

GAO Highlights

Highlights of [GAO-20-197](#), a report to congressional committees

Why GAO Did This Study

In fiscal year 2018, DOD provided health care services to more than 9 million eligible beneficiaries through TRICARE, its regionally structured health care program. In each of its two regions (East and West), DOD uses contractors to manage health care delivery through civilian providers. The NDAA 2017 required a number of changes to the TRICARE program through its contracts. Specifically, it required DOD to implement a strategy with 13 specific elements—related to provider networks, telehealth services, and referrals, among other areas—for its contracts.

The NDAA 2017 and the accompanying Senate Report 114-255 included provisions for GAO to examine DOD's managed care support contract acquisition process and requirements. This report (1) describes changes DOD made to its TRICARE contracts and acquisition process between its T-3 and T-2017 contracts and (2) examines the extent to which DOD implemented the 13 elements as required by the NDAA 2017, among other things. GAO reviewed and analyzed relevant federal statutes, T-3 and T-2017 planning and contracting documents, and interviewed DOD officials and TRICARE contractors.

What GAO Recommends

GAO recommends that DOD develop and implement plans with time frames and specific actions needed for all 13 required elements in the TRICARE contracts. DOD concurred with GAO's recommendation and noted its plans to address each of the required elements in the T-5 contracts.

View [GAO-20-197](#). For more information, contact Sharon Silas at (202) 512-7114 or silass@gao.gov or William T. Woods at (202) 512-4841 or woodsw@gao.gov.

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DEFENSE HEALTH CARE

Plans Needed to Ensure Implementation of Required Elements for TRICARE's Managed Care Support Contracts

What GAO Found

The Department of Defense (DOD) made selective changes to its TRICARE managed care support contracts and acquisition process from the third generation of contracts (T-3) to the fourth generation (T-2017) of contracts. According to DOD officials, the contracts are generally the same, and changes were made to clarify or streamline TRICARE requirements and administrative processes. Officials told GAO they prioritized the continuation of beneficiary services, rather than implement significant contract changes that could potentially be disruptive. Some of the T-2017 changes include a reduction from three to two contract regions and a different method for paying the contractors.

GAO found that DOD has partially implemented six of the 13 elements required by the National Defense Authorization Act for Fiscal Year 2017 (NDAA 2017), in its T-2017 contracts. DOD leadership explained that they decided to implement each of the 13 elements separately rather than by developing a single strategy that addressed all of the elements. DOD officials explained that some of the 13 elements will be implemented through modifications to the T-2017 contracts, while others will be addressed in the fifth generation of managed care support contracts (T-5), which are expected to be awarded in 2021. While DOD has taken steps to begin implementing some of the required elements, GAO found that DOD lacks plans with specific time frames and actions needed to fully implement all of the elements. As a result, it is unclear exactly how and when all 13 elements will be implemented.

The National Defense Authorization Act for Fiscal Year 2017 (NDAA 2017) Section 705(c) Elements Implemented in the T-2017 Contracts, as of January 2020

NDAA 2017	
Section 705 (c)(5)	Section 705 (c)(6)
(A) Provider Networks	(A) Rural, Remote, and Isolated Areas [Unique Characteristics]
(B) Medical Management	(B) Rural, Remote, and Isolated Areas [Network Challenges]
(C) Telehealth	(C) Rural, Remote, and Isolated Areas [Provider Reimbursement Rate Structure]
(D) Value-Based Methodologies	(D) Rural, Remote, and Isolated Areas [Beneficiaries' Access, Quality of Care, Outcomes, and Experience]
(E) Financial Incentives	
(F) Prevention and Wellness Incentives	
(G) Beneficiary Enrollment	
(H) Referrals	
(I) Medical and Lifestyle Incentives	

● Partially implemented ○ Not implemented

Source: GAO analysis of the NDAA 2017 section 705(c) provisions and Department of Defense information. | GAO-20-197