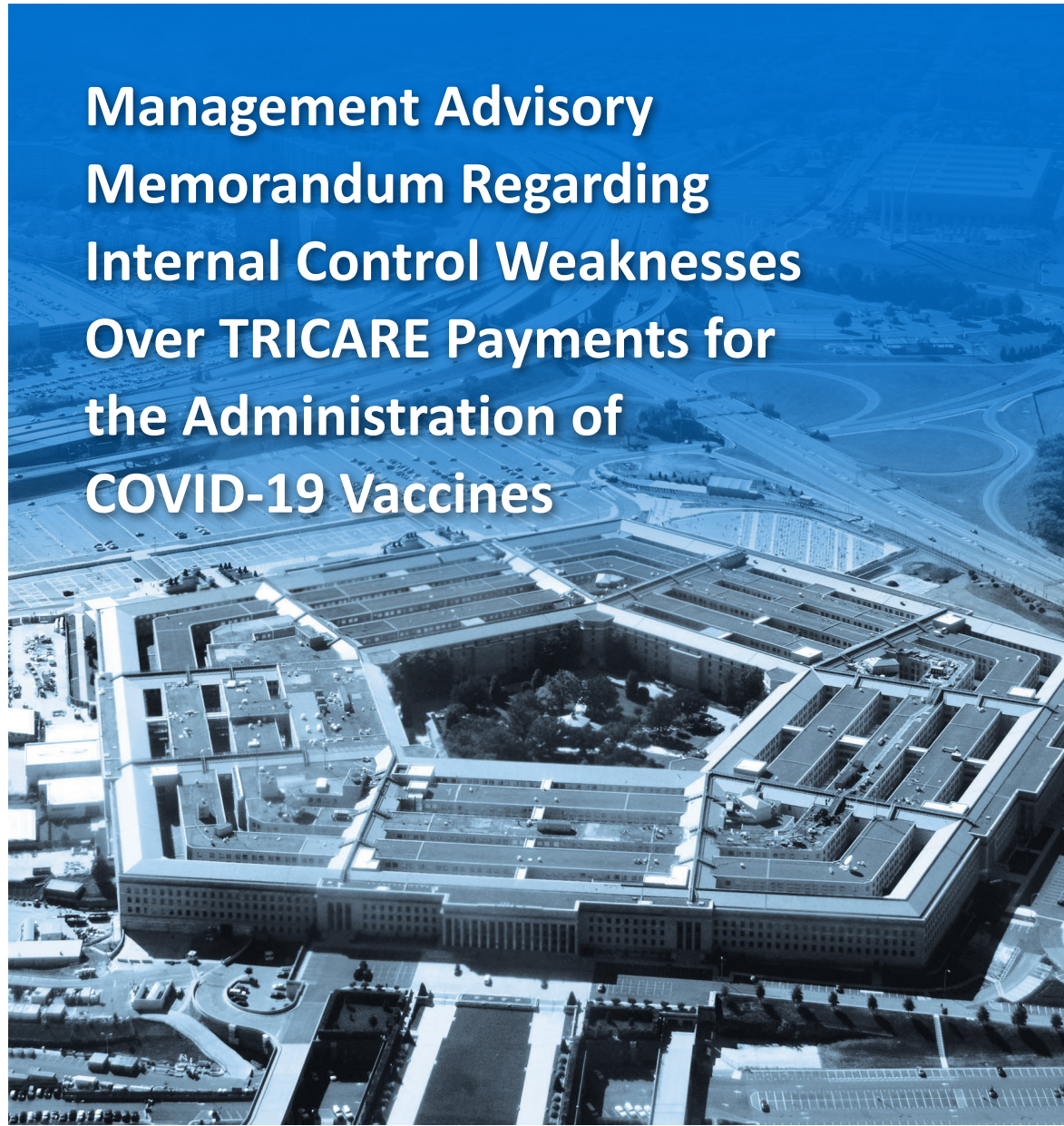




INSPECTOR GENERAL

U.S. Department of Defense

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Management Advisory Memorandum Regarding Internal Control Weaknesses Over TRICARE Payments for the Administration of COVID-19 Vaccines





**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

September 8, 2021

**MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS
DIRECTOR, DEFENSE HEALTH AGENCY**

**SUBJECT: Management Advisory Memorandum Regarding Internal Control Weaknesses
Over TRICARE Payments for the Administration of COVID-19 Vaccines
(Report No. DODIG-2021-122)**

The purpose of this memorandum is to inform DoD leadership of potential internal control weaknesses that we identified regarding TRICARE payments for the administration of coronavirus disease-2019 (COVID-19) vaccines administered to TRICARE beneficiaries from December 2020 through April 2021 and to document our recommendations to Defense Health Agency (DHA) officials. We announced the "Research on Potential Topics in the Military Health System for Future Audit Projects" (Project No. D2021-D000AW-0007.000) on October 1, 2020, to evaluate potential audit topics and high-risk areas by gathering and analyzing data, making inquiries, and conducting general research on the DoD Military Health System. During the research project, we analyzed TRICARE claims payments paid to health care providers for administering COVID-19 vaccines to TRICARE beneficiaries and identified potential internal control weaknesses related to paying more than once for administering the same dose of COVID-19 vaccines, applying cost shares for the administration of COVID-19 vaccines, and paying providers to administer vaccines in a manner that did not meet Centers for Disease Control and Prevention (CDC) requirements. We discussed these potential weaknesses with TRICARE Health Plan officials from the DHA and also obtained comments from the TRICARE managed care support contractors (MCSC).

We would typically announce an audit project through our formal audit process to verify, through reviews of source documentation, the issues and risks that we identified and determine why those issues and risks occurred. However, due to the rapidly evolving environment related to the COVID-19 pandemic and to ensure timely, relevant information for DoD leadership, we are providing this memorandum so that DHA officials can evaluate and verify potential internal control weaknesses and, if needed, initiate corrective actions to mitigate risks regarding potential improper payments. On July 8, 2021, we discussed the following potential internal control weaknesses and recommendations with TRICARE Health Plan officials from the DHA.

- 1. TRICARE MCSCs paid TRICARE providers more than once for administering the 1st and 2nd doses of COVID-19 vaccines.** Health care providers may bill the TRICARE program for administering each dose of the COVID-19 vaccine to TRICARE

beneficiaries. TRICARE policy includes requirements to prevent and detect duplicate payments for the same services; however, the MCSCs' claims systems did not prevent the MCSCs from paying TRICARE providers multiple times for administering the same COVID-19 vaccine dose. For example, a health care provider billed TRICARE twice for administering one dose to a patient on the same date, as shown in Table 1. The TRICARE East Region MCSC paid for the 1st dose of the Pfizer BioNTech COVID-19 vaccine on both claims. Interestingly, on one of the claims the MCSC denied every service except the administration of the Pfizer BioNTech COVID-19 vaccine. Therefore, the MCSC may have exempted the COVID-19 administration codes from the duplicate system checks. Other examples show that the MCSCs paid more than once for the same dose when the provider changed other details about the service, such as the date of service or the clinician who administered the dose. Regardless, the claims system did not prevent the MCSC from paying more than once for the same dose for the same beneficiary.

Table 1. TRICARE East Region MCSC Paid a Duplicate Claim for Administering the 1st Dose of the Pfizer BioNTech COVID-19 Vaccine to the Same Beneficiary

Date of Service	Claim No.	Dose	Billed	Paid
3/17/2021	2021083GA 89588 1047545	1 st Pfizer	\$59.29	\$32.94
3/17/2021	2021083GA 89589 1044135	1 st Pfizer	\$59.29	\$32.94

Also, TRICARE MCSCs paid for the administration of COVID-19 vaccines in instances where the same TRICARE beneficiary received COVID-19 doses from different vaccine manufacturers, which is contrary to CDC guidance. For example, a health care provider billed TRICARE for administering the 1st and 2nd doses of the Pfizer BioNTech COVID 19 vaccine and 1st and 2nd doses of the Moderna vaccine to the same beneficiary, as shown in Table 2. The TRICARE East Region MCSC paid for all four doses. The CDC advised that individuals should not mix vaccines, except in exceptional circumstances, because the safety and effectiveness of mixing the vaccines had not been evaluated. Additionally, providing more doses than necessary would result in waste and reduce the availability of vaccines to other individuals. Furthermore, billing for administering more than the recommended doses to the same TRICARE beneficiary may be a red flag for improper billing practices, such as billing for services not rendered or providing services that are not needed.

Table 2. TRICARE East Region MCSC Paid a Provider for Administering the Pfizer BioNTech and Moderna COVID-19 Vaccines to the Same Beneficiary

Date of Service	Claim No.	Dose	Billed	Paid
2/26/2021	2021060FL 95631 0828235	1 st Moderna	\$17.00	\$16.59
3/18/2021	2021081FL 97409 0917575	1 st Pfizer	\$40.00	\$38.46
3/30/2021	2021090FL 95702 1125045	2 nd Moderna	\$40.00	\$38.46
4/20/2021	2021111FL 97070 0921595	2 nd Pfizer	\$40.00	\$38.46

Note: The DHA implemented reimbursement rates for the administration of COVID-19 vaccines that are based on various factors, such as locality and date of service. Table 2 shows that the amounts paid were lowered to match the reimbursement rates.

- 2. TRICARE MCSCs applied cost shares for the administration of COVID-19 vaccines, even though the DHA waived cost share requirements.** TRICARE MCSCs applied \$37,210 in cost shares to TRICARE beneficiaries for the administration of COVID-19 vaccines, according to claims data that we obtained on May 12, 2021. A cost share is the amount of money for which the beneficiary is responsible in connection with covered health care services (commonly referred to as a co-payment). However, DHA guidance states that COVID-19 vaccines should be provided at no cost. The TRICARE East Region MCSC applied \$37,160 (99.9 percent) of the total cost shares that we identified. Specifically, the TRICARE East Region MCSC applied cost shares of at least \$1 to 1,919 beneficiaries. For example, the TRICARE East Region MCSC assigned \$42 in patient cost shares for each of 86 beneficiaries. Table 3 shows an example of one of the 86 beneficiaries that were assigned a total of \$42 in cost shares.

Table 3. TRICARE East Region MCSC Applied Cost Shares to a Beneficiary for the 1st and 2nd Doses of the Pfizer BioNTech COVID-19 Vaccine

Date of Service	Claim No.	Dose	Billed	Allowed	Cost Share	Paid
4/2/2021	2021095TN 94115 1741165	1 st Pfizer	\$56.99	\$38.46	\$21.00	\$17.46
4/23/2021	2021116VA 97283 0819465	2 nd Pfizer	\$56.99	\$32.69	\$21.00	\$11.69

As a result, TRICARE providers may attempt to bill TRICARE beneficiaries for services that were intended as a no-cost service to the beneficiary. Additionally, the provider may be underpaid if the provider does not recover the cost share from the TRICARE beneficiary. While the number of instances is currently low for the TRICARE East Region MCSC, the MCSC paid thousands of dollars less to TRICARE providers because the MCSC may have incorrectly assigned cost shares. For example, the TRICARE East Region MCSC applied \$11,221 in cost shares for claims submitted by a single health care provider. If the health care provider did not recover the cost shares from TRICARE beneficiaries, the health care provider would have been underpaid \$11,221. However, if the provider collected \$11,221 from TRICARE beneficiaries, the TRICARE beneficiaries would have inappropriately paid for no-cost services.

- 3. TRICARE MCSCs paid providers to administer vaccines in a manner that did not meet CDC requirements.** Specifically, TRICARE MCSCs made payments for the administration of COVID-19 vaccines in a manner contrary to CDC guidance. For example, TRICARE (1) paid for the administration of the 2nd dose when the dose was administered before the appropriate amount of time had elapsed after the 1st dose; and (2) paid for COVID-19 vaccines for TRICARE beneficiaries who did not meet the applicable age requirements.

For example, a provider billed that it administered two doses of the Moderna vaccine within 12 days of each other, even though CDC scheduling requirements state that individuals should receive two doses at least 28 days apart for the Moderna vaccine. The provider administered the 1st dose on March 13, 2021, and then the 2nd dose on March 25, 2021, as shown in Table 4.

Table 4. TRICARE West Region MCSC Paid for 2nd Dose That Was Administered Only 12 Days After 1st Dose

Date of Service	Claim No.	Billed	Paid
3/13/2021	2021099CA X37WR 1311945	\$34.00	\$18.03
3/25/2021	2021095CA X0KJC 2854235	\$34.00	\$34.00

While we did not identify the specific number and amounts of potential improper payments for most of the weaknesses included in this memorandum, the data indicate that the number of potential improper payments was relatively low as of May 2021. While the number of occurrences may have been low, we expect that the potential weaknesses identified in this memorandum will have a larger impact in the near future if internal controls are not implemented or corrected. Claims data show that the MCSCs processed significantly more claims for administering COVID-19 vaccines in April 2021 than the MCSCs processed in March 2021. We expect that this trend will continue and costs for claims will quickly increase. Health care providers may submit claims up to 1 year after they provide services, and providers could exploit these weaknesses as they become aware of them. On August 13, 2021, and August 19, 2021, we received comments from the TRICARE East Region MCSC and TRICARE West Region MCSC, respectively. In summary, the MCSCs stated that they had either implemented controls or were in the process of implementing controls to address the internal control weaknesses identified in this memorandum.

We recommend the DHA Director perform a review to determine whether effective internal controls are in place regarding TRICARE payments for the administration of COVID-19 vaccines. If the DHA Director determines that internal controls are not effective, we recommend initiating corrective actions to address the issues and risks now, to avoid future improper payments. We request that the DHA Director provide comments on any actions taken or planned regarding these potential internal control weaknesses. We will

continue to monitor TRICARE payments for services related to COVID-19. If you have questions regarding the content of this memorandum or the recommendation, please contact me at [REDACTED] ([REDACTED]) or [REDACTED]

A handwritten signature in black ink, appearing to read "Theresa S. Hull". The signature is fluid and cursive, with the first name "Theresa" being more prominent than the last name "Hull".

Theresa S. Hull
Assistant Inspector General for Audit
Acquisition, Contracting, and Sustainment



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