

DOCUMENT RESUME

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[Increased Reimbursement by Civilian Patients Receiving Care at the Army Burn Center]. HRD-77-156; B-161475. September 29, 1977. 4 pp.

Report to Secretary, Department of Defense; by Gregory J. Ahart, Director, Human Resources Div.

Issue Area: Health Programs (1200); Health Programs: System for Providing Treatment (1205).

Contact: Human Resources Div.

Budget Function: National Defense: Department of Defense - Military (except procurement & contracts) (051); Health: Health Care Services (551).

Organization Concerned: Department of the Army.

Congressional Relevance: House Committee on Armed Services; Senate Committee on Armed Services.

A survey of the cost of providing medical care to patients treated at the burn center of the United States Army Institute of Surgical Research at Brooke Army Medical Center, Fort Sam Houston, Texas, indicated that the reimbursement rate for the intensive medical care provided should receive immediate attention. Although the cost of care at the center is about \$370 per day, the Department of Defense (DOD) is obtaining reimbursement at the rate of only \$168 per day.

Findings/Conclusions: In 1976, care was provided for 277 patients, of which 135 were civilians not customarily eligible for care in DOD facilities. The 135 civilians were provided a total of 4,668 days of care subject to reimbursement. This represented about 90% of the total civilian patient days and about one-half of the burn center's total workload. Full cost recovery for the burn center could have resulted in increased reimbursements of about \$990,000. Recommendations: The Secretary of Defense should establish and implement a reimbursement rate for civilian patients treated at the Army's burn center which more closely approximates the full cost of care provided. (SC)



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

03755

HUMAN RESOURCES
DIVISION

SEP 29 1977

The Honorable
The Secretary of Defense

Dear Mr. Secretary:

We have completed a survey of the cost of providing medical care to patients treated at the burn center of the United States Army Institute of Surgical Research at Brooke Army Medical Center, Fort Sam Houston, Texas. We believe that one matter--the reimbursement rate for the intensive medical care provided at this specialized treatment facility--should receive your immediate attention. The cost of care at the center is about \$370 per day, but the Department of Defense (DOD) is obtaining reimbursement at the rate of only \$168 per day. If a rate which more closely approximates the full cost of care were used, reimbursements would be increased by about \$965,000 annually.

In a recent report ^{1/} we noted that both Office of Management and Budget and DOD guidance direct DOD to recover the full cost of medical care provided civilians at military medical facilities. In commenting on our report, the Assistant Secretary of Defense for Health Affairs indicated that a uniform chart of accounts was being developed that would provide more complete medical care cost information for determining reimbursement rates. These accounting system improvements could provide a good basis for the establishment of rates which would enable DOD to obtain reimbursement which more closely approximates the actual cost of medical care.

BURN CENTER

The burn center is staffed and operated by the Army Institute of Surgical Research and is not a part of the Health Services Command--the Army's principle organization

^{1/}"Loss of Millions of Dollars in Revenue Because of Inadequate Charges for Medical Care" (FGMSD-76-102, March 8, 1977).

for delivering health care in the continental United States. The burn center's mission is to treat patients with serious burns, investigate problems and complications arising from such burns, provide teaching and training in the care of injured burn patients, and conduct basic research and clinical studies on burns. Care can be provided for up to 40 patients at one time.

In 1976 care was provided for 277 patients, of which 135 were civilians not customarily eligible for care in DOD facilities. These civilians were provided care when needed on an emergency basis in order to prevent undue suffering or loss of life, or when referred by civilian physicians and the patient met certain criteria regarding the extent of injury and the availability of other treatment facilities. The Secretary of the Army approves care for all civilian patients.

As a matter of policy all civilians are initially classified as patients to be charged for care. However, the Secretary of the Army may later determine that some individuals are not to be charged because they (1) are financially indigent or (2) intend to file a suit against a third party, in which case the Army will pursue recovery of the medical costs through that litigation.

During 1976, 135 civilians were provided a total of 4,668 days of care subject to reimbursement. This represented about 90 percent of the total civilian patient days, and about one-half of the burn center's total workload. Burn center officials said that the number of civilian patients treated in 1976 was representative of prior years and they expected the number to increase. We estimated that the daily cost of care at the burn center in 1976 was about \$370. The reimbursement rates used, however, were \$147 and \$168 1/ per day--the rate charged for an inpatient day of care at all military medical facilities.

Our \$370 per day estimate was developed from cost information included in the burn center's account ledgers and from cost estimates and other information supplied by burn center and Brooke Army Medical Center officials. This amount includes personnel, supplies, and overhead for both the burn center and support provided by Brooke; however, it does not include military retirement, depreciation, and some support costs which were not

¹/The reimbursement rate for the first 6 months of calendar year 1976 was \$147 and \$168 for the second 6 months.

readily available. However, such costs should be included, to the extent possible, in future calculations of the burn center reimbursement rate.

We visited four civilian burn centers in the Southwest United States, two of which were comparable in size to the Army's burn center. Our analysis of the average daily costs for these centers indicated that a \$370 rate for the care provided at the Army's burn center is reasonable.

We recognize that because of the current method used to determine the reimbursement rate for military inpatient care (total military inpatient medical cost divided by total inpatient bed-days) full cost recovery for burn center care could result in a slight reduction in reimbursements at all other facilities. However, in 1976 the reduction throughout DOD would have been less than \$25,000--about 30 cents per inpatient day--whereas full cost recovery for the burn center care could have resulted in increased reimbursements of approximately \$990,000--\$210 per inpatient day for 4,668 days. Therefore, the potential net increase in reimbursements was about \$965,000.

CONCLUSIONS

The cost of providing care at the burn center is far greater than the current reimbursement rate of \$168 per day. As a result, DOD is not being reimbursed at a reasonable rate by civilian patients who are not customarily charged for such care. These patients represented about one-half of the burn center workload in calendar year 1976. Our survey showed that a rate of about \$370 a day would be more representative of the full cost of care being provided at the burn center. If this rate were used, reimbursements could be increased by about \$965,000 annually.

We believe this significant difference between the Defense-wide reimbursement rate and the cost of providing the highly specialized and extremely expensive treatment at the burn center warrants your immediate attention. As stated previously, the implementation of a uniform chart of cost accounts could provide the cost data necessary to establish reimbursement rates which more closely approximate the cost of the care. However, because of the uniqueness of the burn center and because discussions with DOD officials indicate that it is uncertain at this time whether adoption of the uniform chart of cost accounts will

actually result in full cost recovery at the burn center in the near future, we believe you should establish a reimbursement rate which more closely approximates the full cost of providing care at the burn center.

RECOMMENDATION

We recommend that you establish and implement a reimbursement rate for civilian patients treated at the Army's burn center which more closely approximates the full cost of care provided.

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As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Chairmen of the House and Senate Committees on Appropriations, House Committee on Government Operations, Senate Committee on Governmental Affairs, and House and Senate Committees on Armed Services, and to the Director, Office of Management and Budget.

We appreciate the cooperation and assistance provided by DOD personnel during our survey. We will be glad to discuss any questions with you or your representatives.

Sincerely yours,


Gregory J. Hart
Director