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

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

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