

Why GAO Did This Study

DOD offers comprehensive health care coverage to millions of beneficiaries through TRICARE, a system of health care that DOD purchases from private insurers to supplement the health care that DOD provides through its military and dental treatment facilities (DTF). Purchased dental services are provided through separate programs for different groups of beneficiaries: (1) the ADDP provides dental care to active duty servicemembers who do not have ready access to a DTF; (2) the TDP provides dental insurance to eligible dependents of active duty servicemembers, and to National Guard and Reserve members and their dependents; and (3) the TRDP provides dental insurance to retired uniformed service members and their dependents. DHA is responsible for awarding, administering, and overseeing contracts with private insurers for these programs.

Senate Report 112-173, which accompanied the Senate Committee on Armed Services' version of the National Defense Authorization Act for fiscal year 2013, mandated that GAO review DOD's private sector care contracts, including its contracts for dental services. GAO examined (1) how DHA developed the requirements for its current dental services contracts and (2) the reasons for DHA's use of separate contracts for different beneficiary groups. GAO reviewed relevant laws, regulations, and DOD contracts and acquisition planning documents. GAO also interviewed DHA officials and other stakeholders.

GAO made no recommendations.

View [GAO-14-497](#). For more information, contact Vijay A. D'Souza at (202) 512-7114 or dsouzav@gao.gov.

DEFENSE HEALTH CARE

TRICARE Dental Services Contracts' Requirements and Structure

What GAO Found

To develop requirements for its current dental services contracts, officials from the Department of Defense's (DOD) Defense Health Agency (DHA) analyzed market research, data from contractors' past performance, legislation, independent cost estimates, and other information. DHA officials used this information to align the contracts' requirements with contract goals to deliver high quality dental services in a cost effective manner and to facilitate access to care.

- **Market research:** DHA officials gathered information through market research and analyzed it to determine the capabilities within the dental services market to satisfy the agency's needs.
- **Performance monitoring:** DHA officials analyzed information about contractors' past performance, including claims payment data, to assess and revise contract requirements.
- **Legal requirements:** DHA officials reviewed laws relevant to each dental services contract to identify changes required by statute.
- **Independent cost estimates:** DHA officials reviewed cost estimates for new benefit requirements they were considering for the TRICARE Retiree Dental Program (TRDP) and TRICARE Dental Program (TDP) contracts to assess cost efficiency.
- **Other sources of information:** DHA officials reviewed lessons learned from previous procurements, current dental services contract requirements, and dental best practices and changes in the professional practice of dentistry.

DHA uses separate contracts for different beneficiary groups in part because the programs that serve them are funded differently. The TRDP contract is separate from the TRICARE Active Duty Dental Program (ADDP) and the TDP contracts because the government does not contribute any funds for the TRDP, but does contribute funds for the ADDP and TDP. To provide assurance that government funds are not expended for the TRDP, contractors said they would have to operate the programs separately. As a result, DHA officials determined that there would be minimal cost savings from combining contracts. Differences in how the ADDP and TDP programs are funded also influenced DHA's decision to use separate contracts for these programs. DOD pays all costs for necessary care provided to active duty servicemembers through the ADDP. In contrast, the TDP is an insurance program: DOD and TDP beneficiaries share in the costs of premiums, which are paid to the contractor; the contractor is at risk for payment to providers. DHA officials concluded that the disadvantages of combining these two contracts outweighed the potential advantages. Other factors that contributed to DHA's decision to use separate contracts for different beneficiary groups included differences in program purposes, dental services, and network access standards.

In comments on a draft of this report, DOD agreed with its findings and provided a technical comment, which was incorporated.