

United States Senate
WASHINGTON, DC 20510

March 22, 2024

VIA ELECTRONIC TRANSMISSIONS

The Honorable Lloyd J. Austin III
Secretary
Department of Defense

Dear Secretary Austin:

The Defense Health Agency (DHA) is responsible for providing medical services to the Army, Navy, and Air Force to ensure our armed forces are medically ready during both peacetime and wartime.¹ Among other responsibilities, DHA manages the \$18.5 billion budgeted for DOD's health plan, TRICARE.² TRICARE is responsible for delivering healthcare to 9.6 million beneficiaries through a network of military hospitals, clinics, and civilian providers.³

The Government Accountability Office (GAO) published a report in February of 2015 titled, "*Improper Payments: TRICARE Measurement and Reduction Efforts Could Benefit from Adopting Medical Record Reviews.*"⁴ Part of that report found that, "[b]y not examining medical record documentation to discern if payments [to providers or enrollees] are proper, TRICARE's reported improper payment estimates are not comparable to Medicare's estimates, and likely understate the amount of improper payments relative to the estimates produced by Medicare's more comprehensive methodology."⁵ The GAO made two priority recommendations in that report, both of which remain open.⁶

GAO's first open recommendation states that, "to better assess and address the full extent of improper payments in the TRICARE program, the Secretary of Defense should direct the Assistant Secretary of Defense (Health Affairs) to implement a more comprehensive TRICARE improper payment measurement methodology that includes medical record reviews, as done in other parts of its existing postpayment claims review programs."⁷

¹ The official website of the Military Health System, *Defense Health Agency*, <https://health.mil/About-MHS/OASDHA/Defense-Health-Agency>.

² *Id.*

³ The official website of the Military Health System, *TRICARE Health Plan*, <https://health.mil/Military-Health-Topics/Access-Cost-Quality-and-Safety/TRICARE-Health-Plan>.

⁴ GAO, GAO-15-269, *Improper Payments: TRICARE Measurement and Reduction Efforts Could Benefit from Adopting Medical Record Reviews*, (Feb. 18, 2015), <https://www.gao.gov/products/gao-15-269>.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

The second open recommendation tasks the Secretary of Defense with “direct[ing] the Assistant Secretary of Defense (Health Affairs) to develop more robust corrective action plans that address underlying causes of improper payments, as determined by the medical record reviews.”⁸

According to GAO, as of March 22, 2024, these recommendations are still open. GAO’s website states, “[a]s of March 2024, DOD was in the process of re-designing its improper payment reporting program and did not report improper payments for the TRICARE program—also known as the military health program—in 2023.”⁹

Payment Accuracy, a website created by the Department of Treasury, Department of Justice, and the Office of Management and Budget to track improper payments to individuals, organizations, and contractors, found that, from FY 2019 to FY 2022, DOD made \$1.05 billion in improper payments related to military benefits and healthcare.¹⁰ An improper payment is one “that should not have been made or that was made in the wrong amount. That includes overpayments, underpayments, or even payments made to the right recipient in the right amount but not in strict adherence to the relevant statute or regulation.”¹¹

Almost ten years ago, in its 2015 report, GAO stated that, “[w]ithout taking corrective action, DHA cannot effectively take steps to address practices that contribute to improper payments and excess spending.”¹² It is imperative that DHA use comprehensive oversight methods to detect, deter, and eliminate improper TRICARE payments.

For Congress to better understand DOD’s progress in satisfying these open recommendations and to detect, deter, and eliminate waste, please provide answers to the following by April 5, 2024:

1. What steps has DOD taken to close the open recommendations from the 2015 report? Provide all records.¹³
2. What are the underlying causes and practices that contribute to improper payments as it relates to TRICARE and military healthcare? Provide all records.
3. What corrective actions has DOD taken to address the causes and practices contributing to improper TRICARE payments? Provide all records.

⁸ *Id.*

⁹ *Id.*

¹⁰ Payment Accuracy, *Annual Improper Payment Data Sets 2023 Data Set*, <https://www.paymentaccuracy.gov/payment-accuracy-the-numbers/>.

¹¹ The White House, *Updated data on Improper Payments*, (December 30, 2021), <https://www.whitehouse.gov/omb/briefing-room/2021/12/30/updated-data-on-improper-payments/#:~:text=An%20improper%20payment%20is%20a%20payment%20that%20should,strict%20adherence%20to%20the%20relevant%20statute%20or%20regulation.>

¹² *Supra* note 4.

¹³ “Records” include any written, recorded, or graphic material of any kind, including letters, memoranda, reports, notes, electronic data (emails, email attachments, and any other electronically created or stored information), calendar entries, inter-office communications, meeting minutes, phone/voice mail or recordings/records of verbal communications, and drafts (whether they resulted in final documents).

4. In the past five years, what steps has DOD taken to recoup improper payments related to TRICARE and military healthcare? Provide all records.
5. For FY 2023, how much money did DOD spend on improper TRICARE payments? Provide all records.
6. How much does it cost DOD to recoup improper payments related to TRICARE and military healthcare? Provide all records.
7. What is the status of DOD's implementation of Medical Record Reviews? Provide all records.
8. Has DOD ever met with CMS to understand how CMS manages improper payments? Provide all records.

Thank you for your cooperation on this important matter. If you have any questions, please contact Tucker Akin of my Committee staff at (202) 224-0642.

Sincerely,



Charles E. Grassley
Ranking Member
Committee on the Budget