

GAO Highlights

Highlights of [GAO-20-39](#), a report to congressional committees

Why GAO Did This Study

DOD contracts with private sector companies—referred to as managed care support contractors—to deliver health care services to its TRICARE program beneficiaries through networks of civilian providers. In July 2016, DOD awarded its fourth generation of TRICARE contracts, referred to as T-2017, for management of civilian providers in its two regions (East and West). For new TRICARE contracts, DOD provides a transition period—usually 9 to 12 months—for the incoming and outgoing contractors. During this time, the incoming contractors must take specific steps to prepare for health care delivery.

The John S. McCain National Defense Authorization Act for Fiscal Year 2019 included a provision for GAO to review the T-2017 transition. This report examines (1) how the requirement to implement TRICARE Select affected the transition, (2) challenges DOD experienced executing the T-2017 transition process, and (3) how DOD addressed problems after the start of health care delivery. GAO reviewed and analyzed DOD guidance, contract requirements, and other relevant documentation, and interviewed DOD officials, TRICARE contractors, and other stakeholders.

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.

View [GAO-20-39](#). For more information, contact James Cosgrove at (202) 512-7114 or cosgrovej@gao.gov.

November 2019

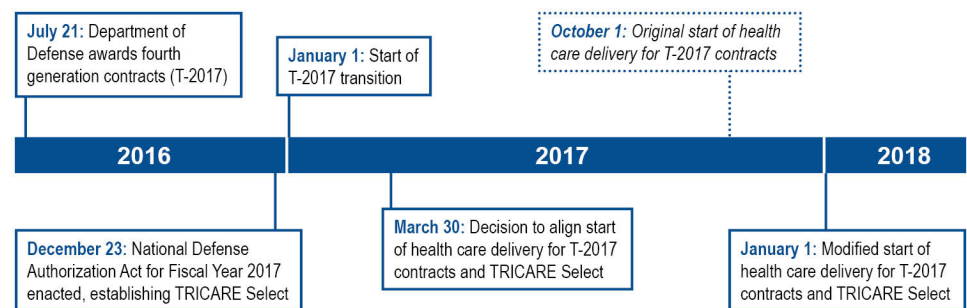
DEFENSE HEALTH CARE

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



Source: GAO analysis of DOD information. | GAO-20-39

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.

DOD addressed most of the problems that occurred after health care delivery began by requiring the contractors to develop and implement corrective action plans. DOD and contractors are addressing some problems that have persisted, including problems with the contractors' provider directory accuracy in both regions and claims processing in one region. DOD has an opportunity to avoid similar problems in the future by improving the specificity of its transition guidance and effectiveness of its oversight requirements.