DEFENSE HEALTH CARE

Opportunities to Improve Future TRICARE Managed Care Support Contract Transitions

What GAO Found

The implementation of a required new health care benefit option delayed aspects of the transition to the Department of Defense’s (DOD) fourth generation of TRICARE managed care support contracts (T-2017). The National Defense Authorization Act for Fiscal Year 2017 required DOD to implement TRICARE Select, a new preferred provider benefit option. As a result, DOD delayed the start of health care delivery—the date the incoming T-2017 contractors would assume responsibility for managing health care—from October 1, 2017, to January 1, 2018, to align with the mandated implementation date for TRICARE Select. DOD also delayed and lengthened a planned period for the department to make changes to beneficiary information in TRICARE’s eligibility system. According to DOD and its contractors, this delay contributed to problems with enrollment processing backlogs that were not addressed until several months after health care delivery began.

Timeline of the Fourth Generation (T-2017) TRICARE Contract Transition

DOD experienced challenges during the T-2017 transition that resulted from weaknesses with its transition guidance and oversight. Specifically, DOD’s guidance does not always specify the amount and types of data outgoing contractors have to share with incoming contractors. This led to contractor disagreements over data transfers, which DOD did not always resolve in a timely manner. Contractors reported that these issues contributed to problems after health care delivery began for the T-2017 contracts, such as with processing referrals. DHA also determined that some of DHA’s oversight requirements, such as for specialty care referrals, were not feasible or effective, which limited some testing of contractors’ readiness for health care delivery. This occurred in part because DOD’s relevant subject matter experts did not review the requirements.

What GAO Recommends

GAO is making three recommendations to improve future contract transitions, including that DOD improve the specificity of its transition guidance and have subject matter experts review oversight requirements. DOD concurred with GAO’s recommendations and identified steps the department is taking to address them.