

THE MILITARY HEALTH SYSTEM: HEALTH AFFAIRS/TRICARE MANAGEMENT
ACTIVITY

OVERVIEW STATEMENT

BY MAJOR GENERAL ELDER GRANGER, MD

DEPUTY DIRECTOR, TRICARE MANAGEMENT ACTIVITY

BEFORE THE

MILITARY PERSONNEL SUBCOMMITTEE

ARMED SERVICES COMMITTEE

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Madam Chairwoman, Members of the Committee, I am pleased to talk to you today about TRICARE—a critical component of the Military Health System (MHS)—and the efficiencies we have implemented over the past several years to address the growing cost of health care in this nation. With the support of Congress, I believe we have been able to make TRICARE a model health care delivery system.

I have had the pleasure to serve as the Deputy Director for TRICARE Management Activity since December 2005, and these past three plus years have been both extremely busy and challenging. We have launched many new benefits and programs while identifying the most effective and efficient way to deliver health care for 9.4 million of our nation's heroes and their families. The issues identified in the testimonies for this hearing are not new and DoD leadership is aware of them. DoD is committed to constantly improving the organizational structure of the Military Health System and is aware of various recommendations to improve internal communications, planning and coordination efforts. The input from all stakeholders is valued and is currently being reviewed.

TRICARE is a worldwide healthcare program that supports soldiers, sailors, airmen, marines, coast guardsmen, active duty and family members, reservists, and retired members and their families – wherever they live. Around the globe, TRICARE is there – through the integrated healthcare delivery system of military medical facilities and civilian healthcare providers operating under national and international contractors. We ensure the care is delivered and paid for, that standards are uniformly met, and in accordance to access standards. We are also implementing the Department of Defense's strategic objectives for managing military health services. We are improving business operations, providing effective and efficient support to the

warfighters, and maintaining a high level of financial accountability. Some of the most significant accomplishments are the following:

- We reduced 12 lead agent offices to three regional offices and the number of regional contracts from six to three while improving access, beneficiary services, and program management. We carved pharmacy, marketing, and other programs out of the large contracts increasing cost savings and program effectiveness.
- We combined the TRICARE National mail order pharmacy with the National Retail pharmacy and incentivized the contractor to migrate prescriptions—including expensive specialty drugs—from retail to mail order, a significant cost savings.
- We are consolidating overseas support contracts to improve operational efficiencies and beneficiary satisfaction while reducing administrative costs.
- We increased patient satisfaction, receiving high marks on the 2007 American Customer Satisfaction Index (ACSI) of 89 for inpatient care and 84 for outpatient care.
- Now that TRICARE Reserve Select (TRS) has been in place since 2005, we were able to calculate premiums for 2009 based on actual cost data obtained from 2006 and 2007. Effective January 1, 2009, TRICARE reduced the rates for TRS significantly. Monthly premiums for TRS individual coverage were reduced 44 percent, from \$81.00 to \$47.51, and TRS family coverage plans were reduced 29 percent, from \$253.00 to \$180.17. It's an excellent health care option that we are proud to offer our Guard and Reserve force.
- Extensively worked with the managed care support contractors to implement standardized disease management programs for asthma, congestive heart failure, and diabetes that reached over 50,000 beneficiaries and netted TRICARE over \$30 million in cost avoidance.

- In response to needs to expand capabilities for Wounded Warriors and their families, we responded with new and innovative programs, such as our Behavioral Health Care Provider Locator and Appointment Assistance Service to facilitate access and provide assistance for active duty and active duty family members in obtaining behavioral health care appointments.
- We have a robust studies, surveys and research program that assesses efficacy and identifies areas for improvement in both the direct care and purchased care systems.

The purchased care sector is now delivering between 60 and 70 percent of the health care in the MHS. Through focused management initiatives by the TRICARE Management Activity and our Managed Care Support Contractor partners we ensure this care is delivered efficiently and effectively. One example of our success in this regard is found in our claims processing performance. During fiscal year 2008 we achieved claims processing timeliness of 95 percent of claims completed within 30 days. Our contractors consistently exceed a claims payment accuracy rate of 99 percent. A second example is found in our customer service and issue response performance as measured against telephone response standards for timeliness, hold times, and call resolution. All have regularly exceeded the 95 percent contract requirement standard.

The MHS is a unique health care delivery system, and the military and civilian leaders who guide it never forget the debt we owe to the brave men and women – those who serve today and those who have gone before – who willingly put their lives on the line to defend the freedoms we enjoy every day, as well as their Great American families. We remain focused on satisfying the needs of these patriots by always providing them world-class health care of the right kind, delivered at the right time, in the right place.

Madam Chairwoman, thank you for the opportunity to be with you today. I look forward to your questions.