UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

MAR 29 2013

The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The enclosed report responds to section 714 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417), which requires the Secretary of Defense to conduct a demonstration project to evaluate whether providing a financial incentive, referred to as a preventive health services allowance, would increase the use of preventive health services among members of the Armed Forces and their dependents. The Department implemented the demonstration, which included colorectal, breast, cervical, and prostate cancer screening; annual physical and dental examinations; weight and body mass measurement; and vaccinations. Beneficiaries received a preventive health services allowance for full compliance in the amount of $500 for single participants and $1,000 for those enrolled with dependents.

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On March 30, 2012, an interim response was submitted to Congress. The final report was delayed to allow for complete collection, review, and analysis of the data. If you would like a briefing or have additional questions, please do not hesitate to contact us. A similar letter is being sent to the President of the Senate, the Speaker of the House of Representatives, and the Chairpersons of the other congressional defense committees.

Thank you for your interest in the health and well-being of our Service members, veterans, and their families.

Sincerely,

Jessica L. Wright
Acting

Enclosure:
As stated

cc:
The Honorable James M. Inhofe
Ranking Member

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

MAR 29 2013

The Honorable Howard P. "Buck" McKeon
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The enclosed report responds to section 714 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417), which requires the Secretary of Defense to conduct a demonstration project to evaluate whether providing a financial incentive, referred to as a preventive health services allowance, would increase the use of preventive health services among members of the Armed Forces and their dependents. The Department implemented the demonstration, which included colorectal, breast, cervical, and prostate cancer screening; annual physical and dental examinations; weight and body mass measurement; and vaccinations. Beneficiaries received a preventive health services allowance for full compliance in the amount of $500 for single participants and $1,000 for those enrolled with dependents.

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Sincerely,

Jessica L. Wright
Acting

Enclosure:
As stated

cc:
The Honorable Adam Smith
Ranking Member

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

MAR 29 2013

The Honorable Barbara A. Mikulski
Chairwoman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

The enclosed report responds to section 714 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417), which requires the Secretary of Defense to conduct a demonstration project to evaluate whether providing a financial incentive, referred to as a preventive health services allowance, would increase the use of preventive health services among members of the Armed Forces and their dependents. The Department implemented the demonstration, which included colorectal, breast, cervical, and prostate cancer screening; annual physical and dental examinations; weight and body mass measurement; and vaccinations. Beneficiaries received a preventive health services allowance for full compliance in the amount of $500 for single participants and $1,000 for those enrolled with dependents.

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Sincerely,

Jessica L. Wright
Acting

Enclosure:
As stated

cc:
The Honorable Richard C. Shelby
Vice Chairman

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

MAR 29 2013

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The enclosed report responds to section 714 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417), which requires the Secretary of Defense to conduct a demonstration project to evaluate whether providing a financial incentive, referred to as a preventive health services allowance, would increase the use of preventive health services among members of the Armed Forces and their dependents. The Department implemented the demonstration, which included colorectal, breast, cervical, and prostate cancer screening; annual physical and dental examinations; weight and body mass measurement; and vaccinations. Beneficiaries received a preventive health services allowance for full compliance in the amount of $500 for single participants and $1,000 for those enrolled with dependents.

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Sincerely,

Jessica L. Wright
Acting

Enclosure:
As stated

cc:
The Honorable Nita M. Lowey
Ranking Member

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

MAR 29 2013

The Honorable Kirsten E. Gillibrand
Chairwoman
Subcommittee on Personnel
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairwoman:

The enclosed report responds to section 714 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417), which requires the Secretary of Defense to conduct a demonstration project to evaluate whether providing a financial incentive, referred to as a preventive health services allowance, would increase the use of preventive health services among members of the Armed Forces and their dependents. The Department implemented the demonstration, which included colorectal, breast, cervical, and prostate cancer screening; annual physical and dental examinations; weight and body mass measurement; and vaccinations. Beneficiaries received a preventive health services allowance for full compliance in the amount of $500 for single participants and $1,000 for those enrolled with dependents.

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Sincerely,

Jessica L. Wright
Acting

Enclosure:
As stated

cc:
The Honorable Lindsey O. Graham
Ranking Member

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

MAR 29 2013

The Honorable Joe Wilson
Chairman
Subcommittee on Military Personnel
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The enclosed report responds to section 714 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417), which requires the Secretary of Defense to conduct a demonstration project to evaluate whether providing a financial incentive, referred to as a preventive health services allowance, would increase the use of preventive health services among members of the Armed Forces and their dependents. The Department implemented the demonstration, which included colorectal, breast, cervical, and prostate cancer screening; annual physical and dental examinations; weight and body mass measurement; and vaccinations. Beneficiaries received a preventive health services allowance for full compliance in the amount of $500 for single participants and $1,000 for those enrolled with dependents.

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Sincerely,

Jessica L. Wright
Acting

Enclosure:
As stated

cc:
The Honorable Susan A. Davis
Ranking Member

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

MAR 29 2013

The Honorable Richard J. Durbin
Chairman
Subcommittee on Defense
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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Jessica L. Wright
Acting

Enclosure:
As stated

cc:
The Honorable Thad Cochran
Vice Chairman

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

MAR 29 2013

The Honorable C. W. Bill Young
Chairman
Subcommittee on Defense
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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Sincerely,

Jessica L. Wright
Acting

Enclosure:
As stated

cc:
The Honorable Peter J. Visclosky
Ranking Member

FINAL REPORT TO CONGRESS

PREVENTIVE HEALTH SERVICES ALLOWANCE DEMONSTRATION PROJECT

Office of the Secretary of Defense

March 2013

The estimated cost of report or study for the Department of Defense is approximately $3,600 for FY13. This includes $0 in expenses and $3,600 in DoD labor.

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EXECUTIVE SUMMARY

Advances in medical care have reduced the prevalence of acute conditions, increased life expectancy, and shifted the overriding source of mortality to chronic diseases, which are largely driven by preventable risk factors. It is well-accepted by clinicians and researchers, and supported by a wealth of existing literature, that early identification of risk factors through preventive health screenings provides the opportunity for earlier intervention to help delay or prevent the progression of disease.

In their 2001 report, "Crossing the Quality Chasm," the Institute of Medicine opined that to effectively prevent and manage chronic disease, the U.S. health care system would require reengineering, to include the realignment of incentives. Incentives have been used for health care consumers as well as providers in an attempt to foster engagement in preventive care and health promotion practices.

The results of this demonstration project indicate that compliance rates among participants for the mandated preventive health services were high, and often exceeded the national rate. However, these high rates of compliance were expected since many of these preventive health services are part of the evaluation and testing that Active Duty Service members routinely undergo in order to maintain individual medical readiness. Readiness is the central, unifying component of the Military Health System's (MHS) Quadruple Aim which defines the basic construct for care in the MHS. The focus on readiness ensures that the fighting force is medically ready to deploy anytime anywhere in support of the full range of military operations and humanitarian missions.

TRICARE beneficiaries are already using the extensive and comprehensive variety of health promotion, education, wellness, disease management, and clinical preventive health services that currently exist within the MHS at a high rate and without incurring any out-of-pocket costs. The low enrollment among the eligible households who were invited to participate does not support the need to extend the demonstration or to make the preventive health service allowance part of the health care benefit since the monetary allowance offered does not appear to have been a significant inducement for participation.

Section 714 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417) required the Secretary of Defense to implement a Preventive Health Services Allowance demonstration project to evaluate whether providing an allowance would increase the use of preventive health services among members of the Armed Forces and their dependents.

At a minimum, the Preventive Health Services Allowance Demonstration was to include, taking age and gender into consideration, the following:

- Colorectal cancer screening
- Breast cancer screening
- Cervical cancer screening
- Prostate cancer screening
- Annual physical exam
- Annual dental exam
- Weight and body mass screening
- Vaccinations

Section 714 further stipulated that the Secretaries of the Army, Navy, Marine Corps, and Air Force shall pay a preventive health services allowance to not more than 1,500 members per service in the amount of $500 per year for Service members without dependents and $1,000 per year for those with dependents.

The Department was also required to submit reports on the status of the demonstration, including findings regarding the medical status of participants, recommendations to modify the policies and procedures of the program, and recommendations concerning the future utility of the project.

INTRODUCTION

Preventive health screenings provide an opportunity for earlier diagnosis and intervention to help delay or prevent the progression of disease. For example, the goal for the appropriate utilization of vaccinations and cancer-related screenings is to decrease the morbidity and mortality of specific preventable conditions. Despite these recognized benefits, Americans only access preventive services at about half the recommended rate (McGlynn, 2003).

Research suggests that incentives directed at health care consumers can effectively lead to behavior change in the short-term. Boyden and Carter (2000) maintain that a financial incentive scheme should address the under-provision of a preventive service in which prevention offers opportunities for significant health gain, such as in the area of childhood immunization. In reviewing the effect of economic incentives on consumers' preventive behavior, Kane et al. (2004) concluded that economic incentives are effective in the immediate term for simple preventive care (for example, immunizations) and distinct, well-defined behavioral goals. The researchers also found that small incentives can produce finite changes, but the size of the incentive needed to produce a major sustained behavior change remains unclear. Additionally, Volpp et al. (2008) point out that from the psychological perspective, small incentives can have a large impact if delivered frequently, preferably soon after the desired behavior takes place. Notwithstanding, there is insufficient evidence in support of the effectiveness of incentives in promoting the long-term lifestyle changes needed for health promotion (Institute of Medicine, 2001).

Haveman (2010) concludes that evidence supporting the beneficial effects of incentive programs has been slow to emerge, due to the ongoing need for research on how behaviors have changed because of the incentive. There continues to be a dearth of information on whether there is extinction of behaviors after the removal of incentives. Debate continues as to whether paying people to engage in preventive care behaviors sets up an expectation for future payments and, as a result, lowers participation rates when the incentive is eliminated.

This report provides the results of the Preventive Health Services Allowance Demonstration Project, including program enrollment and participation, findings regarding the medical status of the participants, recommendations to modify the policies and procedures of the program, and the future utility of the project.

KEY ELEMENTS

Comprehensive Structure

A comprehensive Preventive Health Services Allowance Demonstration project was designed to support the requirements of section 714 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009. The project was approved by the

TRICARE Management Activity (TMA) Human Research Protection Office to ensure that the demonstration was conducted in an ethical manner that protected the rights and welfare of those participating.

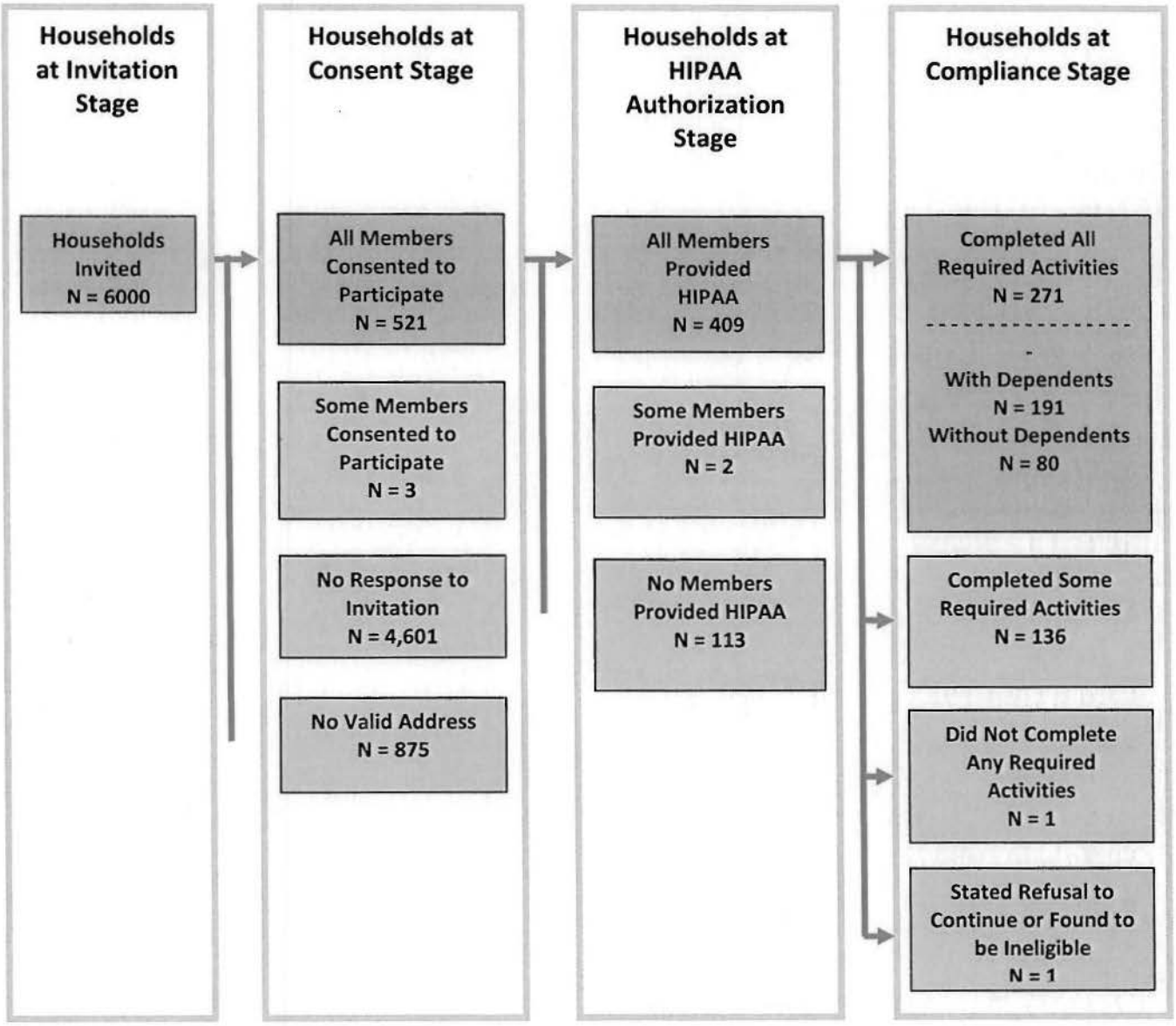
The demonstration was conducted in the United States. Participants and their dependents were eligible to participate if the Service member was serving on Active Duty for a period of more than 30 days, and met the medical and dental readiness requirements for the Armed Force of their respective Service. The Active Duty sponsor enrolled in the demonstration received a preventive health allowance for compliance with the demonstration's requirements. In order to qualify for the allowance, all members of the household were required to fulfill the preventive health activities mandated by this demonstration, taking age and gender into consideration. Fully compliant Service members enrolled without dependents received $500, and those with dependents received $1,000 per household.

Program Enrollment and Participation

Invitations were sent to 6,000 Active Duty sponsors in the 4 service branches inviting them and their eligible family members to participate. An equal number of invitations (1,500) were sent to Army, Navy, Air Force, and Marine Corps households; only 7 percent (409 households) of the 6,000 invited households successfully enrolled. The remaining 93 percent of households either did not respond to the invitation or failed to complete the required documentation for enrollment which included a consent to participate, and a Health Insurance Portability and Accountability Act (HIPAA) form authorizing access to their protected health information. At the conclusion of the demonstration, only 271 or 4.5 percent of households invited to participate had successfully completed the required preventive health services to qualify for the allowance payment. Thus the monetary incentive does not appear to be an inducement for households to obtain these preventive services. Of the 271 compliant households, 80 were single Active Duty Service members and 191 were Active Duty Service members with dependents.

Figure 1 is a graphical depiction of participation progression from the initial 6,000 households invited to participate in the demonstration project to the final 271 households that qualified for the allowance.

Figure 1 Progress of households participating at each stage of the Demonstration



Medical Status of the Participants

The results of this demonstration indicate that compliance rates for preventive health services among the small percentage who participated were high and often exceeded the national rate. Among the demonstration participants in 2011, 97 percent completed an annual physical. Mehrotra and colleagues (2007) retrospectively analyzed data from the 2004 National Ambulatory Medical Care Survey and projected that about 20 percent of U.S. adults complete an annual preventive health assessment visit. Among demonstration participants in 2011, 88 percent completed a dental exam. Data from the National Center for Health Statistics (NCHS, 2012) reveals that only 58 percent of the U.S. population had completed a dental examination during the previous 12 months. The compliance with the dental examination among demonstration participants was consistent with findings that the MHS dental readiness in the combined Classes 1 (patients with a current dental examination, who do not require dental treatment or re-evaluation) and 2 (patients with a current dental examination who require non-urgent dental treatment or re-evaluation for oral conditions, which are unlikely to result in dental emergencies within 12 months) for Active Duty personnel is high and reached 92 percent in Fiscal Year 2011.

Among demonstration participants, 78 percent had obtained an influenza immunization in 2011, as compared to 35 percent of the U.S. population over the age of 18 years based on 2010 National Health Interview Survey data (NCHS, 2012). A telephone survey conducted by TMA of 10,001 adult TRICARE beneficiaries during the flu season in November 2010 and March 2011 found that 88 percent of Active Duty Service members, and 39 percent of Active Duty dependents had obtained their influenza immunization.

These high rates of compliance were expected since physicals, dental exams, and immunizations are required among Active Duty Service members to maintain medical and force readiness. In addition, the majority of households that qualified for the allowance were Active Duty service members enrolled in this demonstration with dependents which indicates that dependents also obtained the required preventive health services.

A comparison between 2010 (baseline year without the allowance) and 2011 (observation period with the allowance) data for participants enrolled in the demonstration suggested that completion rates improved by 4 percent for influenza immunization, 3 percent for the physical, and 21 percent for the dental exam between the 2 year period.

Results of the demonstration indicate that cancer screening among the enrolled participants were also high and exceeded the national rates. Among the demonstration participants, 100 percent of those who met the age and medical criteria obtained colorectal and prostate cancer screens. Among enrolled females at least 21 years of age,

97 percent obtained cervical cancer screening, and mammogram screening compliance was 84 percent for enrolled females 40 years of age and older. However, high compliance for these cancer screens was also expected since a substantial proportion of participants were younger than the recommended age for which these screenings begin. The average age among adults enrolled in the demonstration was 32.9 years for males and 32.3 years for females, therefore, breast, prostate, and colorectal cancer screening was applicable to only a small number of participants. For example, less than 20 participants enrolled in the demonstration were within the age range recommended for colorectal cancer screening.

The average age of children in the demonstration was 6.9 years for males and 6.3 years for females. Therefore, age-related immunization for children was evaluated. Although caution is warranted in interpretation, an area of concern may be the lower than expected rates of children in the demonstration with reported complete Hepatitis B (62 percent) and Inactivated Poliovirus (71 percent) immunizations. Compared to 2009 national data on vaccination coverage, 92 percent of children ages 19 to 35 months of age have received 3 doses or more of the Hepatitis B vaccine, and 93 percent have received the polio vaccination (NCHS, 2011). There are several factors that could have contributed to the lower than expected Hepatitis B and polio immunization rates among children enrolled in the demonstration; these include differing requirements by state/region for school attendance, periodic Centers of Disease Control and Prevention (CDC) changes and revisions to the recommended immunization schedules, a child's underlying medical condition which may recommend against administration of a particular vaccine, and the small sample size available to the demonstration. Analysis of the other vaccinations suggests that immunizations for children enrolled in the demonstration are comparable and sometimes exceeded national findings. For example, 94 percent of infants in the demonstration completed the rotavirus immunization compared to 59 percent nationally (CDC 2010), and 99 percent completed the pneumococcal immunization compared to 80 percent nationally (NCHS 2012).

Obesity is associated with an increased risk of mortality and morbidity. This includes increased risk of coronary disease, hypertension, and stroke, type-2 diabetes, several types of cancer, and certain musculoskeletal disorders (U.S. Preventive Services Task Forces, Recommendations). Among the demonstration participants 21 years of age and older in 2011, 26 percent of males compared to 49 percent of females were within a normal weight range, 63 percent of males compared to 35 percent of females were overweight, and 11 percent of males compared to 16 percent of females were obese. A comparison of 2010 (baseline year without the allowance) and 2011 (observation period with the allowance) data indicated that body mass index for adults did not change over the 2 year period.

For participants in the demonstration between the ages of 2 and 20 in 2011, 75 percent of males compared to 70 percent of females were within a normal weight range, 14 percent of males and females were overweight, and 11 percent of males compared to 15 percent of females were obese. These rates are similar to national rates from the National Health and Nutrition Examination Survey collected between 2007 and 2010,

which found obesity rates of 16 percent among boys aged 2 to 19 years, and 15 percent for girls.

Recommendations to Modify Policies and Procedures of the Demonstration and the Future Utility of this demonstration

The overall low enrollment and participation in this demonstration raises speculation about the value and effectiveness of providing a preventive health allowance among Active Duty Service members, and the results do not support a need to extend this demonstration.

MHS beneficiaries already receive an extensive and comprehensive variety of health promotion, education, disease management, and clinical preventive health services that exist within the MHS that address preventive health and promote healthy behaviors. These include but are not limited to:

- Clinical preventive health services. TRICARE beneficiaries receive numerous clinical preventive health services and screenings without incurring any out-of-pocket costs.

- Population health initiatives. Population health promotes awareness, education, prevention, and intervention to improve health. This model connects medical interventions to individual Military Treatment Facilities, worksites, and community-based wellness and prevention activities to improve overall health and reduce morbidity and premature mortality. Some examples of current population health campaigns include tobacco cessation, obesity prevention and management, and alcohol reduction marketing and education campaigns.

- Comprehensive disease management. The disease management is targeted at achieving positive outcomes for beneficiaries with chronic diseases such as asthma, congestive heart failure, chronic obstructive pulmonary disease, anxiety/depression, cancer, and diabetes. The disease management's focus is intended to control and slow the progression of chronic diseases.

- Patient Centered Medical Home (PCMH). The MHS Direct Care system continues to implement a PCMH model of care to improve health care quality, medical readiness, access to care, patient satisfaction, and to lower per capita growth in costs. One of the core principles of the PCMH is that patients should have a consistent relationship with a primary care manager (PCM); the PCM, supported by a team, is accountable for integrating all primary, specialty, and ancillary care for the patient.

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