military IDs. In 1997, RAPIDS introduced a more secure method for producing automated, machine-readable military IDs. RAPIDS also began using a rules-based methodology that automated entitlement policy so that the system would determine the correct benefits and entitlements for each beneficiary. The RAPIDS methodology used information provided to it by DEERS and RAPIDS personnel.

RAPIDS workstations and host servers communicate online to DEERS. RAPIDS allows project office personnel to query, modify, and obtain online access to information in the DEERS database. With these capabilities, RAPIDS personnel can update information in the DEERS database. The RAPIDS transactions maintain the validity and currency of the DEERS database. Additionally, RAPIDS assists and guides personnel through the process of verifying the claimed identity of individuals seeking access to health benefits, Government facilities, and other privileges. RAPIDS personnel include verifying officials, super verifying officials, and site security managers.

DMDC policy states that the main function of a RAPIDS verifying official is to ensure that Uniformed Service members, their family members, and other eligible beneficiaries receive the DoD benefits to which they are entitled. With the added responsibility of issuing military IDs, the verifying official plays an important role in ensuring that only eligible beneficiaries obtain DoD health care and other benefits. No matter what type of military ID or privilege card the verifying official issues, the card recipient may gain access to Government facilities and privileges throughout the world.

## **Issuing Military Identification Cards**

DoD provides sponsors with a distinct military ID identifying each beneficiary as active duty, Guard, Reserve, or retired members and authorizing them to receive DoD benefits and privileges. DoD also authorizes a distinct military ID card to eligible family members entitled to receive DoD benefits.

Military IDs may have a red, tan, green, or blue background. The colors distinguish classifications. Red is used for Reserve retired sponsors or Guard and Reserve family members. Tan is used for active duty family members. Green is used for individual ready reservists and inactive National Guard. Blue is used for retirees. The card allows the recipient physical access into facilities, but not access to DoD systems. Figure 2 is an example of a military ID issued to a DoD Guard or Reserve family member.

**Figure 2. Military ID Issued to DoD Guard or Reserve Family Member**

UNITED STATES UNIFORMED SERVICES				
 SOCIAL SECURITY NUMBER XXX-XX-XXXX SIGNATURE [Signature]		EXPIRATION DATE 2010JUL25	SPONSOR SERVICE / STATUS USN/RES	
		SPONSOR RANK / PAY GRADE ENS / O1		
		SPONSOR SSN 000-00-0000		
		RELATIONSHIP SP		
DOE, JANE C		SPONSOR DOE, JOHN		
		AUTHORIZED PATRONAGE EXCHANGE MWR COMMISSARY		
IDENTIFICATION AND PRIVILEGE CARD				
DATE OF BIRTH 1965JUL01	WEIGHT 125	HEIGHT 54	HAIR COLOR BN	EYE COLOR BR
[Barcode]				
DATE OF ISSUE 2006JUL26	MEDICAL [SAMPLE] [REPLACES] [ORDERS] [30] [DAYS]			
[Barcode]				
DD FORM 1173-1	OCT 93	OUSD(P&R) OCT 2005 PROPERTY OF US GOVERNMENT		

Source: DD Form 1173-1 RAPIDS 7.5 User Guide, Version 1.2, August 2010.

## **Improvements Needed in Internal Controls Over DEERS Beneficiary Data**

DoD Instruction 5010.40, “Managers’ Internal Control Program (MICP) Procedures,” July 29, 2010, implements DoD policy, pursuant to Sections 1101, 3512, and 7501 of Title 31, United States Code, that a manager’s internal control program be established to review, assess, and report on the effectiveness of internal controls in DoD. We identified internal control weaknesses associated with the completeness and accuracy of DEERS records and the associated supporting documentation. DMDC did not have controls to identify when RAPIDS verifying officials failed to scan and store DEERS beneficiary documentation and identify when documentation failed to ensure military IDs were issued only to current and eligible DoD Service members and their families.

Additionally, DoD policies were vague and did not specifically require RAPIDS personnel to maintain eligibility documentation for all beneficiaries in DEERS. We will provide a copy of the report to the senior official responsible for internal controls at DMDC.

## **Finding. Improvements Needed in the Completeness and Accuracy of DEERS Beneficiary Data**

DEERS beneficiary supporting documentation was not complete, and DEERS data were not always accurate. Specifically, of the 9.4 million Uniformed Service beneficiary records, DEERS supporting documentation did not adequately:

- substantiate the identity of 2.1 million beneficiaries,<sup>2</sup>
- demonstrate the eligibility of 2.8 million beneficiaries,
- support one or more critical data fields<sup>3</sup> for 5.7 million beneficiaries, and
- contain the date of birth, gender, name, or relationship critical data fields of 199,680 beneficiaries.

The data were incomplete or inaccurate because DMDC did not have procedures to identify when RAPIDS personnel did not scan and store DEERS beneficiary identity documentation. In addition, DoD policy was vague and did not specifically require RAPIDS personnel to scan and store sufficient documentation to verify eligibility for all DEERS beneficiaries. Further, the lack of supporting documentation and discrepancies occurred because DMDC did not have procedures to verify that supporting documentation existed and to validate that DEERS beneficiary data were accurate.

As a result, DoD lacked certainty that only eligible beneficiaries were enrolled in DEERS and received military IDs. Additionally, the extent of the unsupported and inaccurate data adversely affected the integrity of the DoD process for issuing military IDs.

Without improvement in obtaining and maintaining the DEERS supporting documentation, RAPIDS personnel could continue to issue military IDs without proper documentation, and cardholders could obtain unauthorized access to health benefits, Government facilities, and other privileges. In addition, medical payments could be delayed. Action to improve DEERS data is needed, as evidenced by the 2,495 instances, identified for FY 2007 through FY 2010 by TRICARE Management Activity, of ineligible beneficiaries who obtained unauthorized benefits.

### **DoD Identity Policy for DEERS Beneficiary Data**

DoD issued guidance to improve the completeness and accuracy of DEERS beneficiary identity data. Specifically, DMDC issued the RAPIDS 7.2 User Guide in May 2007, which requires RAPIDS verifying officials to capture primary and secondary proofs of identity documents. Primary documents include a valid State or Federal Government picture ID. All documents used

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<sup>2</sup>The number of beneficiaries is based on statistical sampling projections. (See Appendix B for details on the statistical sampling methodology and results.)

<sup>3</sup> We compared the personal identifier, date of birth, gender, name, and relationship to sponsor critical data fields in DEERS to the data in the personnel file for each sponsor and to the data archived in RAPIDS for spouses and dependents.

to verify identity must be original or certified true copies. RAPIDS verifying officials are required to inspect identity documents for authenticity as well as scan them for storage in RAPIDS.<sup>4</sup>

DMDC personnel explained that the scanning requirement was not moved into production until December 8, 2007. However, not all RAPIDS sites were fully operational by this time. DMDC personnel stated that some of the RAPIDS sites had not obtained the proper software and equipment necessary for scanning capabilities by the end of 2007. In fact, DMDC personnel indicated it took some locations until March 2010 to acquire this capability.

In December 2008, the Under Secretary of Defense for Personnel and Readiness issued DoD Directive-Type Memorandum 08-003, “Next Generation Common Access Card (CAC) Implementation Guidance,” which explains the identity verification process before issuance of a military ID. Specifically, the memorandum mirrors the requirement of the RAPIDS 7.2 User Guide that all beneficiaries present two forms of identification to verify a claimed identity. RAPIDS issuing activities are also required to issue military IDs based on guidance contained in Air Force Instruction 36-3026, “Identification Cards for Members of the Uniformed Services, Their Eligible Family Members, and Other Eligible Personnel,” June 17, 2009 (as amended November 2, 2009). Known as the Joint Inter-Service Instruction 36-3026, it supports DEERS and RAPIDS for the Army, Navy, Air Force, Marine Corps, National Guard, and U.S. Armed Forces Reserve.

## **Supporting Documentation for Beneficiary Identity Needed Improvement**

DEERS beneficiary supporting documentation was not complete. Of the 9.4 million Uniformed Service beneficiaries, DEERS supporting documentation was not adequate to verify the identity of 2.1 million beneficiaries in DEERS. These beneficiary records did not contain the two forms of identification required by policy to verify beneficiary identity. The lack of supporting documentation occurred because DMDC did not have procedures to identify when RAPIDS personnel did not scan and store DEERS beneficiary identity documentation.

Examples of adequate supporting documentation that verify beneficiary identity include, but are not limited to, a driver’s license, U.S. passport, permanent resident card, school ID with photograph, voter registration card, and U.S. military ID or draft record. For persons under age 18 who are unable to present one of these documents, a school record or report card; clinic, doctor, or hospital record; or day care or nursery school record are acceptable forms of identity.

*DEERS supporting documentation was not adequate to verify the identity of 2.1 million beneficiaries in DEERS.*

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<sup>4</sup> DMDC’s updated RAPIDS 7.5 User Guide, August 2010, still requires RAPIDS verifying officials to obtain and scan identity documentation before issuing military IDs.

## ***Enforcement of Current Identity Documentation Policy Needed***

DMDC needed to establish controls to identify when RAPIDS personnel failed to scan and store DEERS beneficiary identity documentation as required by policy. DMDC oversight was not sufficient to identify and correct instances in which RAPIDS verifying officials bypassed the

*RAPIDS verifying officials scanned blank document placeholders or scanned a single document and used it for multiple documentation tabs.*

DoD policy to validate and capture beneficiary identity documentation. Specifically, RAPIDS verifying officials scanned blank document placeholders or scanned a single document and used it for multiple documentation tabs. The RAPIDS 7.5 User Guide allows verifying officials to waive the requirement to obtain and maintain beneficiary supporting

documentation, but only in certain circumstances. Specifically, the RAPIDS 7.5 User Guide states that:

RAPIDS allows for the skip capture of primary and secondary proof of identity documentation steps when documentation is not available. This process should only be used in extreme circumstances of ID card reissuance when all of the customer's IDs have been lost or stolen and cannot be replaced—not as a convenience if the customer did not bring appropriate documentation.

DEERS records did not contain sufficient identity supporting documentation and showed that RAPIDS verifying officials did not adhere to the guidance. For example, the RAPIDS beneficiary record of a Navy spouse contained two blank document placeholders. The RAPIDS record showed that a military ID and driver's license were scanned into RAPIDS, but the file was blank. Whether the RAPIDS document scanner failed to capture the image or the verifying official bypassed DEERS identity requirements is unclear. This example revealed undocumented information stored in RAPIDS, which updates DEERS. It created a discrepancy between the two systems and allowed eligibility determinations to be made with no supporting documentation.

In addition, some RAPIDS records contained a single document placed under multiple document tabs. The same document should not be used as support for multiple document placeholders. For example, one of these records had a military ID scanned into RAPIDS four times. The military ID was labeled twice as a driver's license, once as a sponsor ID, and once as a letter from the school registrar.

Beneficiary identity documentation can support four of the five DEERS critical data fields that we reviewed; therefore, increased compliance with current policy will improve the supporting documentation for both the beneficiary identity and the personal identifier, date of birth, gender, and name critical data fields. For example, if a beneficiary has two forms of identification (driver's license and Social Security card) scanned and stored in RAPIDS, the two would support beneficiary identity as well as the personal identifier, date of birth, gender, and name critical data fields.

## ***Additional Procedures for Identity Documentation Needed***

DMDC did not have procedures to verify that documentation supporting identity existed. Procedures to identify when RAPIDS personnel failed to scan and store supporting documentation would help verify beneficiary identity. The significant number of beneficiaries whose documentation supporting identity was inadequate demonstrated a need for additional oversight by DMDC. In addition, to enforce current policy for validating and capturing beneficiary identity documentation, DMDC should provide training to RAPIDS officials on documentation requirements and consider suspending RAPIDS access for those that fail to follow policy.

## **Supporting Documentation for Beneficiary Eligibility Needed Improvement**

Documentation supporting DEERS beneficiary eligibility was incomplete. Of the 9.4 million Uniformed Service beneficiaries, DEERS supporting documentation was not adequate to verify the eligibility of 2.8 million beneficiaries. The lack of supporting documentation occurred because DoD policy did not require RAPIDS personnel to retain documentation to verify eligibility for all beneficiaries and DMDC needed to establish procedures that included verification of DEERS

*DEERS supporting documentation was not adequate to verify the eligibility of 2.8 million beneficiaries.*

supporting documentation. Examples of adequate supporting documentation to verify the beneficiary eligibility include, but are not limited to, a marriage certificate, birth certificate, adoption decree, agency placement document, favorable dependency determination, medical sufficiency statement, legal decree, and letter from the school registrar.

From our review of documentation supporting eligibility, we identified beneficiaries who were ineligible for benefits. For example, one was an Army sponsor who had been discharged following a court martial proceeding. DEERS erroneously indicated that his status was “active.” In this instance, Army personnel indicated that the soldier was no longer on active duty. The Uniformed Services routinely provide updated information as Service members’ military status changes. In another example, an ineligible beneficiary was an Army spouse that DEERS showed as eligible for benefits as of September 30, 2009. However, DMDC personnel indicated that a divorce occurred earlier in the fiscal year and was not updated in DEERS until January 2010. Individual service personnel are responsible for notifying DEERS when an eligible dependent’s status changes. We requested that DoD provide medical claim histories for the two examples to determine whether the beneficiaries improperly received health care services when they were not eligible. DoD records showed that DoD provided payments for health care services totaling \$456 after the date of the divorce.

The two examples showed that DEERS contained ineligible beneficiaries. Additionally, the data indicated that of the 9.4 million Uniformed Service beneficiaries, 49,920 beneficiaries<sup>5</sup> may be

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<sup>5</sup> The number of beneficiaries is based on statistical sampling projections. See Appendix B for details on the statistical sampling methodology and results.



ineligible for health care benefits. DMDC needs to take the actions recommended in this report to address the risk of ineligible beneficiaries obtaining unauthorized benefits.

### ***Eligibility Policy Requirements Needed***

The lack of documentation supporting eligibility occurred because DoD policy was vague and did not specifically require RAPIDS personnel to scan and store sufficient documentation to verify eligibility for all DEERS beneficiaries. Current DoD policy was inconsistent in requiring RAPIDS verifying officials to maintain eligibility records for dependents. Specifically, the RAPIDS 7.5 User Guide discussed scanning eligibility documents for newborns; however, the Joint Inter-Service Instruction 36-3026 did not require RAPIDS verifying officials to scan eligibility documentation. The Joint Inter-Service Instruction 36-3026 states that a verifying official “does not need basic documentation when the DEERS database can verify eligibility. However, the identity must be verified.”

To establish eligibility for sponsor dependents, RAPIDS verifying officials normally review marriage certificates, adoption decrees, and birth certificates. These eligibility documents validate the legal relationship between the sponsor and dependent, which authorizes DoD benefits. DoD policy should specifically require that these types of supporting documentation be scanned and stored for all beneficiaries so that DEERS records are adequately supported. Furthermore, having specific policy that requires RAPIDS personnel to scan and store beneficiary eligibility documentation would ensure that the relationship to sponsor was fully supported.

In discussions with DHRA and DMDC personnel, we learned that the requirement to scan and store eligibility documentation was being considered for inclusion in new policies currently in draft. DMDC should continue to coordinate with DHRA for issuing new policy that requires RAPIDS personnel to scan and store documentation that supports eligibility. Additionally, DMDC should develop a plan to train RAPIDS personnel on the new policy and develop a process to measure the improvement in data quality.

### ***Additional Procedures for Eligibility Documentation Needed***

DMDC did not have procedures to verify that documentation supporting eligibility existed. The number of beneficiaries who lacked adequate documentation supporting eligibility was significant and demonstrated a need for additional oversight by DMDC. In addition to revised DoD policy and training on the policy that requires RAPIDS personnel to obtain eligibility documentation, procedures to identify when RAPIDS personnel fail to scan and store supporting documentation would help verify beneficiary eligibility.

## **Supporting Documentation for Beneficiary Critical Data Fields Needed Improvement**

DEERS beneficiary supporting documentation was not complete. Of the 9.4 million Uniformed Service beneficiary records, DEERS did not contain support for one or more critical data fields for 5.7 million beneficiaries. This occurred because DMDC did not

*DEERS did not contain support for one or more critical data fields for 5.7 million beneficiaries.*

have procedures to verify that documentation supporting the critical data fields existed. For the purpose of our audit, we identified as critical data fields a beneficiary’s personal identifier,<sup>6</sup> date of birth, gender, name, and relationship to sponsor. We determined that these fields were critical to establishing beneficiary identity and eligibility. We also considered a beneficiary’s mailing address as a critical data field. Table 1 illustrates that DEERS lacked supporting documentation for between 39.4 percent and 53.7 percent of critical data fields.

**Table 1. Summary of Undocumented Critical Data Fields**

Undocumented Data Field	Beneficiaries		Examples of Documentation
	Number*	Percent	
Personal Identifier	4,367,984	46.5	Social Security card, driver’s license
Date of Birth	4,043,506	43.1	Birth certificate, adoption agency placement document
Gender	3,818,866	40.7	Birth certificate, driver’s license, U.S. passport
Name	3,694,067	39.4	Marriage certificate, birth certificate, adoption decree, driver’s license, U.S. passport
Relationship to Sponsor	5,041,902	53.7	Marriage certificate, birth certificate, adoption decree, agency placement document

\*The number of beneficiaries is based on statistical sampling projections. See Appendix B for details on the statistical sampling methodology and results.

### **Requirement to Provide Social Security Number**

According to the Code of Federal Regulations (CFR), title 32, volume 2, section 220.9 (32 CFR § 220.9), beneficiaries are required to disclose Social Security numbers (SSNs) to RAPIDS personnel. Although the CFR requires beneficiaries to disclose SSNs, DHRA and DMDC officials indicated that RAPIDS verifying officials need not obtain SSNs for all dependents for them to receive benefits and other privileges. Despite the CFR guidance, DHRA and DMDC further indicated that mandatory disclosure of the dependent’s SSN was not an industry practice. DHRA and DMDC asserted that the CFR is not specific enough to deny eligibility for dependents if they do not disclose a valid SSN. However, the Joint-Service Instruction 36-3026 suggested that failure to disclose an SSN when enrolling or updating DEERS would result in the loss of health care benefits in Military Treatment Facilities. Instead, DEERS allows beneficiaries to have a temporary ID for an extended period of time.

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<sup>6</sup> A personal identifier can be an SSN, individual tax identification number, foreign identification number, or temporary identification number.

We identified beneficiaries in DEERS with temporary IDs past their three 90-day grace periods, as outlined in the RAPIDS 7.5 User Guide, and considered expired.<sup>7</sup> For example, one individual married an eligible sponsor in 2004 and registered in DEERS in 2006. All grace periods expired, and no supporting documentation from the Social Security Administration (SSA) existed in RAPIDS.

In discussions with DMDC and DHRA officials, we requested that DHRA provide a legal opinion supporting their conclusion that the CFR does not require dependents to disclose their SSN to RAPIDS personnel at the time of enrollment in DEERS. As of March 2012, DHRA had not provided a legal opinion.

Additionally, we asked our Office of General Counsel to provide an opinion on this matter. The DoD Inspector General Office of General Counsel concluded that DoD is required to obtain beneficiary SSNs under 32 CFR § 220.9(d), which states:

(d) Mandatory disclosure of Social Security account numbers...every covered beneficiary eligible for care in facilities of the Uniformed Services is, as a condition of eligibility, required to disclose to authorized personnel his or her Social Security account number.

As indicated in the March 1, 2011, System of Records notice, the TRICARE Management Activity is the Designated Program Manager for Designated Provider Managed Care System Records. This system identifies eligible beneficiaries enrolled in US Family Health Plan managed care programs and records health care services provided and payments made on behalf of eligible Uniformed Services health beneficiaries. In accordance with 32 CFR § 220.9(d), the TRICARE Management Activity is responsible for collecting the SSNs of beneficiaries as a condition of eligibility.

### ***A Process to Identify Incorrect Mailing Addresses Needed***

During the audit, we reported separately on the mailing address critical data field in a memorandum to the Directors, DMDC and TRICARE Management Activity, that noted that the organizations did not have a process to identify incorrect addresses within DEERS. (The memorandum is reprinted in Appendix C.)

*DoD may incur additional postage costs up to \$7 million over the next 5 years.*

The memorandum noted that DMDC and TRICARE Management Activity repeatedly sent mail to incorrect addresses, and DoD beneficiaries did not receive timely notification about their health care benefits. The memorandum also noted that without a process to identify and correct the addresses, DoD may incur additional postage costs up to \$7 million over the next 5 years. DMDC and TRICARE Management Activity agreed with our memorandum and recommendations.

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<sup>7</sup> The RAPIDS 7.5 User Guide states an individual with a temporary ID has three 90-day grace periods after the initial 1-year period to acquire an SSN or individual taxpayer identification number, or to receive a letter from SSA or the Internal Revenue Service stating noneligibility to qualify. The temporary ID should not be used as a permanent identifier.

### ***Additional Procedures for Critical Data Field Documentation Needed***

DMDC did not have procedures to verify that supporting documentation existed for the critical data fields. Additional procedures, such as a periodic review of selected DEERS supporting documentation, would help ensure that supporting documentation existed to verify the 9.4 million DEERS Uniformed Services beneficiary records.

Supporting documentation for the personal identifier, date of birth, gender, and name critical data fields include, but are not limited to, many of the same documents used to verify identity. For example, a driver's license, U.S. passport, permanent resident card, or school photo ID meet the DMDC requirements to verify identity. In addition, a Social Security card issued from the SSA with the beneficiary's SSN supports the personal identifier critical data field. The Social Security card and a photo ID are adequate documentation to verify beneficiary identity.

Supporting documentation for the relationship critical data field includes, but is not limited to, many of the same documents that RAPIDS personnel use to verify eligibility. These documents include a marriage certificate, adoption decree, or birth certificate. Implementing additional procedures to identify when supporting documentation exists for the critical data fields would also help verify beneficiary identity and eligibility.

### **Review of Supporting Documentation Needed to Improve the Accuracy of Beneficiary Critical Data Fields**

DEERS data were not always accurate. Of the 9.4 million Uniformed Service beneficiaries, DEERS contained discrepancies in the date of birth, gender, name, or relationship critical data fields of 199,680 beneficiaries. For example, the date of birth listed on the birth certificate in RAPIDS for a dependent child did not match the date of birth recorded in DEERS. As another example, DEERS listed an active duty sponsor as a female, although the beneficiary's Official Military Personnel File confirmed that the sponsor was male. In other cases, the middle initials and middle names listed on driver's licenses in RAPIDS did not match the DEERS record.

In addition, we found spouses that remained eligible under prior sponsor associations even though they were eligible for benefits under a new sponsor because of a new marriage. Specifically, one discrepancy was a spouse eligible for benefits as both an unremarried widow and as a remarried spouse. The eligibility rules for a remarried spouse indicate that the member relationship code should have been terminated once the former spouse was remarried. The RAPIDS 7.5 User Guide outlines the steps necessary to terminate previous relationships when a beneficiary status changes. However, in the examples we identified, the beneficiaries remained valid in DEERS under the prior affiliation. If not identified and corrected, duplicate member relationship codes could extend eligibility to beneficiaries based on an invalid former relationship.

The discrepancies occurred because DMDC did not have procedures to validate that DEERS beneficiary data were accurate. Table 2 indicates that 2.2 percent of DEERS beneficiaries have critical data field discrepancies, and it explains the importance of correcting these discrepancies.

**Table 2. Summary of Critical Data Field Discrepancies**

Critical Data Field Discrepancy*	Beneficiaries		Importance of Data
	Number**	Percent	
Date of Birth	24,960	0.3	Some dependent children benefits have age limits
Gender	24,960	0.3	Delay approval of medical services, payment could be delayed
Name	49,920	0.5	Delay approval of medical services, payment could be delayed
Relationship	99,840	1.1	An accurate relationship field establishes the eligibility of a dependent.
<b>Total</b>	<b>199,680</b>	<b>2.2</b>	

\* We found no discrepancies in the personal identifier critical data field.

\*\* The number of beneficiaries is based on statistical sampling projections. See Appendix B for details on the statistical sampling methodology and results.

### ***Additional Procedures to Validate Accuracy Needed***

DMDC did not have procedures to validate that DEERS beneficiary data were accurate. A review of selected DEERS supporting documentation would improve the accuracy of DEERS data. A periodic review of DEERS records could include sampling methods to ensure adequate coverage of the population, identifying the fields to review, how often to complete the reviews, criteria for adequate supporting documentation, steps for remediation, and followup actions. Implementing new procedures for reviewing DEERS supporting documentation would improve the accuracy and quality of the beneficiary records.

## **Integrity of DoD Military ID Issuance Process and Need for More Accountability**

Change is needed before DoD can be certain that only eligible beneficiaries are enrolled in DEERS and receive military IDs. RAPIDS personnel issued military IDs inappropriately, without obtaining or maintaining documentation that supported DEERS records. Additionally, the extent of the unsupported and inaccurate data adversely affected the integrity of the DoD process for issuing military IDs. Without improvement, there is a risk that cardholders could obtain unauthorized access to health care benefits, Government facilities, and other privileges and that payments for medical services could be delayed. Action to improve DEERS data is needed, as evidenced by the 2,495 instances of ineligible beneficiaries, identified by the TRICARE Management Activity, who obtained unauthorized benefits.

### ***Inappropriately Issued Identification Cards***

RAPIDS personnel issued military IDs inappropriately, without obtaining or maintaining adequate identity and eligibility documentation in RAPIDS. Specifically, RAPIDS personnel issued military IDs to 41 of 78 sample beneficiaries without obtaining or maintaining the required identity documentation. In May 2007, the RAPIDS 7.2 User Guide required the scanning and retention of identity documents in RAPIDS. However, DMDC personnel

explained this requirement was not implemented until December 8, 2007. For purposes of this audit, we used December 8, 2007, as the starting point for our audit tests to determine the number of military IDs issued to our sample beneficiaries without identity or eligibility documentation in RAPIDS. There were 78 beneficiaries from our sample of 375 to whom RAPIDS personnel issued military IDs on or after December 8, 2007.

Of the 78 beneficiaries, RAPIDS personnel issued 70 IDs without adequate supporting documentation. Of the 70 IDs, 37 were issued without either identity or eligibility documentation scanned into RAPIDS. Another 4 IDs were issued with eligibility documentation, but they lacked identity documentation in RAPIDS, and 29 IDs had identity documentation but lacked eligibility documentation in RAPIDS.

*Of the 78 beneficiaries, RAPIDS personnel issued 70 IDs without adequate supporting documentation.*

RAPIDS personnel issued military IDs to 66 of 78 beneficiaries without obtaining eligibility documentation. For example, RAPIDS verifying officials issued a military ID to a stepchild of a sponsor on November 23, 2009, without identity or eligibility documentation scanned into RAPIDS. Additionally, the stepchild’s name did not match information at SSA when DMDC compared the stepchild’s SSN to SSA records. RAPIDS personnel are not specifically required to obtain and maintain eligibility documentation in RAPIDS for all beneficiaries, and in the absence of consistent policy, a significant portion of eligibility supporting documentation remained absent.

See Table 3 for a summary of military IDs issued without identity and eligibility documented. The Table indicates that overall, supporting documentation for beneficiary identity was much better than the supporting documentation for beneficiary eligibility. However, improvements are needed in both areas.

**Table 3. Military IDs Issued Without Identity and Eligibility Documented**

<b>Beneficiary</b>	<b>Cards Issued Without Identity Documented</b>	<b>Cards Issued Without Eligibility Documented</b>
Spouse	15	42
Child	21	20
Stepchild	4	3
Parents	1	1
Ward	0	0
Self	0	0
<b>Total</b>	<b>41</b>	<b>66</b>

## ***DMDC Needed Improved Accountability Over DEERS Records and Military ID Issuance***

The extent of the unsupported and inaccurate DEERS data adversely affected the integrity of the DoD process for issuing military IDs. The significant lack of DEERS supporting documentation and the critical data field inaccuracies showed a need for increased accountability over the issuance of military IDs and for maintaining the validity and accuracy of the DEERS records. In addition, actions are needed to identify and prevent ineligible beneficiaries from obtaining unauthorized benefits.

The TRICARE Management Activity and the Defense Criminal Investigative Service identified and researched instances of ineligible beneficiaries obtaining unauthorized health care benefits. As a result of those efforts, the TRICARE Management Activity identified 2,495 instances, amounting to \$11.2 million, in which ineligible personnel obtained access to DoD health care benefits between FY 2007 and FY 2010. In one case, a former spouse of an Army member used over \$1.1 million in DoD health care benefits. The Defense Criminal Investigative Service stated that it had 187 closed health care-related investigations from FY 2007 to FY 2010.

Without improvement, there is a risk that more cardholders could obtain unauthorized access to health care benefits, Government facilities, and other privileges. To ensure that improvements in the DEERS records occur, DMDC should designate an official or establish a working group that is specifically responsible for data quality and for coordinating with the Military Services. Coordination should include developing corrective action plans and increasing the accountability that RAPIDS officials have over the supporting documentation for DEERS beneficiary records.

## ***Discrepancies in DEERS Records Could Delay Medical Payments***

Service member benefits are directly associated with the information contained in DEERS. Before medical payments are made, DoD contractors are required to query DEERS beneficiary data to determine whether DEERS information can validate the accuracy and validity of the claim. If differences between the submitted medical claim and DEERS data exist, the claim could be temporarily denied and the payment delayed until DoD completes research to correct the discrepancy.

## **Conclusion**

This report highlights opportunities for improvement in the requirements for obtaining and maintaining documentation in RAPIDS related to the identity and eligibility of DEERS beneficiaries, as well as the associated critical data fields. For improvement to occur, RAPIDS verifying personnel must scan and store beneficiary identity documentation in RAPIDS, as required by current policy. DoD must also revise current policy to require RAPIDS verifying officials to scan and store beneficiary eligibility documentation in RAPIDS for all beneficiaries. DHRA and DMDC officials provided us with draft policies that would require the scanning and storing of the eligibility documents. However, at the time we issued this final report, the officials had not formalized the policies.

In addition, DMDC needs to implement quality control procedures to review supporting documentation that properly authenticates an individual. If current policies and procedures

remain, RAPIDS personnel will continue to enroll individuals into DEERS and issue military IDs to individuals without assurance or support that these individuals were authenticated and entitled to the DoD benefits and privileges provided. There is a potential that individuals are receiving benefits and privileges for which they are not entitled, and an even greater likelihood that cardholders could obtain unauthorized access to Government facilities.

Overall, 5.7 million of the 9.4 million Uniformed Service beneficiaries in the DEERS database have at least one undocumented critical data field. RAPIDS personnel were also bypassing requirements for critical data field documentation by scanning one document numerous times or just leaving the document placeholders blank. Additionally, over half of the beneficiaries from our sample that obtained military IDs did so without RAPIDS personnel obtaining identity or eligibility documentation. Because of these weaknesses, we have limited assurance that only eligible beneficiaries were enrolled in DEERS and issued military IDs. DMDC needs to begin actions to improve DEERS information, including steps to prevent ineligible beneficiaries from gaining access to unauthorized benefits.

## **Recommendations, Management Comments, and Our Response**

### **1. We recommend that the Director, Defense Human Resources Activity:**

**a. Issue policy that requires Real-time Automated Personnel Identification System personnel to scan and store documentation in the Defense Enrollment Eligibility Reporting System that supports eligibility.**

**b. Obtain a legal opinion regarding the requirement to obtain a Social Security number before providing health care benefits to dependent beneficiaries.**

### ***DHRA and DMDC Consolidated Comments***

The Director, DHRA, agreed with Recommendation 1.a and stated that DHRA addressed the recommendation in the revision of DoD Instruction 1000.13, "Identification (ID) Cards for Members of the Uniformed Services, Their Dependents, and Other Eligible Individuals." This revision formalizes the requirement to verify identity and eligibility documentation as part of DEERS enrollment. The Under Secretary of Defense (Personnel and Readiness) signed the updated DoD Instruction but Washington Headquarters Services is delaying its publication until further policy is codified for ID Cards and Benefits in the DoD Manual. The expected completion date for issuing these policies is end of 2012.

The Director, DHRA, agreed with Recommendation 1.b and stated that DHRA submitted a request for a legal opinion to DHRA General Counsel for review and anticipated a response by March 30, 2012.

### ***Our Response***

The Director's comments were responsive, and no additional comments are required.



**2. We recommend that the Director, Defense Manpower Data Center:**

**a. Develop a training plan for Real-time Automated Personnel Identification System personnel to ensure identity documentation is scanned and stored in the Real-time Automated Personnel Identification System in accordance with current policy requirements. Additionally, develop a plan to train these personnel on the new eligibility policy and implement a process to measure the effectiveness of policy changes.**

**b. Designate an official or a task force responsible for implementing quality control procedures that include:**

**(1) Testing the Defense Enrollment Eligibility Reporting System data to identify when supporting documentation exists and to validate the accuracy of Defense Enrollment Eligibility Reporting System beneficiary data to supporting documentation.**

**(2) Developing a process to request and acquire supporting documentation from beneficiaries and to measure the improvement of data quality in the Defense Enrollment Eligibility Reporting System. This includes coordinating actions with the Military Services and Real-time Automated Personnel Identification System personnel to update inaccurate Defense Enrollment Eligibility Reporting System data.**

**(3) Coordinating with the appropriate Military Service points of contact to review the performance of Real-time Automated Personnel Identification System personnel who do not capture the appropriate documentation, and based on the results consider corrective actions, such as taking personnel actions or suspending Real-time Automated Personnel Identification System access privileges, as appropriate.**

***DHRA and DMDC Consolidated Comments***

The Director, DHRA, stated that DMDC agreed with Recommendation 2.a and stated that DMDC has a training program, which includes User Guides, Certification Training, Newsletters, Tip Sheets and Messages of the Day. DMDC monitors and updates these materials to reflect new eligibility policies.

Further, the Director stated that DMDC uses this training program to supplement and enhance training for the RAPIDS verifying officials. The training covers the requirements to review, capture, and store relationship eligibility documentation for all beneficiary record additions or eligibility changes. Thus, the RAPIDS verifying officials know their responsibilities and results of wrongful actions, but training alone will not deter a verifying official who intends to commit fraud.

The DMDC Enterprise Training Program measures the effectiveness of RAPIDS training by requiring RAPIDS operators to achieve a 100-percent passing score on a certification training test. She said that DMDC captures metrics through the DMDC Help Desk support team concerning issues that are unclear to verifying officials and uses that information to revise the training and update the User Manuals. Finally, DMDC reviews and analyzes the Help Desk metrics regularly to identify areas that need improvement.

The Director, DHRA, stated that DMDC agreed with Recommendation 2.b.1 and stated that the Director of Identity Services and the Director, DEERS, are the designated officials responsible for the quality control procedures related to recommendations 2b(1)-2b(3). She stated that DMDC has developed an automated auditing capability that will include a monthly pull of random records to identify incorrect or potentially fraudulent actions by the RAPIDS verifying officials. DMDC was testing the automated auditing capability and planned to include auditing for the scan of blank documents and auditing for a scan or rescan of the same document used multiple times.

The random audits and the metrics captured by the DMDC Help Desk would determine when more in depth audits were required. Upon successful completion of the auditing capability testing, DMDC planned to implement the procedures in FY 2012.

The Director, DHRA, stated that DMDC agreed with Recommendation 2.b.2 and stated that DMDC began obtaining supporting documentation from beneficiaries in January 2009, when the scanning process was implemented at all RAPIDS sites. All non-sponsor beneficiaries would need to go to RAPIDS to be issued new ID cards and to have the appropriate supporting documentation captured by January 2014.

Further, the Director stated DMDC was adding a feature to the software that would allow the addition of documentation outside the ID card issuance process. DHRA was coordinating an additional policy change that would require indefinite ID cards to expire at age 65. DMDC would be able to capture the proper supporting documentation during the reissuance process for this population.

The Director, DHRA, stated that DMDC agreed with Recommendation 2.b.3 and stated that DMDC had worked to proactively identify fraud and abuse and had capabilities in place to suspend RAPIDS access privileges for those who commit abuse. DMDC was providing a monthly termination of eligibility report to the TRICARE Management Activity's Office of Program Integrity for terminations older than 30 days.

The Office of Program Integrity would use the information provided by DMDC to determine whether the beneficiary in question was indebted to the Government for ineligible medical services received. The Office of Program Integrity had 51 cases referred for investigation.

In addition, the Director stated that although the Office of Program Integrity did not have the capability to provide the data records from the recoupment cases back to DMDC, DMDC was working with Program Integrity to obtain that data. Once DMDC received those records, DMDC would provide the results to the appropriate Service with the name of the verifying official and the site where the update occurred. Included in this reporting would be late verifying official terminations, and late reporting from the Service personnel files, which would result in an investigation and possible recoupment. This functionality was scheduled for implementation in FY 2013.

Finally, the Director stated that once the auditing capability is implemented, DMDC will be able to develop and report trends of recurring abuse. DMDC would then be able to take corrective action with the Military Services to clarify requirements, expand training, and even remove verifying official access or decertify a site.

### ***Our Response***

The Director's comments were responsive, and no additional comments are required.

## Appendix A. Scope and Methodology

We conducted this performance audit from February 2010 through March 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit scope encompasses DEERS Uniformed Service beneficiaries as of September 30, 2009; to be specific, all living active duty, Guard, Reserve, and retired sponsors and their dependents eligible for health care benefits. We limited our scope to beneficiaries affiliated with the Army, Navy, Air Force, and Marine Corps.

Our review of sponsors and dependents varied because RAPIDS updates and adds sponsor family members in DEERS, while each Military Entrance Processing Command sends DMDC daily, weekly, and monthly data files to add Service member records and their respective status into DEERS. For sponsors, we reviewed Military Service personnel records to verify critical data fields located on official DoD forms and to identify any contradictions that could potentially impact a sponsor's eligibility. Because each Military Service conducts background investigations on the sponsor as outlined in the Under Secretary of Defense for Personnel and Readiness issued DoD Directive-Type Memorandum 08-003, "Next Generation Common Access Card (CAC) Implementation Guidance," December 1, 2008 (Incorporating Change 1, August 10, 2010), we determined that it was unlikely that sponsors were not eligible. Sponsors needed only to prove identity, while dependents and family members needed to prove identity as well as their relationship to a sponsor in order to be eligible for DoD benefits and privileges.

For dependents and family members, we compared demographic information from the DEERS extract to actual hardcopy documentation stored in RAPIDS to assess the completeness and accuracy of beneficiary data. The review included verification of scanned documentation to support identity and relationship to the sponsor. We used assistance from DMDC officials at DMDC-West in Monterey, California. We reviewed critical data fields that were to include documentation verifying identity. One form of acceptable identification had to be a photo ID issued by a State or Federal agency. We also verified the relationship status between the sponsor and family members by reviewing marriage certificates, dependency determinations, adoption decrees, and birth certificates. From applicable guidance, we obtained a list of acceptable documentation for verifying identity and relationship status.

Based on the procedures used by the DoD Office of the Actuary, we selected six critical data fields for each sample item from a DEERS database extract as of September 30, 2009. We compared the data in DEERS to the data in the personnel file for each sponsor and to the data archived in RAPIDS for spouses and dependents. We tested beneficiaries' personal identifier, date of birth, gender, name, relationship to sponsor, and

mailing address. For mailing address, we reviewed returned mail statistics and for the remaining critical data fields, we reviewed personnel files and RAPIDS documentation related to the 375 beneficiaries in our sample.

In addition to the DoD Directive-Type Memorandum, we reviewed the CFR; other DoD publications; published guidance from the Military Services; TRICARE systems, operations, and policy manuals; the DEERS data dictionary; and RAPIDS standard operating procedures. Publication dates of these documents ranged from December 1997 through August 2010. We also interviewed DMDC personnel on numerous occasions.

## **Use of Computer-Processed Data**

We relied on computer-processed data from DEERS to identify a population of beneficiaries and develop a statistical sample as of September 30, 2009. To assess the reliability of DEERS data, we reviewed existing supporting documentation related to DEERS data fields, analyzed the data to identify any obvious completeness or accuracy discrepancies, and interviewed knowledgeable agency officials about the data. The DEERS data were sufficiently reliable to identify a sample population of beneficiaries for statistical sampling.

We also relied on computer-processed data contained in RAPIDS to support DEERS critical data fields and to verify identity and eligibility. This information included scanned copies of documents, such as driver's license, military ID, birth certificate, and marriage certificate. To assess the reliability of RAPIDS data, we worked with officials from DMDC familiar with the system to gain an understanding of RAPIDS capabilities; noted some basic access controls over the system; and observed other system controls, such as identifying beneficiaries no longer eligible for benefits. Based on our assessment, we noted minor discrepancies between the data contained in RAPIDS and DEERS. Although minor discrepancies existed and RAPIDS did not always contain the supporting documentation required by DMDC policy and to support beneficiary eligibility, the scanned data that were in RAPIDS were sufficiently reliable for the purposes of our audit.

We also relied on computer-processed data in various military personnel systems to verify the completeness and accuracy of the DEERS sponsor data. This information included birth certificates, enlistment forms, and retirement forms. To assess the reliability of these systems, we worked with officials from the personnel offices that were familiar with these systems to obtain access and gain an understanding of the system capabilities and noted some basic access controls over the systems. Based on our assessment, we noted minor discrepancies between the data in the military personnel systems and DEERS. Despite minor discrepancies, we determined that the data were sufficiently reliable to test the sample of DEERS beneficiary sponsors and associated critical data fields related to these sponsors.

## **Use of Technical Assistance**

We relied on the DoD Office of Inspector General Quantitative Methods Division to develop a statistical sample of the DEERS Uniformed Services beneficiaries and to project the results of our tests. See Appendix B for details on the statistical sampling methodology and analysis.

## **Prior Coverage on Beneficiary Data**

No prior coverage has been conducted on the subject during the past 5 years.

## **Appendix B. Use of Technical Assistance**

### **Population**

The DoD Office of Inspector General Quantitative Methods Division provided technical assistance during our audit. Quantitative Methods Division analysts developed the statistical sample of DEERS Uniformed Services beneficiaries from demographic data as of September 30, 2009, as provided by DMDC. DMDC provided a DEERS universe, which encompassed all beneficiaries (Service members, retirees, and their dependents). There were 9,628,410 records in the original file. Because the project focused on DoD beneficiaries, we excluded records for beneficiaries who were not reported as affiliated with the Army, Navy, Air Force, or Marine Corps. As a result, Quantitative Methods Division analysts identified a population of 9,388,885 beneficiaries comprised of 4,492,784 active duty, Guard, Reserve, or retired sponsors and their spouses and dependents.

### **Sample Plan**

The sampling approach used a simple random sample design, grouping beneficiaries by sponsor SSN. As of September 30, 2009, each of the 9,388,885 unique beneficiaries was either a Service member, known as a sponsor, or had an association with a sponsor. A sponsor's SSN was part of each beneficiary's DEERS record. Therefore each spouse or dependent could be identified by the sponsor's SSN.

Quantitative Methods Division analysts grouped the 9,388,885 unique beneficiaries by the 4,492,784 unique sponsors' SSNs and drew a simple random sample, without replacement, of 180 sponsors' SSNs. Among the 180 sponsors' SSNs selected, 152 were for active sponsors and 28 were for inactive ones (deceased or divorced sponsors with active dependent beneficiaries). The selected sponsors and associated spouses and dependents totaled 375 individuals for review. The overall audit sample of 375 beneficiaries consisted of 152 military beneficiaries (sponsors) and their 223 spouse or dependent beneficiaries.

### **Results of Analysis**

Based on the results provided for each sample record, Quantitative Methods Division analysts calculated the statistical projections at the 95-percent confidence level. See Table B.1 and Table B.2 for a summary of our results.

**Table B.1. Estimated Number of Beneficiaries With Undocumented Critical Data Fields, Identity, and Eligibility**

<b>Measure</b>	<b>Lower Bound (Percent Total)</b>	<b>Point Estimate (Percent Total)</b>	<b>Upper Bound (Percent Total)</b>
<b>Beneficiary With Undocumented Critical Data Field</b>			
One or more	4,925,621 (52.5)	5,740,780 (61.1)	6,555,938 (69.8)
Personal Identifier	3,603,481 (38.4)	4,367,984 (46.5)	5,132,487 (54.7)
Date of Birth	3,345,931 (35.6)	4,043,506 (43.1)	4,741,080 (50.5)
Gender	3,126,920 (33.3)	3,818,866 (40.7)	4,510,812 (48.0)
Name	3,017,311 (32.1)	3,694,067 (39.4)	4,370,823 (46.6)
Relationship to sponsor	4,267,314 (45.5)	5,041,902 (53.7)	5,816,490 (62.0)
<b>Beneficiary Population With Undocumented</b>			
Identity	1,551,949 (16.5)	2,146,552 (22.9)	2,741,156 (29.2)
Eligibility	2,158,984 (23.0)	2,845,430 (30.3)	3,531,876 (37.6)

In addition to the undocumented critical data fields, we identified discrepancies between the data in DEERS and the supporting documentation obtained. See Table B.2 for a summary of the projections for the maximum number of discrepancies in DEERS and the supporting documentation in DEERS.



**Table B.2. Estimated Beneficiaries With Incorrect Critical Data  
or Known Ineligibles**

<b>Measure</b>	<b>Lower Bound (Percent Total)</b>	<b>Point Estimate (Percent Total)</b>	<b>Upper Bound (Percent Total)</b>
<b>Beneficiary With Incorrect</b>			
Date of Birth	1* (0)	24,960 (0.3)	73,880 (0.8)
Gender	1* (0)	24,960 (0.3)	73,880 (0.8)
Name	2* (0)	49,920 (0.5)	118,910 (1.3)
Relationship to Sponsor	2,822 (0)	99,840 (1.1)	196,857 (2.1)
At least one Incorrect Field	64,044 (0.7)	199,679** (2.1)	335,315 (3.6)
<b>Beneficiaries Identified as Ineligible</b>	2* (0)	49,920 (0.5)	118,910 (1.3)

\* Since the statistically calculated lower bounds are negative, we replaced them with the number of errors found in the sample

\*\* Due to rounding, the point estimate of beneficiaries with at least one incorrect critical data field equals one less than the sum of errors in the four critical data fields shown

# Appendix C. DoD Office of Inspector General Memorandum on the Accuracy of DEERS Beneficiary Address Information and DoD Comments



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-4704

September 14, 2010

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)  
DEPUTY UNDER SECRETARY OF DEFENSE FOR PROGRAM  
INTEGRATION  
DIRECTOR, DEFENSE MANPOWER DATA CENTER  
DIRECTOR, TRICARE MANAGEMENT ACTIVITY

SUBJECT: Improving the Accuracy of Beneficiary Address Information in the Defense  
Enrollment Eligibility Reporting System (Project No. D2010-D000FR-0149.000)

Our overall audit objective was to assess the completeness and accuracy of beneficiary data contained in the Defense Enrollment Eligibility Reporting System (DEERS), used to estimate health care liabilities reported on DOD financial statements. Part of our review included verifying the accuracy of the mailing addresses in DEERS. We identified an issue with DEERS beneficiary addresses and associated returned mail. Specifically, the Defense Manpower Data Center (DMDC) reported a 14-percent returned-mail rate from January 2009 through April 2010. Similarly, TRICARE Management Activity's managed care support contractors (MCSCs) reported a 4-percent returned-mail rate from December 2009 to March 2010. Because DMDC and TRICARE Management Activity did not maintain a process to identify incorrect addresses within DEERS, they repeatedly sent mail to incorrect addresses, and DOD beneficiaries did not receive timely notifications related to their health care benefits.

Without a process to identify and amend the incorrect addresses, DOD may incur additional costs of up to \$7 million over the next 5 years. We are providing this memorandum for your action on the recommendations before the completion of the audit. We will continue to review the accuracy of the mailing addresses and other critical fields, as part of our audit of the DEERS beneficiary data, and we plan to issue an audit report on the overall results, in addition to this memorandum.

## **Responsibility for DEERS Beneficiary Data**

DEERS, maintained by DMDC, is a DOD database repository, which provides benefits eligibility and entitlements, TRICARE enrollments, and claims coverage processing. DEERS contains Service-related eligibility and demographic data used to determine eligibility for military benefits. In addition, DMDC and TRICARE Management Activity's MCSCs rely on DEERS mailing addresses to distribute beneficiary notification and Explanation of Benefit (EOB) letters. TRICARE has written agreements with the MCSCs to administer health care benefits for periods up to 5 years. The Services and sponsors are primarily responsible for updating DEERS information as Service members' military status changes. Dependent records are updated through Real-Time Automated Personnel Identification System sites. MCSCs verify

eligibility based on the beneficiary data in DEERS. For DMDC, we obtained mailing reports for 2009 and January through April 2010 (16 months). For the MCSCs, we obtained mailing statistics from December 2009 through March 2010 (4 months).

### DEERS Quality Assurance

DEERS lacked adequate quality assurance procedures, because DMDC relied on MCSCs and Military Entrance Processing Commands to ensure accuracy over DEERS mailing addresses. Specifically, DOD Instruction 1341.2, "DEERS Procedures," March 19, 1999, assigned DMDC as the responsible agency for technical, acquisition, and functional management of the DEERS program. However, the Military Entrance Processing Commands and MCSCs maintain the responsibility of updating DEERS on a daily, weekly, and monthly basis.

### DMDC Returned-Mail Statistics

The DMDC Support Office returned-mail data for 5 of 14 letter types<sup>1</sup> showed a 13.96-percent returned-mail rate from January 2009 through April 2010 (16 months). Table 1 presents the total number of mailings for these five letter types and the associated number of returned letters.

**Table 1. DMDC Mailings for Five Letter Types**

	<b>Mailed</b>	<b>Returned</b>	<b>Percent Returned</b>
Calendar Year 2009	1,007,169	143,312	14.22
January–April 2010	366,322	48,530	13.24
<b>Total</b>	<b>1,373,491</b>	<b>191,842</b>	<b>13.96</b>

For all letter types in calendar year 2009, DMDC mailed approximately 5.4 million letters at a total cost of \$5.4 million. The data provided by DMDC indicated that the total cost of returned mail in 2009 was over \$763,000. As shown in Table 2, over the next 5 years the amount spent on returned mail could approach \$3.6 million.

**Table 2. DMDC Returned-Mail Cost Estimate for All Mailings**

	<b>(a) Mailed</b>	<b>(b) Total Cost</b>	<b>(c) Percentage Returned</b>	<b>Returned-Mail Estimate (a × c)</b>	<b>Estimated Cost of Returned Mail (b × c)</b>
Calendar Year 2009	5,366,887	\$5,367,886	14.22	763,171	\$763,313
2010–2013 Estimated Based on 2009	21,467,548	21,471,544	13.24	2,842,303	2,842,832
<b>5-Year Total</b>	<b>26,834,435</b>	<b>\$26,839,430</b>	<b>13.44</b>	<b>3,605,474</b>	<b>\$3,606,145</b>

<sup>1</sup> DMDC was not listed as the forwarding address for the other nine letter types, so returned-mail data were not available. We used the returned-mail rate for the five letter types to estimate amount of returns for all DMDC mailings.

### TRICARE Quality Assurance

TRICARE Operations Manual (TOM) 6010.56-M, February 1, 2008, does not contain adequate quality assurance procedures requiring contractors to periodically update DEERS mailing addresses. TOM 6010.56-M, chapter 6, section 1, "Enrollment Processing," requires contractors to verify eligibility and to record the residential mailing address only at the time of enrollment processing.

### TRICARE Returned-Mail Statistics

TRICARE's MCSCs issue and mail EOB letters, which describe the action taken for a health care claim, to each beneficiary. During the initial phase of our audit, TRICARE Management Activity assisted us in obtaining EOB mailing statistics for two of the seven MCSCs (shown in Table 3). Specifically, from December 2009 through March 2010, TriWest Healthcare Alliance and TRICARE Pharmacy Benefits Program contractors mailed almost 12.8 million letters. During this period, 501,445 letters were returned, resulting in a 3.92 percent returned-mail rate. Returned-mail statistics for the remaining five MCSCs were not available.

**Table 3. TRICARE Managed Care Support Contractors' Mailings**

	<b>Mailed</b>	<b>Returned</b>	<b>Percentage Returned</b>
TriWest <sup>1</sup>	4,592,862	151,867	3.30
TPharm <sup>2</sup>	8,184,572	349,578	4.27
<b>Total</b>	<b>12,777,434</b>	<b>501,445</b>	<b>3.92</b>

<sup>1</sup>TriWest Healthcare Alliance. <sup>2</sup>TRICARE Pharmacy Benefits Program.

Based on the mailing information provided by the two MCSCs, we estimate that returned-mail costs could exceed \$660,000 for calendar year 2010 (see Table 4). Using a standard postage rate of 44 cents, we estimate that over the next 5 years, the returned-mail costs to the TriWest Healthcare Alliance and TRICARE Pharmacy Benefits Program could exceed \$3.3 million. This estimate does not include returned-mail costs associated with the five MCSCs for which we did not obtain returned-mail statistics.

**Table 4. Cost Estimate for TRICARE Managed Care Support Contractors' Returned Mail**

	(a) Mailed	(b) Returned	(c) Percentage Returned	(d) 4-Month Returned-Mail Estimate (0.44 × b)	Total Cost Annually (d × 3)
TriWest <sup>1</sup> Dec 2009– March 2010	4,592,862	151,867	3.30	\$66,821	\$200,464
TPharm <sup>2</sup> Dec 2009– March 2010	8,184,572	349,578	4.27	153,814	461,442
1-Year Estimate	12,777,434	501,445	3.92	220,636	661,906
5-Year Estimate	63,887,170	2,507,225	3.92	\$1,103,180	\$3,309,530

<sup>1</sup>TriWest Healthcare Alliance. <sup>2</sup>TRICARE Pharmacy Benefits Program.

### Mailing Impact

The TRICARE MCSCs' returned-mail rate was approximately 10 percentage points lower than that for DMDC. A potential reason for the significantly lower returned-mail rate was because the MCSCs use the beneficiary address located on the claim form rather than the DEERS address. However, TOM 6010.56-M does not require contractors to update DEERS with the claim form address. The TOM guidance only requires the contractors to contact the beneficiary by phone within 5 calendar days to resolve any discrepancies in the mailing address. The TOM should require contractors to update DEERS to match the claims form address.

### Actions to Reduce Cost Associated With Returned Mail

Suggested actions for the Office of the Assistant Secretary of Defense (Health Affairs), with the assistance of TRICARE Management Activity include:

- Require the Defense Manpower Data Center to mark the mailing address in the Defense Enrollment Eligibility Reporting System for all returned mail in a way to preclude future mailings until there is an update.
- Update TRICARE Operations Manual 6010.56-M to require contractors to maintain responsibility for processing returned mail by either updating Defense Enrollment Eligibility Reporting System mailing addresses or marking the mailing address in the Defense Enrollment Eligibility Reporting System in a way to preclude future mailings until there is an update.
- Require the Defense Manpower Data Center and TRICARE Management Activity's managed care support contractors to stop mailing notification letters, Explanation of Benefit letters, and all other products to addresses marked in the Defense Enrollment Eligibility Reporting System as "returned."

We are performing this audit in accordance with generally accepted government auditing standards and are providing you these interim results, so that you may start taking appropriate corrective actions. We anticipate issuing a draft report on our current audit of the accuracy of the critical fields in DEERS, including mailing addresses. We would like to give you credit in the report for any corrective actions taken as a result of this memorandum. Therefore, we request that you apprise us of all corrective actions you take or have taken to address the recommendations by October 15, 2010. Please contact Mr. Kevin Currier, Project Manager, at (614) 751-2929, [kevin.currier@dodig.mil](mailto:kevin.currier@dodig.mil).



Patricia A. Marsh, CPA  
Assistant Inspector General  
Defense Business Operations

# Assistant Secretary of Defense for Health Affairs Comments



HEALTH AFFAIRS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, DC 20301-1200

OCT 29 2010

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL  
ASSISTANT INSPECTOR GENERAL (DEFENSE  
BUSINESS OPERATIONS)

SUBJECT: Improving the Accuracy of Beneficiary Address Information in the Defense Enrollment Eligibility Reporting System (Project No. D2010-DOOFR 0149.000)

As requested in the Department of Defense Inspector General's September 14, 2010, Letter Report on Project D2010-D000FR-0149.000, I am providing responses to the report's recommendations. Thank you for the opportunity to review and provide comments. Overall, I agree that improvements can be made in the accuracy of mailing addresses for TRICARE beneficiaries. The TRICARE Management Activity (TMA) and the Defense Manpower Data Center (DMDC) will take action to determine what changes can be made to improve the accuracy of beneficiary address information in Defense Enrollment Eligibility Reporting System (DEERS). This includes analyzing current procedures to determine what changes are necessary to populate a field in DEERS when mail is returned, and reviewing other possible methods to help ensure beneficiary address information is kept as up-to-date as possible and is in synchronization between TMA and DMDC.

The points of contact on this audit are [REDACTED]

George Peach Taylor, Jr., M.D.  
Deputy Assistant Secretary of Defense  
(Force Health Protection and Readiness)  
Performing the Duties of the  
Assistant Secretary of Defense  
(Health Affairs)

# Defense Manpower Data Center Comments



DEPARTMENT OF DEFENSE  
HUMAN RESOURCES ACTIVITY  
DEFENSE MANPOWER DATA CENTER  
1600 WILSON BOULEVARD SUITE 400  
ARLINGTON VA 22209-2593

MEMORANDUM FOR OFFICE OF THE INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Improving the Accuracy of Beneficiary Address Information in the Defense Enrollment Eligibility Reporting System (Project No. D210-D000FR-0149.000)

The following information is provided in response to your Memorandum for Director, Defense Manpower Data Center (DMDC), dated September 14, 2010, requesting a response to the recommendations in the subject audit. DMDC appreciates the opportunity to respond to these recommendations prior to the issuance of the draft report. DMDC concurs with the two specific recommended actions for DMDC as indicated below. DMDC reserves comment on the general statements in the memorandum and will wait for the official report to provide appropriate responses.

RECOMMENDATION #1: Require DMDC to mark the mailing address in the Defense Enrollment Eligibility Reporting System (DEERS) for all returned mail in a way to preclude future mailings until there is an update.

RESPONSE: Concur. There is a data field available in DEERS (Mail Delivery Quality Code) that can be used to reflect when mail has been returned. DMDC will begin analysis of the current procedures to determine what changes are necessary to begin populating this field when mail is returned. DMDC would like to note that the potential savings may not be of the magnitude projected by the audit. Until mail is sent the first time to an undeliverable address, DMDC has no knowledge that the beneficiary has moved. Returned mail costs will be reduced by this effort, but at this time DMDC has no statistics regarding secondary mailings to undeliverable addresses and cannot accurately calculate the amount of savings.

Our plan for populating the data in DEERS relies on leveraging the current DMDC Support Office (DSO) process for handling returned mail. The DSO performs data entry into a system that at this time does not populate DEERS. System changes are required to propagate the data to the Mail Delivery Quality Code data field in DEERS. In addition, the letter process must be modified to suppress letter generation if the quality code indicates undeliverable. DMDC will also need to provide a mechanism for the Managed Care Support Contractors to provide information on the returned mail process.

DMDC is also pursuing technology to improve direct communication via email and myDoDBenefits portal with beneficiaries that will result in cost reduction and more timely notification of benefit changes and TRICARE enrollment changes. DMDC is working with the Uniformed Services, the TRICARE Management Activity (TMA) and the Department of



Veterans Affairs, VA to capture permission-based email data for use in benefits correspondence; the first phase of this initiative is planned for implementation in October 2010 with capture and storage of email use permission through two major address update touchpoints. This capability will be phased in to all other DMDC applications that allow DoD and VA beneficiaries self-service email address capture and will enable DMDC to move forward with emailing alerts when new benefits correspondence is available for viewing and printing online.

RECOMMENDATION #3: Require DMDC and TMA managed care support contractors to stop mailing notification letters, Explanation of Benefit letters, and all other products to addresses marked in the DEERS as "returned."

RESPONSE: Concur. The requirement to stop future mailings when addresses are marked in DEERS as returned will be included in the development and analysis conducted as part of Recommendation #1.

BRECKENRIDGE.M  
ARK.STEPHEN

Mark S. Breckenridge  
Deputy Director

# Defense Human Resources Activity and Defense Manpower Data Center Consolidated Comments



MAR 13 2012

DEFENSE HUMAN RESOURCES ACTIVITY  
HEADQUARTERS  
4800 MARK CENTER DRIVE, SUITE 06J25-01  
ALEXANDRIA, VA 22350-4000

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Comments on Draft Report, "Action Is Needed to Improve the Completeness and Accuracy of DEERS Beneficiary Data," (D2010-D000FR-0149.000)

Thank you for the opportunity to review and provide comments on the draft report, "Action Is Needed to Improve the Completeness and Accuracy of DEERS Beneficiary Data," Project No. D2010-D000FR-0149.000, dated February 6, 2012.

Our DHRA and DMDC consolidated responses to the draft report recommendations are included in the Attachment. Please feel free to direct any questions to my action officer for this issue, [REDACTED]

  
Sharon H. Cooper  
Director

Attachment:  
As stated

**RESPONSE TO DRAFT RECOMMENDATIONS**  
**PROJECT No. D2010-D000FR-0149.00**

**Recommendation 1a** recommends that the Director, Defense Human Resources Activity (DHRA) “issue policy that requires Real-Time Automated Personnel Identification System (RAPIDS) personnel to scan and store documentation in the Defense Enrollment Eligibility Reporting System (DEERS) that supports eligibility.”

**Response 1a:** DHRA agrees with this recommendation. The DHRA ID Card Policy Support Office has developed and coordinated policies that reflect this requirement.

This recommendation has been specifically addressed in the revision to DoD Instruction (DoDI) 1000.13, "Identification (ID) Cards for Members of the Uniformed Services, Their Dependents, and Other Eligible Individuals." The revision to DoDI 1000.13 formalizes the requirement to verify both identity and eligibility documentation as part of DEERS enrollment. This was a required first step as previous policies never made the distinction between documents required for identity and documents required to verify eligibility. The updated DoDI 1000.13 was signed by the USD(P&R) on May 17, 2011. However, Washington Headquarters Service (WHS) is delaying its publication until further policy is codified for ID Cards and Benefits in the DoD Manual (DoDM) 1000.13, Volumes 1 and 2.

The procedures in the draft DoDM 1000.13 Volume 1, "DoD Identification (ID) Cards: ID Card Life-Cycle," also supports this policy by specifically requiring eligibility documents to "be inspected for authenticity by the VO [RAPIDS Verifying Official] and scanned and stored in DEERS." This Volume completed an initial SD 106 review and has been resubmitted for SD106 to comply with requirements to publish in the Federal Register. We anticipate that this process will be completed by CY12.

**Recommendation 1b** recommends that the Director, DHRA “obtain a legal opinion regarding the requirement to obtain a Social Security number before providing health care benefits to dependent beneficiaries.”

**Response 1b:** DHRA agrees with this recommendation. A legal opinion was submitted to the DHRA General Counsel for review. We anticipate a response by March 30, 2012.

**Recommendation 2a** recommends that the Director, Defense Manpower Data Center (DMDC) “develop a training plan for RAPIDS personnel to ensure identity documentation is scanned and stored in RAPIDS in accordance with current policy requirements. Additionally, develop a plan to train these personnel on the new eligibility policy and implement a process to measure the effectiveness of policy changes.”

**Response 2a:** DMDC agrees with this recommendation. DMDC has a robust training program in place that includes User Guides, Certification Training (see Appendix), Newsletters, Tip

Sheets, and Messages of the Day. These materials are continuously monitored and updated to reflect new eligibility policies. Effectiveness is measured with required certificate training and testing metrics.

Through the User Guides, Certification Training, Newsletters, Tip Sheets, and Messages of the Day, DMDC supplements and enhances training for the RAPIDS VOs; these materials are coordinated directly with the Uniformed Service Personnel Advisory members who are responsible for their Service's implementation of the requirements. The training specifically covers the requirements to review, capture and store relationship and eligibility documentation for all beneficiary record additions or eligibility changes (e.g., student or incapacitation changes and ID card issuance).

Current VO certification training includes web-based training on policy and procedures with an emphasis on document review. DMDC has enhanced training over time to emphasize the impact of scanning incorrect or incomplete eligibility documents. Equipping the RAPIDS VO with the knowledge of their responsibilities and the results of wrongful actions is an important element of the training and the vetting of a VO. It should be noted that training alone will not deter the VO who intends to commit fraud.

Currently, the DMDC Enterprise Training Program measures the effectiveness of RAPIDS training through the following:

- The learning objectives of the training are aligned to the appropriate test questions and procedural simulations within a scored pre and post-test assessment where RAPIDS operators must achieve a 100% passing score to be certified. This provides immediate feedback on the training effectiveness as well as the knowledge of the user.
- DMDC captures metrics, via the DMDC Help Desk support team, concerning issues or topics that are unclear to VOs. Using this information DMDC consistently revises the training and User Manuals to ensure clarity and understanding for the user community. The results of these metrics are shared with the Uniformed Services Personnel Advisory members to assist in keeping their user base informed.
- The training and Help Desk metrics are reviewed and analyzed regularly to identify areas of improvement.

**Recommendation 2b(1)** recommends the Director, DMDC to designate an official or a task force responsible for implementing quality control procedures that include, "testing DEERS data to identify when supporting documentation exists and to validate the accuracy of DEERS beneficiary data to supporting documentation."

**Response 2b(1):** DMDC agrees with this recommendation. The Director of Identity Services and the Director, DEERS are the designated officials responsible for the quality control

procedures related to recommendations 2b(1) – 2b(3). With regard to testing and validating DEERS data, DMDC has audit procedures in place to validate the accuracy of DEERS beneficiary data and is also working to expand this capability. These efforts are outlined as follows:

- DMDC has developed an automated auditing capability that is being tested at the present time. This will include a monthly pull of random records to identify incorrect and possible fraudulent actions by the RAPIDS VOs, as well as identify if certain documents are being misunderstood by users. The initial auditing rollout will include:
  - Auditing for the scan of blank documents.
  - Auditing for a scan or re-scan of the same document used multiple times.
- Through the analysis of the random audits and the metrics captured by the DMDC Help Desk support team will determine when more in depth audits are required based on the trends identified. This may include the requirement for additional user training, clarifying instructions or policy, or referral to the appropriate agency for investigation.
- DMDC is also reviewing the use of character recognition software to convert documentation image information to data for analysis and review.
- After successful completion of the auditing capability testing identified above, DMDC expects to implement this capability in FY2012.

**Recommendation 2b(2)** recommends that the Director, DMDC to designate an official or a task force responsible for implementing quality control procedures that include “developing a process to request and acquire supporting documentation from beneficiaries and to measure the improvement of data quality in DEERS. This includes coordinating actions with the Military Services and RAPIDS personnel to update inaccurate DEERS data.”

**Response 2b(2):** DMDC agrees with this recommendation. DMDC has started to acquire supporting documentation from beneficiaries beginning in January 2009 when the scanning process was implemented at all RAPIDS sites. By January 2014 all non-sponsor beneficiaries will have come to RAPIDS to be issued new DoD ID cards and will have the appropriate supporting documentation captured. This is a cost effective option that will ensure the documentation for these entitled beneficiaries will be captured, through the natural expiration lifecycle of the ID card.

Additionally, to support the ad hoc capture of documentation, DMDC is adding a new feature in the software that will allow the addition of documentation outside the ID card issuance process. DHRA is coordinating an additional policy change that will require all ‘indefinite’ cards to expire at age 65. The reissuance process for this population will allow DMDC to capture the proper supporting documentation. This is another cost effective option that will ensure the

documentation for these entitled beneficiaries will be captured. This will be included in the FY2012 changes.

The capture of appropriate documentation is a coordinated action with the Military Services and RAPIDS personnel.

**Recommendation 2b(3)** recommends the Director, DMDC designate an official or a task force responsible for implementing quality control procedures that include “coordinating with the appropriate Military Service points of contact to review the performance of RAPIDS personnel who do not capture the appropriate documentation, and based on the results consider corrective actions, such as taking personnel actions or suspending RAPIDS access privileges, as appropriate.”

**Response 2b(3):** DMDC agrees with the recommendation. DMDC has worked proactively to identify fraud and abuse in the process and has capabilities in place to suspend RAPIDS access privileges for those that commit abuse. These efforts are outlined as follows:

- DMDC established an aggressive initiative with the Tricare Management Activity’s Office of Program Integrity. DMDC reports monthly on all terminations of eligibility that were reported into DEERS with a termination more than 30 days in the past. DMDC has been providing the data to TMA’s Office of Program Integrity since April 2011.
- DMDC initiated a requirements review with the Office of Program Integrity to assess the effectiveness of the process, the data received, and to prepare a roadmap for the way ahead.
- Using the information provided by DMDC, the Office of Program Integrity determines whether the beneficiary is indebted to the government for any medical services received for which they are not entitled. From a potential pool of 85,564 beneficiaries, 51 cases were identified and referred for investigation. The potential dollar value of the cases actually referred for recoupment is \$2,951,962.07 to date.
- DMDC is working with the Office of Program Integrity to receive back the data records of the cases referred for recoupment. Currently they do not have the ability to provide this to DMDC. When the records are received back, DMDC will provide the results of the Office of Program Integrity audits to the appropriate Uniformed Services with the name of the VO and the site location where the update was done. DMDC is developing the business and technical requirements with the Office of Program Integrity and the Uniformed Services. This reporting will include late VO terminations, as well as late reporting from the Service personnel files which result in an investigation and potential recoupment. This functionality is scheduled for implementation in FY2013.
- With the implementation of the auditing capability, DMDC will be able to develop and report trends of recurring abuse. DMDC will be able to take action with the Military Services to clarify requirements, expand training, remove VO access or decertify a site as appropriate.

## Appendix

This table shows the location of Certification Training content that addresses document capture.

RAPIDS Training Material	Location of Content in Training Material	Overview of Content
RPD710 RAPIDS User Guide (Version 1.6)	<ul style="list-style-type: none"> <li>▪ Section 3.1 “Proof of Identity Documentation”</li> <li>▪ Section 3.3 “Lost or Stolen Identity Documentation”</li> <li>▪ Section 10.11.3 “Scan a Document”</li> <li>▪ Section 10.11.8 “Capture Proof of Identity”</li> <li>▪ Section 10 Procedural Steps which include steps on scanning and entering identity document details of identity documents.</li> </ul>	<p>Discusses the importance of verifying identity documentation and general guidance for scanning and entering identity documents into RAPIDS/DEERS. Training also provides guidance and policy on acceptable forms of Identity Documentation, and provides procedural steps for requesting the client’s identity documentation, verifying, scanning, and entering document details into the RAPIDS.</p> <p>Reminds VOs and Site Security Managers (SSMs) of the requirement to properly verify, scan, and enter details prior to any card issuance.</p> <p>The training also provides instruction on the use of the “Document Unavailable” check box and the proper use of the “Lost/Stolen” reason. This reason is used to skip the capture of primary and secondary identity documentation when documentation has been lost or stolen. This is a limited use to facilitate authorized issuance of ID cards.</p>
RPD705 Card Issuance Policy for RAPIDS Users	<ul style="list-style-type: none"> <li>▪ Module 2 – ID Card Populations and Types               <ul style="list-style-type: none"> <li>○ Lesson 3 “What Documentation is Needed to Issue an ID Card?”</li> </ul> </li> <li>▪ Module 3 – Challenging ID Card Scenarios – Spouses</li> <li>▪ Module 4 – Challenging ID Card Scenarios - Children</li> </ul>	<p>Training provides guidance on and examples of acceptable forms of Identity Documentation and document policy resources AFI 36-3026 IL, Volume 1 (6/17/2009) Chapter 2, Attachment 5, and Attachment 20.</p> <p>Scenarios provide detailed guidance on identity documentation requirements in specific situations such as adding a new spouse, adding a new child, foster children, ward or pre-adoptive children.</p>

<p>RAPIDS 7 Basics for Verifying Officials and Site Security Managers WBT Course</p>	<ul style="list-style-type: none"> <li>▪ Module 3 – Issuing ID Cards <ul style="list-style-type: none"> <li>○ Lesson 2 “How Do I Verify that Documents are Authentic?”</li> <li>○ Lesson 6 “How Do I Issue a New CAC?”</li> <li>○ Lesson 11 “How Do I Troubleshoot CAC Encoding Errors?”</li> </ul> </li> <li>▪ Module 4 - Scenarios <ul style="list-style-type: none"> <li>○ Lesson 3 “How Do I Add a Dependent?”</li> <li>○ Lesson 4 “How Do I Add a Foreign National Dependent?”</li> <li>○ Lesson 6 “How Do I Change Dependent Benefits Eligibility from One Sponsor to Another?”</li> <li>○ Lesson 10 “How Do I Add a Foreign Affiliate to DEERS?”</li> </ul> </li> </ul>	<p>The training also provides instruction on the use of the “Document Unavailable” check box and the proper use of the “Lost/Stolen” reason. This reason is used to skip the capture of primary and secondary identity documentation when documentation has been lost or stolen. This is a limited use to facilitate authorized issuance of ID cards. The training also simulates the processes of scanning and entering identity document details during the creation of new records and prior to ID card issuance, if required.</p>
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# Inspector General Department of Defense

