GAO Highlights

Highlights of GAO-20-371, a report to congressional committees

May 2020

# DEFENSE HEALTH CARE

## Additional Information and Monitoring Needed to Better Position DOD for Restructuring Medical Treatment Facilities

## Why GAO Did This Study

DOD's MTFs are critical to the medical readiness of servicemembers and providing readiness training for about 107,000 active-duty medical providers. About 9.6 million beneficiaries are eligible for DOD health care through MTFs and civilian network providers. To further support readiness, the National Defense Authorization Act (NDAA) for Fiscal Year 2017 required DOD to plan to restructure MTFs. DOD's February 2020 Plan included decreasing capabilities at 43 MTFs and closing five.

The NDAA included a provision for GAO to review the Plan. This report addresses the extent to which 1) the Plan's methodology prioritized statutory elements and considered complete information, and 2) DOD is positioned to execute MTF restructuring transitions. GAO reviewed DOD's Plan, MTF workload and cost data, and interviewed DOD leaders and officials at 11 MTFs selected on the basis of military department, restructuring action, and location.

## What GAO Recommends

GAO is making six recommendations, including that future MTF assessments use more complete and accurate information about civilian health care quality, access, and cost-effectiveness; and that DOD establish roles, responsibilities, and progress thresholds for MTF transitions. DOD partially concurred with four recommendations and concurred with two. As discussed in the report, GAO continues to believe that all six recommendations are warranted.

View GAO-20-371. For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

## What GAO Found

The Department of Defense's (DOD) methodology to determine Medical Treatment Facilities' (MTF) restructuring actions in its implementation plan (the Plan) prioritized statutory elements. These included military readiness, adequacy of nearby civilian health care, and cost-effectiveness. However, DOD based part of its methodology on incomplete and inaccurate information.

- **Civilian health care assessments did not consistently account for provider quality.** DOD generally assumed that identified providers were of sufficient quality. GAO found that DOD considered the quality of nearby civilian providers for one of 11 selected MTFs. In this instance, information from the MTF about the variable quality of nearby civilian health care led to DOD's determination that such care was not yet adequate to support MTF restructuring. Officials GAO interviewed from other MTFs discussed concerns about quality of care from nearby civilian providers.
- **Civilian health care assessments did not account for access to an accurate and adequate number of providers near MTFs.** DOD may have included in its assessments providers who do not meet DOD's access-to-care standards for certain beneficiaries. For 11 selected MTFs, GAO found that about 56 percent of civilian primary care providers and 42 percent of civilian specialty providers that DOD identified as being nearby exceeded DOD's drive-time standards. Including such providers in its assessments means that DOD could have overestimated the adequacy of civilian health care providers in proximity to some MTFs.
- **Cost-effectiveness assessments were based on a single set of assumptions.** DOD concluded that civilian health care was more cost-effective than care in its MTFs without considering other assumptions that could affect its conclusions. For example, DOD applied assumptions about the cost of military personnel salaries, MTF workloads, and reimbursement rates for TRICARE that likely underestimated the cost-effectiveness of MTFs.

GAO also found that DOD conducted limited assessments of MTFs' support to the readiness of military primary care and nonphysician medical providers—an issue DOD officials stated they will address during MTF transitions. Until DOD resolves methodology gaps by using more complete and accurate information about civilian health care quality, access, and cost-effectiveness, DOD leaders may not fully understand risks to their objectives in restructuring future MTFs.

DOD's Plan identified actions needed to facilitate MTF restructuring, but the department is not well positioned to execute the transitions. DOD's Plan poses challenges for the military departments and the Defense Health Agency (DHA) related to MTF providers' readiness. Yet, DOD plans to move forward with restructuring without a process to monitor progress and challenges. By establishing roles and responsibilities for executing and monitoring MTF restructuring transitions, DOD can be better positioned to navigate organizational boundaries between the DHA that manages the MTFs and the military departments that provide staff. Additionally, by defining measurable objectives and progress thresholds, DOD can better ensure it is meeting objectives and facilitating timely adjustments to MTF restructuring transitions, as needed.