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United States General Accounting Office
Washington, DC 20548

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August 21, 2001

The Honorable Carl Levin
Chairman
The Honorable John W. Warner
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Bob Stump
Chairman
The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives

Subject: Department of Defense, Office of the Secretary: TRICARE; Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); Eligibility and Payment Procedures for CHAMPUS Beneficiaries Age 65 and Over

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Defense (Defense), Office of the Secretary, entitled "TRICARE; Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); Eligibility and Payment Procedures for CHAMPUS Beneficiaries Age 65 and Over" (RIN: 0720-AA66). We received the rule on August 7, 2001. It was published in the Federal Register as an interim final rule on August 3, 2001. 66 Fed. Reg. 40601.

The interim final rule extends TRICARE eligibility to persons age 65 and over who would otherwise have lost their TRICARE eligibility due to attainment of entitlement to hospital insurance benefits under Part A of Medicare. The interim final rule implements section 712 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001.

Enclosed is our assessment of the DOD's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the DOD complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the rule is William Scanlon, Managing Director, Health Care. Mr. Scanlon can be reached at (202) 512-7114.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: L.M. Bynum
Alternate OSD FRLO
Department of Defense

ENCLOSURE

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF DEFENSE,
OFFICE OF THE SECRETARY
ENTITLED
"TRICARE; CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE UNIFORMED
SERVICES (CHAMPUS); ELIGIBILITY AND PAYMENT PROCEDURES FOR
CHAMPUS BENEFICIARIES AGE 65 AND OVER"
(RIN: 0720-AA66)

(i) Cost-benefit analysis

The Department of Defense estimates that the interim final rule will cost about \$3.1 billion beginning in Fiscal Year 2002. This includes health care administrative costs, mostly claims processing, of about \$250 million per year.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

The interim final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The interim final rule does not contain either an intergovernmental or private sector mandate, as defined in title II, of more than \$100 million in any one year.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

The Assistant Secretary of Defense (Health Affairs) determined that it would be impracticable, unnecessary, and contrary to public interest to solicit public comments prior to the issuance of the rule since the enabling legislation requires that the rule be effective on October 1, 2001. However, comments are being solicited prior to the issuance of the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The interim final rule does not contain any information collections that are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act.

Statutory authorization for the rule

The interim final rule is issued pursuant to the authority contained in section 712 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Pub. L. 106-398, 114 Stat. 1654).

Executive Order No. 12866

The final rule was reviewed by OMB and found to be an “economically significant” regulatory action under the order.