April 30, 2002

The Honorable Carl Levin  
Chairman  
The Honorable John Warner  
Ranking Minority Member  
Committee on Armed Services  
United States Senate  

The Honorable Bob Stump  
Chairman  
The Honorable Ike Skelton  
Ranking Minority Member  
Committee on Armed Services  
House of Representatives  

Subject: Department of Defense, Office of the Secretary: Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)/TRICARE; Partial Implementation of Pharmacy Benefits Program; Implementation of National Defense Authorization Act for Fiscal Year 2001


The final rule is being published as a follow-up to an interim final rule that DOD published on February 9, 2001, implementing various sections of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001. 66 Fed. Reg. 9651. Among other items, the rule allows coverage of physical examinations for beneficiaries ages 5 through 11 that are required in connection with school enrollment and partially implements the Pharmacy Benefits Program establishing revised copays and cost-shares for the prescription drug benefit.

Enclosed is our assessment of the DOD’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the DOD complied with the applicable requirements.
If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the rule is William Scanlon, Managing Director, Health Care. Mr. Scanlon can be reached at (202) 512-7114.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: L.M. Bynum
    Alternate OSD Federal Register Liaison Officer
    Department of Defense
ISSUED BY THE
DEPARTMENT OF DEFENSE,
OFFICE OF THE SECRETARY
ENTITLED
"CIVILIAN HEALTH AND MEDICAL PROGRAM OF THE
UNIFORMED SERVICES (CHAMPUS)/TRICARE; PARTIAL IMPLEMENTATION
OF PHARMACY BENEFITS PROGRAM; IMPLEMENTATION OF NATIONAL
DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2001"
(RIN: 0720-AA62)

(i) Cost-benefit analysis

The final rule will add over $200 million in annual health care benefit costs. The
estimate is based on historical TRICARE costs and an assessment of potential users
times the average benefit costs per person for each of the provisions.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605,
607, and 609

DOD has determined that the final rule will not have a significant economic impact
on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform

The final rule does not contain an intergovernmental or private sector mandate, as
defined in title II, of more than $100 million in any one year.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

In the publication of the interim rule in the Federal Register on February 9, 2001,
DOD requested comments for consideration before the rule became final. DOD
received comments from one commenter, and they are discussed in the preamble to
the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule does not contain any information collections that are subject to review
by the Office of Management and Budget under the Paperwork Reduction Act.
Statutory authorization for the rule


Executive Order No. 12866

The final rule was reviewed by OMB and found to be an “economically significant” regulatory action under the order.