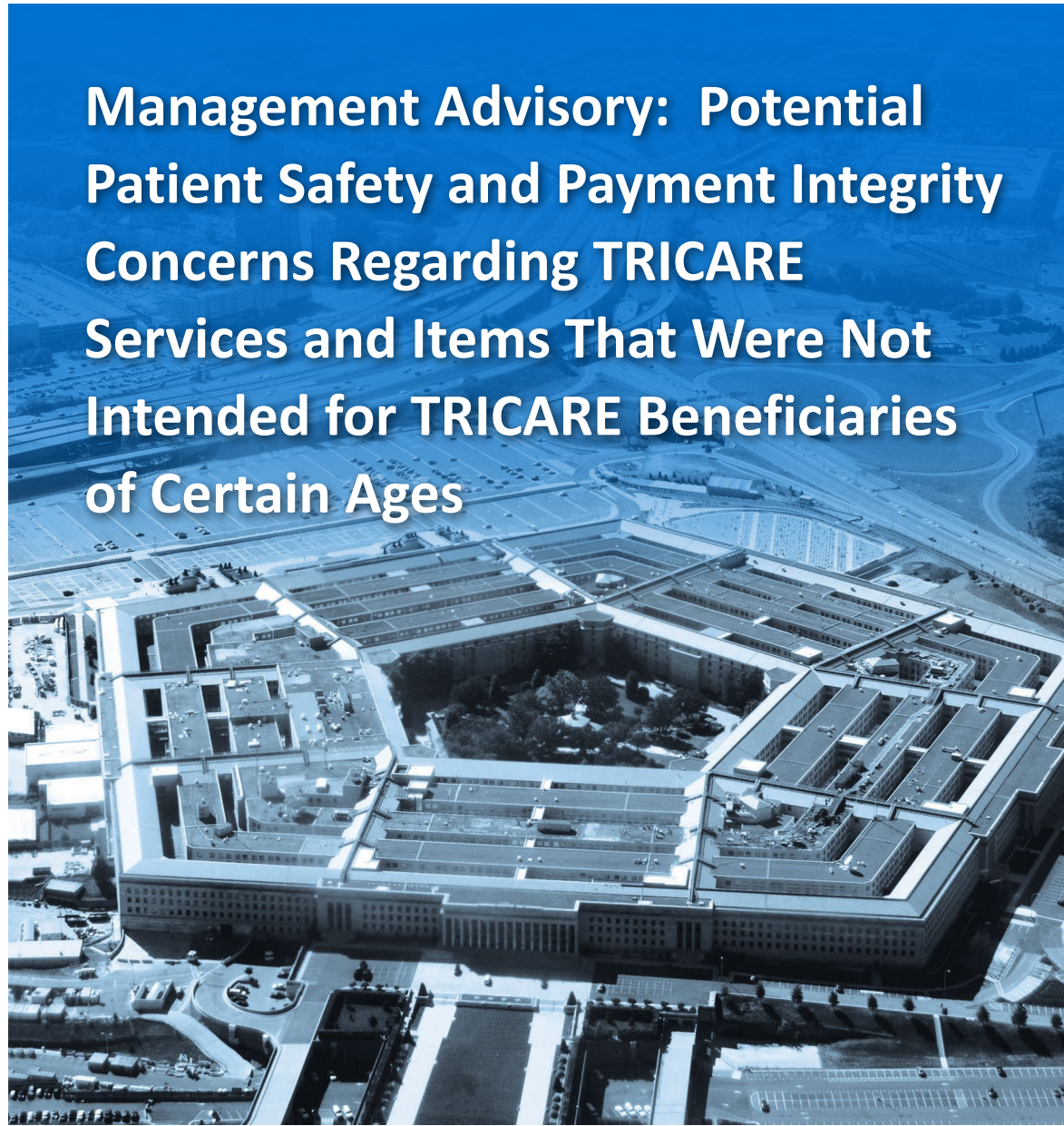




INSPECTOR GENERAL

U.S. Department of Defense

FEBRUARY 18, 2025



Management Advisory: Potential Patient Safety and Payment Integrity Concerns Regarding TRICARE Services and Items That Were Not Intended for TRICARE Beneficiaries of Certain Ages





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

February 18, 2025

MEMORANDUM FOR DIRECTOR, DEFENSE HEALTH AGENCY

**SUBJECT: Management Advisory: Potential Patient Safety and Payment Integrity Concerns
Regarding TRICARE Services and Items That Were Not Intended for TRICARE
Beneficiaries of Certain Ages (Report No. DODIG-2025-070)**

This management advisory provides the results of the DoD Office of Inspector General's review. We previously provided copies of the draft advisory and requested written comments on the recommendations. We considered management's comments on the draft when preparing the final advisory. These comments are included in the advisory.

This management advisory contains two recommendations that are considered unresolved because the Director, Defense Health Agency, did not fully address the recommendations. Therefore, the recommendations remain open. We will track these recommendations until management has agreed to take actions that we determine are sufficient to meet the intent of the recommendations and management officials submit adequate documentation showing that all agreed-upon actions are completed. Additionally, the Director did not respond to the potential monetary benefits in the management advisory. We request that the Director provide additional comments on the final management advisory.

DoD Instruction 7650.03 requires that recommendations be resolved promptly. Therefore, please provide us within 30 days your response concerning specific actions in process or alternative corrective actions proposed on the unresolved recommendations and comment on the potential monetary benefits. Send your response to either [REDACTED] if unclassified or [REDACTED] if classified SECRET.

This advisory also contains three recommendations that we consider resolved and open. We will close these recommendations when the Director, Defense Health Agency, provides us documentation showing that all agreed-upon actions to implement the recommendations are completed. Therefore, within 90 days, please provide us your response concerning specific actions in process or completed on the resolved recommendations. Send your response to either [REDACTED] if unclassified or [REDACTED] if classified SECRET.

If you have any questions, please contact me at [REDACTED]. We appreciate the cooperation and assistance received during the review.

A handwritten signature in black ink, reading "Carmen J. Malone", is positioned above the printed name.

Carmen J. Malone
Assistant Inspector General for Audit
Acquisition, Contracting, and Sustainment



Executive Summary

We identified that TRICARE managed care support contractors (MCSCs) paid claims for 7,444 services and items provided to TRICARE beneficiaries who did not meet age limits established in the Defense Health Agency (DHA) age limits list. These claims were valued at approximately \$1 million from FY 2019 to FY 2023. We also identified more than 20,000 questionable payments for services and items, valued at \$26.3 million, for which the DHA-established age limits list did not match guidance published by the American Medical Association (AMA) and Centers for Medicare and Medicaid Services (CMS).

Background

On December 14, 2023, the DoD Office of Inspector General (DoD OIG) announced DoD OIG Project No. D2024-D000AW-0034.000, “Review of Selected DoD Transactions to Test Management Controls and Identify Fraud, Waste, and Abuse Within DoD Programs.” The announcement notified DoD Components that the DoD OIG would periodically review DoD transactions, such as health care payments, to identify transactions that have indicators of fraud, waste, or abuse. The announcement also stated that the DoD OIG may initiate an audit or issue management advisories as a result of its ongoing reviews. We conducted this review under DoD OIG Project No. D2024-D000AW-0034.001 to determine whether the DHA and its TRICARE MCSCs paid for health care services and items in accordance with DHA and other authoritative bodies.

We conducted the work on this project from December 2023 through November 2024 in accordance with generally accepted government auditing standards except for initial planning of the project. Although we did not initially plan the project as an audit, we did perform the project to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We confirmed the ages of TRICARE beneficiaries from a statistical sample of questionable TRICARE payments to test the reliability of computer-processed data.¹ We also reviewed a nonstatistical sample of TRICARE provider medical records that we obtained from the TRICARE MCSCs during the project that we confirmed to have the correct patient ages. Additionally, we determined that the health care claims the TRICARE MCSCs processed were sufficiently reliable by reviewing the reliability of computer-processed data in prior reports.²

¹ We designed a control test to confirm the accuracy of TRICARE beneficiary ages. We used DoD health information and statistically selected 202 of 28,681 questionable TRICARE payments. We identified only one error from the sample size of 202 payments. We can therefore conclude, with 95-percent confidence, that the error rate in the population is less than 2.32 percent.

² Report No. DODIG-2019-112, “Audit of TRICARE Payments for Health Care Services and Equipment That Were Paid Without Maximum Allowable Reimbursement Rates,” August 20, 2019.
Report No. DODIG-2018-108, “TRICARE Payments for Standard Electric Breast Pumps and Replacement Parts,” April 25, 2018.

Applicability of the DHA-Established Age Limits List

On a quarterly basis since 2007, the DHA has published a list of Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System (HCPCS) Level II procedure codes that identify upper and lower age limits that TRICARE beneficiaries should meet to receive certain services or items.³ The DHA posts the age limits on its website, which states that certain codes have age restrictions. The DHA's website also states, "TRICARE contractors need to make sure their age and gender file matches what is on the list or it could result in [health care records] failing," as shown in Figure 1. Therefore, we used the DHA-established age limits list to determine whether: (1) the TRICARE East and West Region MCSCs correctly paid for age-appropriate health care and (2) the DHA-established age limits were accurate.

The DHA has published a list of procedure codes that identify upper and lower age limits that TRICARE beneficiaries should meet to receive certain services or items.

Figure 1. Description of the DHA-Established Age Limits List on Health.mil

The screenshot displays a web page titled "List of HCPCS Codes with Age/Gender Restrictions". Below the title, a note states: "The age/gender lists represent codes that TRICARE recognizes as having age and or gender restrictions. The TRICARE contractors need to make sure their age and gender file matches what is on the list or it could result in TRICARE Encounter Data Records failing." The page is divided into two main sections: "Gender Restrictions" and "Age Restrictions". The "Gender Restrictions" section contains a message: "DHA/TRICARE no longer maintains gender restrictions as of April 1, 2024." and a "Select Download:" area with a dropdown menu labeled "Select a File to Download" and a "Download" button. The "Age Restrictions" section contains a paragraph explaining the purpose of the list and another "Select Download:" area with a similar dropdown menu and "Download" button.

Source: The DHA, "List of HCPCS Codes with Age/Gender Restrictions," as of March 4, 2024.

³ Health care providers use procedure codes from the healthcare common procedure coding system (HCPCS) to document care and bill insurance programs for procedures, services, equipment, and other items provided to patients. The HCPCS is divided into two subsystems, referred to as HCPCS Level I and Level II.

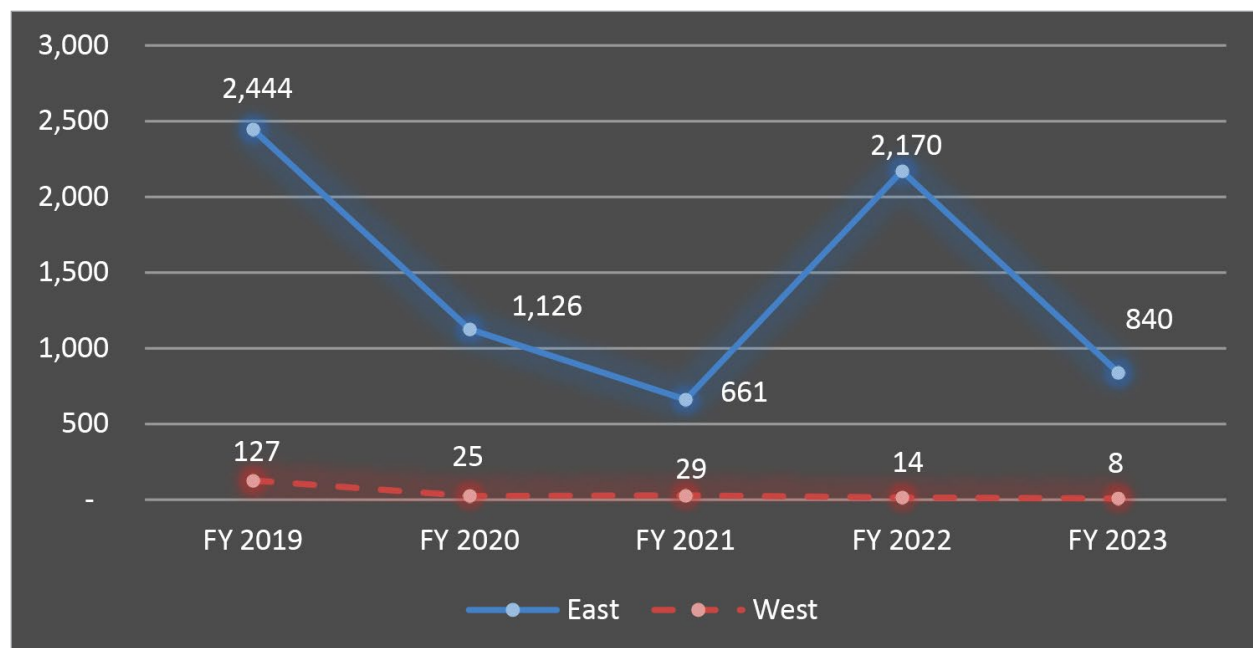
- HCPCS Level I is an AMA-maintained five-digit numeric coding system that is used to identify medical services and procedures provided by physicians and other health care professionals. HCPCS Level I is commonly known as the Current Procedural Terminology (CPT) code set. Descriptions for CPT codes identify age requirements, where applicable. In 2000, the Department of Health and Human Services (HHS) designated the CPT code set as the national coding standard for physician and other health care professional services and procedures under the Health Insurance Portability and Accountability Act.
- HCPCS Level II is a CMS-maintained five-character alphanumeric coding system that is used primarily to identify products, supplies, and services not included in Level I of the HCPCS. Level II codes include durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) when used outside a physician's office. In 2000, the CMS, which was delegated by the HHS, established HCPCS Level II codes as the standardized coding system for describing and identifying health care equipment and supplies in health care transactions that are not identified by the HCPCS Level I codes.

TRICARE MCSCs Paid for Services and Items That Were Not in Accordance with the DHA-Established Age Limits List

From FY 2019 to FY 2023, the TRICARE East and West Region MCSCs paid claims for 7,444 services and items, valued at \$1,008,403, that were provided to TRICARE beneficiaries who did not meet the DHA-established age limits list. The TRICARE East Region MCSC paid 94 percent, valued at \$951,519, in 7,241 instances, while the TRICARE West Region MCSC paid 6 percent, valued at \$56,884, in 203 instances.

Although the TRICARE East and West Region MCSCs incorrectly paid for 7,444 services and items from FY 2019 to FY 2023, they reduced their incorrect payments during that time. The TRICARE East Region MCSC reduced the number of instances from 2,444 in FY 2019 to 840 instances in FY 2023, and the TRICARE West Region MCSC reduced the number of instances from 127 instances in FY 2019 to 8 instances in FY 2023, as shown in Figure 2. Therefore, the TRICARE West Region MCSC generally paid TRICARE claims in accordance with the DHA-established age limits list in FY 2023.

Figure 2. Number of Services and Items by TRICARE MCSCs That Were Not in Accordance with the DHA-Established Age Limits List



Note: Payments for FY 2023 were incomplete and likely understated. TRICARE policy states that health care providers have up to 1 year to submit health care claims to the TRICARE MCSCs for payment. Additionally, DHA personnel upload TRICARE claims to the Military Health System Data Repository monthly. We pulled the data on September 18, 2023; therefore, FY 2023 amounts are likely understated.

Source: Military Health System Data Repository, September 18, 2023.

The MCSCs paid for services, such as administering vaccines, and items, such as orthotic devices, for TRICARE beneficiaries who were well outside of the DHA-established upper and lower age limits, as shown in Table 1. We recognize that some health care providers could have incorrectly billed for the wrong codes for some of these products and services and that the patients could have received the correct products or services. Furthermore, it is possible that the MCSCs may have allowed some services and items for uses other than approved by authoritative bodies, such as the U.S. Food and Drug Administration (FDA); however, the services billed by the health care provider would have to meet the applicable off-label use requirements, as defined by TRICARE policy. Specifically, TRICARE Policy Manual, chapter 8, section 9.1, “Pharmacy Benefits Program,” states that the TRICARE MCSC must determine whether “the off-label use was medically necessary and demonstrations from medical literature, national organizations, or technology assessment bodies show that the off-label use of the drug was safe, effective and in accordance with nationally accepted standards of practice in the medical community.”

Table 1. Examples of Payments for TRICARE Services That Were Not in Accordance with the DHA-Established Age Limits List

Procedure Code	AMA CPT and CMS HCPCS Level II Description	Date of Service	Patient Age	DHA Allowable Age Limit	Amount Paid
CPT 36556	Insertion of non-tunneled centrally inserted central venous catheter	February 2020	8 Months	5 Years and Older	\$1,441
CPT 90651 ¹	Human Papillomavirus vaccine types 6, 11, 16, 18, 31, 33, 45, 52, 58, nonavalent (9vHPV), 3 dose schedule, for intramuscular use	July 2022	2 Months	9 Years to 45 Years ³	\$216
CPT 99391 ²	Periodic comprehensive preventive medicine reevaluation and management visit	February 2020	56 Years	Infants	\$86
CPT 90736 ¹	Zoster (shingles) vaccine (HZV), live, for subcutaneous injection	December 2022	1 Year	60 Years and Older ⁴	\$168
CPT 90700 ¹	Diphtheria, tetanus toxoids, and acellular pertussis vaccine (DTaP)	May 2022	64 Years	Younger Than 7 Years	\$34

Table 1. Examples of Payments for TRICARE Services That Were Not in Accordance with the DHA-Established Age Limits List (cont'd)

Procedure Code	AMA CPT and CMS HCPCS Level II Description	Date of Service	Patient Age	DHA Allowable Age Limit	Amount Paid
CPT 90732 ¹	Pneumococcal polysaccharide vaccine, 23-valent (PPSV23)	March 2023	2 Months	2 Years and Older	\$124
HCPCS L3208	Surgical boot	December 2020	3 Years	Infant	\$120

¹ The TRICARE Policy Manual, Chapter 7, Section 2.1, “Clinical Preventive Services - TRICARE Basic Program Benefits,” provides TRICARE coverage for vaccines and refers to the Centers for Disease Control and Prevention (CDC) site for the current schedule of CDC-recommended vaccines for use in the United States.

² The TRICARE Policy Manual, Chapter 7, Section 2.5, “Well-Child Care,” provides guidance on the coverage of well-child care, including screenings for newborns, and listed CPT 99391 as a covered procedure code.

³ The FDA approved the human papillomavirus (HPV) vaccine for individuals 9 years to 45 years. The CDC also recommends the HPV vaccine at ages 11 to 12, but the CDC states that the HPV vaccination can be started at age 9.

⁴ The CDC recommends the shingles vaccine for individuals 50 years and older; however, the DHA-established age limits list included an incorrect lower age limit of 60 years. The CDC also recommends the vaccine for adults 19 years and older who have weakened immune systems that are at higher risk of complications.

Source: Military Health System Data Repository, September 18, 2023.

The DHA-Established Age Limits List Did Not Always Match AMA and CMS Guidance

The DHA did not always establish age limits in accordance with AMA and CMS procedure code guidance. Specifically, we identified more than 20,000 instances in which the: (1) upper and lower age limits did not match AMA CPT guidance, and (2) the DHA-established age limits list did not include age limits for certain procedure codes that should have age limits according to CMS HCPCS guidance. The following are three examples from the more than 20,000 instances identified.

- The AMA CPT guidance identified CPT 90685 as “influenza virus vaccine, quadrivalent (IIV4), split virus, preservative free, when administered to children 6 to 35 months of age, for intramuscular use”; however, the DHA-established age limits list included an upper age limit of 3 years for CPT 90685. Also, the DHA publicized a different document on its website that identified 6 to 35 months as the correct group for CPT 90685. TRICARE claims data showed that the TRICARE MCSCs incorrectly paid TRICARE providers for administering these vaccines to TRICARE beneficiaries aged 3 years (36 months to 47 months) on more than 500 occasions from FY 2019 through FY 2023. Individuals aged 3 years and above (36 months and older) should have received a larger dose vaccine, and a smaller dose may not have been sufficient. Table 2 shows examples in which the TRICARE East and West Region MCSCs paid providers to administer influenza vaccines to individuals almost 4 years of age, even though the influenza vaccines were intended for individuals under 3 years of age. While it is possible that a health care provider may make a medical determination

that a 3-year-old beneficiary may require a smaller dose, which would not meet the DHA-established age limits, the health care provider should have justification to support that it did in fact provide the smaller dose.

Table 2. The DHA Incorrectly Established Upper Age Limits of 3-Year Age Limits for Influenza Vaccine CPT 90685 That Should Not Have Exceeded 2 Years of Age

Example	CPT Code	Incorrect Upper Age Limit (DHA)	Correct Upper Age Limits (AMA)	Date of Service	Age of Beneficiary
East MCSC	90685	3 Years (Up to 47 Months)	2 Years (Up to 35 Months)	December 2022	3 Years, 11 Months
West MCSC	90685	3 Years (Up to 47 Months)	2 Years (Up to 35 Months)	October 2022	3 Years, 9 Months

Source: Military Health System Data Repository, September 26, 2023.

- The AMA issued CPT guidance for CPT 90655, 90657, and 90685, which represented different influenza vaccines, with a lower age limit of 6 months, and the Centers for Disease Control and Prevention (CDC) does not recommend that any child receive an influenza vaccine before the age of 6 months because the vaccine is not approved for use by those individuals. However, the DHA-established age limits list included a lower age limit of 0 years (0 months through 11 months) for each of these codes. TRICARE claims data showed that the TRICARE East and West MCSCs paid providers for administering these vaccines to TRICARE beneficiaries under the age of 6 months, and as young as 0 months, on 79 occasions from FY 2019 through FY 2023. Table 3 shows examples in which the TRICARE East and West Region MCSCs paid TRICARE providers to administer influenza vaccines to individuals that were under the correct AMA 6-month lower age limit.

Table 3. The DHA-Established Age Limits List Included an Incorrect Lower Age Limit for Influenza Vaccine CPT 90655 Below 6 Months of Age

Example	CPT Code	Incorrect Lower Age Limit (DHA)	Correct Lower Age Limits (AMA)	Date of Service	Age of Beneficiary
East MCSC	90655	0 Years (0 Months)	6 Months	October 2020	5 Days
West MCSC	90685	0 Years (0 Months)	6 Months	October 2020	3 Months

Source: Military Health System Data Repository, September 26, 2023.

- The DHA-established age limits list did not include age limits for HCPCS Level II codes for enteral formula, even though the CMS developed six HCPCS Level II codes that identified pediatric enteral formula, and one HCPCS Level II code that identified adult enteral formula.⁴ Figure 3 shows an example of powdered infant formula.

⁴ TRICARE Policy Manual, chapter 8, section 7.1, "Medically Necessary Food," August 25, 2017, states that enteral formula is a specially formulated and processed product for the partial or exclusive feeding of an individual using a feeding tube. Enteral formulas often include amino acids, proteins, fats, carbohydrates, vitamins, and minerals.



Figure 3. Example of Powdered Infant Formula
Source: The CDC.

TRICARE claims data showed that the TRICARE East and West Region MCSCs paid \$8.8 million for pediatric enteral formula that was provided to TRICARE beneficiaries aged 18 and above

TRICARE East and West Region MCSCs paid \$8.8 million for pediatric enteral formula that was provided to TRICARE beneficiaries aged 18 and above on more than 6,500 occasions.

on more than 6,500 occasions from FY 2019 through FY 2023, as shown in Figure 4. According to an article in the American Society for Parenteral and Enteral Nutrition's medical journal, *Nutrition in Clinical Practice*, pediatric formula products were designed for children under the age of 14.⁵ We also found that DHA-approved pediatric enteral formula products, which were listed on the DHA's website,

were advertised for individuals under the age of 14.⁶ Therefore, the TRICARE East and West Region MCSCs paid an additional \$17.5 million for pediatric enteral formula that was provided

⁵ Corie M. Klepper MD, MSc et al, "Pediatric formulas: Categories, composition, and considerations," *Nutrition in Clinical Practice*, Volume 38, Issue 2, (April 2023): page 309, <https://aspenjournals.onlinelibrary.wiley.com/doi/epdf/10.1002/ncp.10954>.

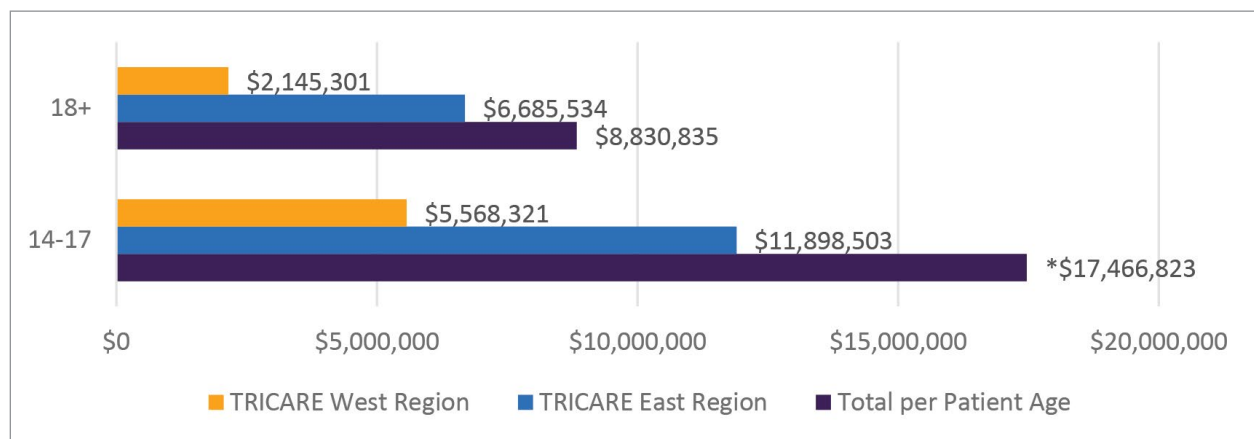
⁶ The DHA maintains a list of covered enteral formula products on its website. Our research identified that the DHA's covered pediatric enteral formula for HCPCS B4161 was designed for individuals aged 13 and younger. Specifically, we identified pediatric enteral formulas that were marketed as infant, toddler, junior, and pediatric, as well as various age groups, including 1 to 13 years, 4 to 8 years, 6 months to young children, and children aged 1 year and older. The products with "pediatric" listed in the product name were specifically designed for individuals aged 1 to 13.

to TRICARE beneficiaries aged 14 to 17 on about 14,000 occasions that were also likely inappropriate because of nutritional differences. For example, according to the article in *Nutrition in Clinical Practice*:

[A]dult formulas [14 and older] contain high-protein content with 14%–25% of calories coming from protein, vs generally 10%–15% in pediatric formulas and 8%–12% in infant formulas.

As a result, TRICARE claims data showed that the TRICARE East and West Region MCSCs paid \$26.3 million in questionable payments for pediatric enteral formula that was provided to TRICARE beneficiaries who were 14 years and older on more than 20,000 occasions.

Figure 4. TRICARE MCSC Payments for Pediatric Enteral Formula Provided to TRICARE Beneficiaries by Age Category from FY 2019 Through 2023



* Total does not equal the actual sum because of rounding.

Source: Military Health System Data Repository, November 3, 2023.

Due to the expedited nature of our review, we did not perform a full analysis to determine whether the DHA implemented age limits in accordance with AMA and CMS requirements for all procedure codes. Therefore, it is possible that other age limits are not in accordance with AMA and CMS requirements.

DHA Contracts or Guidance, and Internal Controls Need Improvement

The DHA was at risk of current and future TRICARE MCSCs paying for health care services and items that were not in accordance with the DHA-established age limits list because the DHA did not:

- explicitly require the use of the DHA-established age limits list in TRICARE MCSC contracts or TRICARE guidance,
- perform effective reviews to ensure that its established age limits list was in line with age limits established by the AMA and CMS, or
- perform oversight of TRICARE payments that were not in accordance with the DHA-established age limits list.

The DHA Did Not Require the MCSCs to Use the DHA-Established Age Limits List

The DHA did not explicitly require the TRICARE MCSCs to use the DHA-established age limits list. While the MCSCs relied on the list, DHA personnel believed that the list applied only to certain TRICARE claims and that the MCSCs' application of the list on other TRICARE claims was a best business practice. Instead, DHA personnel stated that the DHA required the contractor to follow other TRICARE policy, such as medical necessity and appropriateness. However, the DHA-established age limits list was part of a longstanding formal process that the DHA had used since 2007.

TRICARE MCSC Contracts and Manuals Did Not Explicitly Require the Use of the DHA-Established Age Limits List

The DHA did not include requirements in the TRICARE MCSC contracts or TRICARE guidance for the TRICARE East and West Region MCSCs to use the DHA-established age limits list. The contracting officer's representatives did not identify any explicit requirements in the contract that required the TRICARE East and West Region MCSCs to apply the DHA-established age limits list to TRICARE claims. Nevertheless, TRICARE Operations Manual 6010.59-M, Chapter 1, Section 4, "Management," which the MCSCs' contracts require the MCSCs to follow, states, "Contractors are required to use the current versions of the updated American Medical Association Physicians Current Procedural Terminology," and "The contractor is responsible for using the most current codes correctly." The AMA identified age limits for certain procedure codes in its coding guidance used by the health care industry. However, in March 2024, personnel from the TRICARE East and West Region MCSCs both stated that they apply the DHA-established age limits list to all claims.

According to DHA Personnel, the DHA Established the Age Limits List as a Tool That is Not Intended to be Applied to All Claims

In June 2024, DHA personnel responded to our preliminary conclusions, stating that the DHA-established age limits list “is a claims-editing tool available to help guide these decisions within a limited context,” “the list itself is not policy,” and that the DHA-established age limits list was developed as part of the hospital Outpatient Prospective Payment System (OPPS).⁷ In earlier discussions with the Chief, DHA Medical Benefits and Reimbursement Branch, they stated that the DHA-established age limits list would not apply to non-OPPS claims. However, as previously shown in Figure 1, the DHA website, which contains the DHA-established age limits list, states that the MCSCs should use the list, but the website does not make a distinction relating to the applicability of OPPS or non-OPPS claims. Furthermore, public law and the requirements established by the CMS regarding the Integrated Outpatient Code Editor require the DHA to apply the age limits list to health care provided by OPPS and non-OPPS hospitals.⁸

According to DHA Personnel, MCSCs Should Follow TRICARE Guidance Instead of Age Limits Identified in the DHA-Established Age Limits List

In June 2024, DHA personnel responded to our results, stating that the TRICARE East and West Region MCSCs “may elect to utilize this list as part of their best business practices, but DHA does not require its use... .” Instead, DHA personnel stated that the DHA included “requirements in TRICARE policy that require the contracts to ensure claims are paid only for covered services...including requirements that care be medically necessary, appropriate, etc.” DHA personnel also stated that the DHA established policies that included age limits for certain health care services.

For example, TRICARE Policy Manual, Chapter 7, Section 2.1, “Clinical Preventive Services - TRICARE Basic Program Benefits,” included some age limits for certain screenings and vaccinations. For vaccinations, the manual refers to the CDC’s website (<http://www.cdc.gov>) for a current schedule of CDC-recommended vaccines. While the DHA references the CDC’s vaccine schedule, we identified differences between the vaccine schedule and the DHA-established age limits. For example, the DHA-established age limits list included a lower age limit of 60 years for the shingles vaccine; however, the CDC vaccine schedule states that the vaccine is intended for individuals 50 years and older, or for individuals 19 years and older who have a weakened immune system. The conflict between the CDC vaccine schedule and the DHA-established age limits list may cause the TRICARE East and West Region MCSCs to improperly pay for the health care services.

⁷ The Outpatient Prospective Payment System (OPPS) is a reimbursement methodology developed by the CMS, and adopted by the DHA, to make payment for hospital outpatient department services.

⁸ Public Law 109-364, “John Warner National Defense Authorization Act for Fiscal Year 2007,” section 731, stated, “... the claims processing requirements under the TRICARE program on the matters described in subsection (b) [which included medical necessity] shall be identical to the claims processing requirements under the Medicare program on such matters.” The Public Law included medical necessity as a covered matter. Additionally, DHA personnel stated that “TRICARE is required by law to reimburse like Medicare, where practicable.”

MCSCs Relied on the DHA-Established Age Limits List for Various Reasons

In August 2024, personnel from the TRICARE East and West Region MCSCs both stated that they use the DHA-established age limits list that is maintained on the DHA's website, and MCSC personnel provided various reasons for using the list.

- TRICARE East Region MCSC personnel stated that they used the DHA-established age limits list to ensure that the MCSC paid appropriately, and cited TRICARE policy requirements that require the MCSC to pay claims appropriately. The personnel stated, "While there is not specific manual reference regarding age restrictions, Humana Military is required to use the correct procedure/HCPCS codes and pay them in accordance with the TRICARE manuals." The personnel stated, "The age restrictions listing on the Health.mil website provides a standard way to ensure that we are not paying procedure codes that are specific in their application to certain age groups." Also, the MCSC personnel referenced TRICARE Operations Manual, Chapter 1, Section 4, which states, "Contractors are required to use the current versions of the updated American Medical Association Physicians Current Procedural Terminology, 4th Edition (CPT-4), and the International Classification of Diseases, 9th Revision, Clinical Modification (ICD-9-CM) diagnostic coding system; and any special codes that may be directed by DHA."
- TRICARE West Region MCSC personnel stated, "The use of the Age Restriction table has been part of the claims process for many years..." The MCSC personnel stated that they "did not locate any specific direction or clarification in [the current and prior contracts] and confirmed there are no TRICARE [policies] requiring us to use the Age Restriction table to process all claims." However, the personnel stated, "There are several indications there is an expectation MCSCs use the Age Restriction table in claims processing." In addition to providing examples regarding the use of the DHA-established age limits list with certain reimbursement methodologies, such as OPPS, the MCSC personnel stated, "The age/gender restriction page indicates that TRICARE contractors need to make sure age and gender file matches what is on the list or it could result in the [claim] record failing."

Additionally, a DHA contractor, who the DHA required to monitor the accuracy of health care payments made by TRICARE East and West Region contractors, was required to verify the correct use of reimbursement rates and TRICARE reimbursement restrictions, which specifically cited the DHA-established age limits that were maintained on the TRICARE website.⁹

⁹ Specifically, DHA officials awarded the TRICARE Claims Review Services contract to an outside entity to perform an independent review of claims processing procedures and reimbursement methodologies used by the TRICARE East and West Region MCSCs. The contract required that the company assess TRICARE East and West Region MCSCs' compliance with TRICARE policies and directives to determine the accuracy of claims payment and payment record coding for TRICARE East and West Region contracts.

The DHA-Established Age Limits List is Part of a Formal Process to Help Ensure Health Care is Medically Necessary and Appropriate

We concluded that the DHA-established age list is an essential internal control that is part of a formal process in helping the TRICARE East and West Region MCSCs to determine whether care is medically necessary and appropriate. The TRICARE MCSCs continue to rely on the DHA-established age limits list when processing all TRICARE claims because: (1) the DHA has provided the age list to the TRICARE contractors on a quarterly basis since 2007, (2) the DHA has a formal process within its TRICARE manuals to customize and update the age limits list specific to its TRICARE population, and (3) the DHA website, as shown in Figure 1, states that the TRICARE contractors should follow the age list or risk nonpayment.¹⁰

While DHA personnel stated that other TRICARE policy and regulations provided guidance to ensure that care was appropriate and medically necessary, the DHA risks inappropriate payments by future MCSCs if the DHA does not add guidance to require the use of the DHA-established age limits list. The DHA should leverage the existing list to help the MCSCs prevent potentially inappropriate health care. Because (1) the DHA-established age limits list is an easy-to-use, consolidated list; (2) the age limit requirements within the DHA-established age limits list are different than AMA and CMS guidance; and (3) the TRICARE MCSCs already use the DHA-established age limits list; the DHA Director should modify the MCSC contracts or TRICARE guidance to explicitly require the TRICARE MCSCs to use the DHA-established age limits list for all claims.

The DHA Did Not Perform Effective Internal Reviews of Its Established Age Limits List

The DHA did not perform effective reviews to ensure that its established age limits list was in line with age limits established by the AMA and CMS, which were designated by the Health Insurance Portability and Accountability Act as the organizations that maintain CPT and HCPCS Level II codes, respectively. DHA personnel stated that they only reviewed the CMS' changes to the age limits on a quarterly basis for applicability to the TRICARE program and that they did not have the resources to perform comprehensive, annual reviews of the CMS' age limits. While performing reviews of CMS changes on a quarterly basis was a good practice, the DHA did not perform reviews to ensure that the DHA-established age limits were in line with: (1) existing age limits on the CMS' age limits spreadsheet and (2) age limits established by the AMA and CMS.

¹⁰ TRICARE Systems Manual, Chapter 2, Section 1.1, "Data Reporting - TRICARE Encounter Data (TED) Record Submission," states that claims "which fail any edits will be rejected and returned to the contractor for correction and resubmission."

TRICARE Reimbursement Manual, Chapter 13, Addendum C, "Approval Of OPPS - Outpatient Code Editor (OCE)/APC And No Government Pay List (NGPL) Quarterly Update Process."

In June 2024, DHA personnel responded to our findings regarding potential conflicts between the DHA-established age limits listing and AMA's and CMS' age limits. They confirmed that "the published list on the web originates from Medicare, and is occasionally modified by TRICARE for our younger, healthier population and separately established statutory benefit," which "is updated quarterly by Medicare, and adopted for TRICARE." DHA personnel stated, "Any conflicts with [HCPCS] / [CPT] codes should be directed towards Medicare, rather than TRICARE, unless the conflict is unique to the DHA list."

To determine the magnitude of TRICARE-unique age limits, we compared the third quarter CY 2023 DHA-established age limits list to the third quarter CY 2023 CMS-established age limits and found that the DHA-established age limits list had significant differences from the CMS spreadsheet. As a result, we identified many age limits that were unique to DHA-specific health care services and items.

- Of the 512 procedures on the DHA-established age limits list, the DHA had 155 codes (30.3 percent) that were not on the CMS spreadsheet, many of which were related to vaccines intended for a younger, non-Medicare population. For example, the DHA-established age limits list included an age limit of 9 years to 45 years for administering a human papillomavirus (HPV) vaccine billed under CPT 90651; however, the CMS did not establish an age limit for CPT 90651.
- Of the 416 procedure codes with age limits on the CMS spreadsheet, the CMS had 59 codes (14.2 percent) on its spreadsheet that were not on the DHA-established age limits list. Many of the 59 procedure codes were related to COVID-19 vaccinations.

As previously stated, DHA personnel noted that any conflicts should be directed toward Medicare, rather than TRICARE, unless the conflict is unique to the DHA-established age limits list. Therefore, we reviewed the examples identified in this management advisory to determine whether the

Of the 416 procedure codes with age limits on the CMS spreadsheet, the CMS had 59 codes (14.2 percent) on its spreadsheet that were not on the DHA-established age limits list.

age limits were established by the CMS or by the DHA. As a result of our review, we identified examples in which the following three criteria were met: (1) the DHA had an age limit on its age limits list, (2) the CMS did not have an age limit, and (3) the DHA age limit did not meet other authoritative bodies. For example:

- The CMS did not establish an age limit for the shingles vaccine that is coded using CPT 90736, while the DHA-established age limits list included an age limit of 60 years and older, as of July 30, 2024. However, the CDC recommended the vaccine for individuals 50 years and older or for individuals 19 years and older who have a weakened immune system.
- The CMS did not establish an age limit for an influenza vaccine that is coded using CPT 90685, while the DHA-established age limits list included an age limit of 0 years to 3 years. However, AMA CPT guidance identified an age limit of 6 to 35 months of age, which is under 3 years of age, for CPT 90685.

Because of the number of age limit differences between the CMS spreadsheet and the DHA list, the DHA Director should perform a one-time review to ensure that all existing age limits within the DHA-established age limits list match age limits established by the AMA and CMS, where applicable, and revise the age limits accordingly.

The DHA Did Not Oversee TRICARE Payments for Compliance with the DHA-Established Age Limits List

The DHA did not provide oversight of TRICARE payments that were not in compliance with the DHA-established age limits list. We nonstatistically selected claims and determined that six services and items were not in compliance after performing additional analysis and discussing the claims with the TRICARE MCSCs. We asked the TRICARE East and West Region contractors to provide justification for the six instances that did not meet the DHA-established age limits list. For four of the six claims, MCSC personnel stated that the MCSC should not have paid for the services. We concluded that the additional supporting documentation provided by the health care providers did not substantiate the payment for the remaining two claims because the documentation: (1) did not provide additional justification to provide the services to an individual outside the age limits or (2) did not mention that the provider did in fact provide the services.

The following are the six claims in detail that the MCSCs should not have paid because the payments were not in compliance with age limits.

- A health care provider submitted a claim for the insertion of a non-tunneled centrally inserted central venous catheter in an 8-month-old beneficiary, as previously shown in Table 1. However, the procedure is intended for patients aged 5 years old and older. We contacted the contracting officer's representative, who then contacted the TRICARE East MCSC to determine whether there was an appropriate reason to pay for the procedure. The TRICARE East Region MCSC personnel stated, "The claim was stopped for review due to CPT 36556 having age restriction limitations." However, MCSC personnel stated that the MCSC paid the claim in error but is taking actions to ensure that it correctly pays future claims for this procedure code. Therefore, the MCSC improperly paid the provider for performing the procedure on an 8-month-old beneficiary. MCSC personnel stated, "The claim has been adjusted and a recoupment has been initiated for overpayment."
- A health care provider submitted a claim for providing a periodic comprehensive preventive medicine infant evaluation to a 56-year-old beneficiary, as previously shown in Table 1. We contacted the contracting officer's representative, who then contacted the TRICARE East Region MCSC to determine whether there was an appropriate reason to pay for the procedure. TRICARE East Region MCSC personnel stated that the claims system was "set to accept claims for beneficiaries under the age of 1" but the system still allowed the payment to be processed. Therefore, the MCSC improperly paid the provider for performing an infant evaluation on a 56-year-old beneficiary. MCSC officials stated that they submitted a request for additional information from the MCSC's "claim's vendor" to determine why this payment occurred and possible corrections.

- A health care provider submitted a claim for administering an influenza vaccine to a 5-day-old beneficiary, as shown in Table 3. However, the vaccine was intended for patients aged 6 months old and older. We contacted the contracting officer's representative, who then contacted the TRICARE East Region MCSC to determine whether there was an appropriate reason to pay for the procedure. TRICARE East Region MCSC personnel stated that the DHA-established age limits did not include a lower limit of 6 months; and as a consequence, the claims system did not stop the claim for a medical review. Therefore, the MCSC improperly paid the provider for administering the influenza vaccine to a 5-day-old beneficiary. MCSC personnel stated that the MCSC: (1) requested an update to the age limit for the procedure code and (2) submitted a request to stop influenza vaccine claims for review for beneficiaries under the age of 6 months to ensure correct processing.

A health care provider submitted a claim for administering an influenza vaccine to a 5-day-old beneficiary. However, the vaccine was intended for patients aged 6 months old and older.
- A health care provider submitted a claim for administering an influenza vaccine to a 3-month-old beneficiary; however, the vaccine was intended for patients aged 6 months old and older. We contacted the contracting officer's representative, who then contacted the TRICARE West Region MCSC to determine whether there was an appropriate reason to pay for the procedure. TRICARE West Region MCSC personnel stated, "The example claim [was] paid in error as it was rendered outside the CDC recommended age range and it will be recouped." Therefore, the MCSC improperly paid the provider for administering the influenza vaccine to a 3-month-old beneficiary. MCSC personnel also stated, "The claims system currently limits CPT 90685 to age 6 months and older" and "if rendered before 6 months old the change [in the limits] will deny as not covered."
- A health care provider submitted a claim for administering an HPV vaccine to a 2-month-old beneficiary, as shown in Table 1. However, the vaccine was intended for patients aged 9 years old to 45 years old. We contacted the contracting officer's representative, who then contacted the TRICARE East Region MCSC to determine whether there was an appropriate reason to pay for the procedure. TRICARE East Region MCSC personnel stated that they initially denied the entire claim, which included other items in addition to the HPV vaccine, because the procedure code was inconsistent with the beneficiary's age. TRICARE East Region MCSC personnel stated that the health care provider later submitted a medical record to the MCSC, and based on the medical review, the MCSC paid the full claim. However, the medical record did not mention an HPV vaccine, nor did it show that an HPV vaccine was ever provided to the 2-month-old beneficiary. Therefore, the MCSC still paid the provider for administering the HPV vaccine even though the medical record did not support that the provider administered the HPV vaccine.

A health care provider submitted a claim for administering an HPV vaccine to a 2-month-old beneficiary. However, the vaccine was intended for patients aged 9 years old to 45 years old.

- A health care provider submitted a claim for administering cocaine hydrochloride to a 4-year-old beneficiary; however, the drug was approved for only adults.¹¹ We contacted the contracting officer’s representative, who then contacted the TRICARE East Region MCSC to determine whether there was an appropriate reason to pay for the procedure. TRICARE East Region MCSC personnel stated that they initially denied the entire claim, which included other items in addition to the cocaine hydrochloride, because the procedure code was inconsistent with the beneficiary’s age. The health care provider later submitted a medical record to the MCSC. Based on the medical review, the MCSC paid the full claim. However, we identified many inconsistencies, as shown in Table 4. Specifically, the medical record showed that the provider administered a different dosage than what was claimed. Additionally, the provider applied the cocaine hydrochloride in an off-label use, but the MCSC did not provide us with supporting documentation to justify the off-label use in accordance with the TRICARE guidance.¹² Specifically, TRICARE Policy Manual, Chapter 8, Section 9.1, “Pharmacy Benefits Program,” stated:

A health care provider submitted a claim for administering cocaine hydrochloride to a 4-year-old beneficiary; however, the drug was approved for only adults.

3.3.3 Off-label use of a drug or device, as defined in 32 CFR 199.2, shall not be cost shared unless the contractor determines the off-label use is medically necessary and demonstrations from medical literature, national organizations, or technology assessment bodies show that the off-label use of the drug or biologic is safe, effective and in accordance with nationally accepted standards of practice in the medical community.

3.3.3.1 Approval for reimbursement of off-label uses of drugs and biologics reimbursed by the medical program shall be provided by the medical contractor.

¹¹ The health care provider billed HCPCS C9046, which indicated the use of “cocaine hydrochloride nasal solution.”

¹² Title 32 Code of Federal Regulations (CFR) section 199.2 defined “off-label use of a drug or device” as “a use other than an intended use for which the prescription drug, biologic or device is legally marketed under the Federal Food, Drug, and Cosmetic Act or the Public Health Services Act.” Furthermore, 32 CFR 199.2 stated, “This includes any use that is not included in the approved labeling for an approved drug, licensed biologic, approved device or combination product; any use that is not included in the cleared statement of intended use for a device that has been determined by the Food and Drug Administration (FDA) to be substantially equivalent to a legally marketed predicate device and cleared for marketing; and any use of a device for which a manufacturer or distributor would be required to seek pre-market review by the FDA in order to legally include that use in the device’s labeling.”

Table 4. Inconsistencies Between TRICARE Claim and Medical Record for the Use of Cocaine Hydrochloride

Inconsistency	TRICARE Claim	Medical Record
Different Dosage	Provider billed for 160 mg	Provider used 30 mg
Different Route of Administration	The FDA approved drug for application in the nasal passage.	Provider applied drug to a laceration on the chin. We did not receive support from the MCSC to justify the off-label use, as required by TRICARE Policy Manual, Chapter 8, Section 9.1.
Used Differently Than Medical Notes	N/A	Provider noted that he applied “LET” (lidocaine, epinephrine, and tetracaine) to the wound. However, pharmacy notes showed lidocaine, epinephrine, and cocaine were combined.
Use of Cocaine Hydrochloride with Lidocaine and Epinephrine Does Not Appear to be a Common Treatment	N/A	Internet research did not identify the use of cocaine with lidocaine and epinephrine as a treatment. We did not receive support from the MCSC to justify the off-label use, as required by TRICARE Policy Manual, Chapter 8, Section 9.1.

Source: Military Health System Data Repository, September 18, 2023, and Medical Records.

Therefore, the MCSC improperly paid the provider for administering cocaine hydrochloride to a 4-year-old beneficiary.

The DHA Director should perform a review of the \$1 million in payments that the MCSCs paid for health care services provided from FYs 2019 to 2023 that did not meet the DHA-established age limits list, and recoup where applicable. As part of the review, the DHA Director should assess the MCSCs’ medical review process when determining whether the MCSCs paid for services and items in compliance with the DHA-established age limits list. The DHA Director should also perform a review of the \$26.3 million in questioned costs that the MCSCs paid for pediatric enteral formula provided from FYs 2019 to 2023 in which the DHA-established aged limits list did not meet the pediatric description as defined by the CMS and age limits identified within product labeling and medical literature. The DHA Director should also initiate recoupment of the payments if the DHA determines that the MCSCs should not have paid for the pediatric enteral formula. Additionally, the DHA Director should revise DHA policy to require the DHA to perform an annual review of high-risk payments in which MCSCs paid claims for health care services and items provided in FY 2024 and future years that did not meet the DHA-established age limits list requirements.

Risk of Patient Safety Issues and Fraudulent Claim Payments

TRICARE beneficiaries are at risk of patient safety issues if providers deliver services and items that are not developed for their intended ages, and the DHA did not explicitly require the MCSCs to apply the age limits list to all TRICARE claims. As previously stated, the DHA established a formal process to develop the DHA-established age limits list, which the

TRICARE East and West Region MCSCs relied on to ensure that health care was appropriate and medically necessary. However, TRICARE beneficiaries may be at increased risk of patient safety issues if the DHA-established age limits are not accurate. For example, TRICARE claims data showed that a TRICARE MCSC paid providers to administer cocaine hydrochloride to 15 children under the age of 18 between November 2020 and October 2022. Specifically, TRICARE claims data showed that a provider billed for administering 160 mg of cocaine hydrochloride solution (HCPCS Level II C9046), which is a Schedule II controlled substance that contains cocaine, to a 4-year-old TRICARE beneficiary. FDA officials stated in the FDA's prescribing information that cocaine hydrochloride is approved solely for the use as a "local anesthesia of the mucous membranes when performing diagnostic procedures and surgeries on or through the nasal cavities in adults." In addition to not meeting the age limit, medical records showed conflicting information on whether cocaine hydrochloride was used in an appropriate manner.

In addition to potential patient safety issues, the DHA is at risk of paying for fraudulent health care claims for TRICARE services and items that were either noncovered or were never provided to TRICARE beneficiaries. For example, the TRICARE East Region MCSC paid \$6,868 to a TRICARE provider for pediatric enteral formula that it provided to a 20-year-old TRICARE beneficiary. The provider billed that it delivered an average of about 8,000 calories of enteral formula per day to the TRICARE beneficiary over an 18-day period in April 2023. However, the provider billed that it delivered an average of only 2,094 calories of formula per day to the same TRICARE beneficiary over a 17-day period in December 2021, which was in accordance with daily calorie consumption according to the Department of Agriculture and Department of Health and Human Services.¹³ Therefore, the billing behavior was a high-risk indicator that the provider may have: (1) not provided the entire amount of formula, or (2) overbilled and delivered an amount of formula that was "clearly unsuitable for the patient's needs."¹⁴

The provider billed that it delivered an average of about 8,000 calories of enteral formula per day to the TRICARE beneficiary over an 18-day period in April 2023.

¹³ Dietary Guidelines for Americans, 2020-2025, 9th Edition, December 2020.

¹⁴ 32 CFR 199.9 defines fraudulent activity as the following.

- "Submitting [TRICARE] claims ... for services, supplies, or equipment not furnished to, or used by, [TRICARE] beneficiaries."
- "Billings or [TRICARE] claims for supplies or equipment which are clearly unsuitable for the patient's needs or are so lacking in quality or sufficiency for the purpose as to be virtually worthless."
- "Misrepresentations of dates, frequency, duration, or description of services rendered, or of the identity of the recipient of the services or the individual who rendered the services."
- "Billing or submitting a [TRICARE] claim for costs for noncovered or nonchargeable services, supplies, or equipment disguised as covered items."

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Director, Defense Health Agency:

- a. **Modify the managed care support contracts or TRICARE guidance to explicitly require the TRICARE managed care support contractors to use the Defense Health Agency-established age limits list for all claims.**

Defense Health Agency Comments

The DHA Director agreed with the recommendation, stating that the DHA will ensure that the DHA-established age limits list is created for use with OPPS claims. The Director stated that the DHA will ensure that the TRICARE manuals explicitly state that the age list is for OPPS claims and is provided for transparency on the TRICARE website in addition to the Integrated Outpatient Code Editor provided to the contractors on a quarterly basis. The Director stated that the DHA anticipates that the action will be completed by the end of 2025.

Our Response

Comments from the Director partially addressed the specifics of the recommendation; therefore, the recommendation is unresolved. The DHA-proposed actions addressed only claims billed within the OPPS reimbursement system, but the Director did not agree to require the TRICARE contractors to use the DHA-established age limits list on all claims.

The DHA should apply the DHA-established age limits list to non-OPPS services and items. For example, the TRICARE East Region managed care support contractor paid for seven services and items identified in Table 1 that were well outside of the range of DHA-established age limits. The TRICARE East Region managed care support contractor paid for six of the seven items and services using a non-OPPS reimbursement system. As previously stated, 32 CFR 199.9 defines fraudulent activity as TRICARE claims for items that are clearly unsuitable for the patient's needs, as well as submitting TRICARE claims for services or items not provided to, or used by, TRICARE beneficiaries. If the DHA does not require the TRICARE contractors to apply the DHA-established age limits on all claims, including non-OPPS claims, there is a risk of patient safety issues and payments on fraudulent claims for similar items and services identified in Table 1.

Therefore, we request that the Director reconsider modifying the managed care support contracts or TRICARE guidance to explicitly require the contractors to use the DHA-established age limits list for all claims, including OPPS and non-OPPS claims. Additionally, we encourage the Director to expedite the implementation of the recommendation to reduce the ongoing risk of overpayments and improper payments.

- b. Perform a one-time review to ensure that all existing age limits within the Defense Health Agency-established age limits list match age limits established by the American Medical Association and Centers for Medicare and Medicaid Services, where applicable, and revise the age limits accordingly.**

Defense Health Agency Comments

The DHA Director agreed with the recommendation and anticipates that the action will be completed by the end of 2025.

Our Response

Comments from the Director addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when we receive a copy of the results of the one-time review and documentation demonstrating any revisions to the age limits that resulted from the review. We encourage the Director to expedite the implementation of the recommendation to reduce the ongoing risk of overpayments and improper payments based on the known inaccuracies in the DHA-established age limits list.

- c. Perform a review of the \$1 million in payments that the managed care support contractors paid for health care services provided from FYs 2019 to 2023 that did not meet the Defense Health Agency-established age limits list, and recoup where applicable. As part of the review, assess the managed care support contractors' medical review process when determining whether the managed care support contractors paid for services and items in compliance with the Defense Health Agency-established age limits list.**

Defense Health Agency Comments

The DHA Director agreed with the recommendation and anticipates that the action will be completed by the end of 2025.

Our Response

Comments from the Director addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when we receive a copy of the results of the review and documentation demonstrating any recoupments that resulted from the review.

- d. **Perform a review of the \$26.3 million in questioned costs that the managed care support contractors paid for pediatric enteral formula provided from FYs 2019 to 2023 in which the Defense Health Agency–established aged limits list did not meet the pediatric description as defined by the Centers for Medicare and Medicaid Services and age limits identified within product labeling and medical literature. Initiate recoupment of the payments if the Defense Health Agency determines that the managed care support contractors should not have paid for the pediatric enteral formula.**

Defense Health Agency Comments

The DHA Director agreed with the recommendation.

Our Response

Comments from the Director addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when we receive a copy of the results of the review and documentation demonstrating any recoupments that resulted from the review.

- e. **Revise Defense Health Agency policy to require the Defense Health Agency to perform an annual review of high-risk payments in which managed care support contractors paid claims for health care services and items provided in FY 2024 and future years that did not meet the Defense Health Agency–established age limits list requirements.**

Defense Health Agency Comments

The DHA Director agreed with the recommendation, stating that the DHA will perform reviews of high-risk payments and age-appropriate medication and services. The Director anticipates that the DHA will complete the annual review by the end of 2025.

Our Response

Comments from the Director partially addressed the recommendation; therefore, the recommendation is unresolved. The Director stated that the DHA would perform annual reviews of high-risk payments; however, the Director did not state whether the DHA would revise policy to require the annual reviews on paid claims for health care services and items that did not meet DHA-established age limits list requirements. If the DHA does not revise its policy to require these reviews, the DHA is at risk of having inadequate oversight of health care services and items that do not meet the DHA-established age limits list requirements. We request that the Director clarify whether the DHA intends to revise its policy to require annual reviews on high-risk payments related to DHA-established age limits list requirements.

Potential Monetary Benefits

These recommendations may result in a potential monetary benefit of up to \$27.3 million for the DHA as shown in Table 5.

Table 5. Potential Monetary Benefits

Recommendation	Type of Benefit	Amount of Benefit	Account
1.d	Questioned Costs – Recoverable. Collection of erroneous payments.	\$1.0 million	97X0130
1.e	Questioned Costs – Recoverable. Collection of erroneous payments.	\$26.3 million	97X0130

Note: Potential monetary benefits are funds put to better use or questioned costs.

Source: The DoD OIG.

Management Comments Required on Potential Monetary Benefits

The DHA Director did not respond to the potential monetary benefits in the management advisory. We request that the Director provide comments on the final management advisory on whether the Director agrees with our calculation and method of estimation on the potential monetary benefits. If the Director disagrees, then we request that the Director provide the reason for the disagreement and the amount of potential monetary benefits that the DHA estimates.

Management Comments

Defense Health Agency Comments



DEFENSE HEALTH AGENCY
7700 ARLINGTON BOULEVARD, SUITE 5101
FALLS CHURCH, VIRGINIA 22042-5101

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: "Management Advisory: Potential Patient Safety and Payment Integrity Concerns Regarding TRICARE Services and Items That Were Not Intended for TRICARE Beneficiaries of Certain Ages" (Project Number: D2024-D000AW-0034.001)

The Defense Health Agency (DHA) response to the Department of Defense Inspector General (DoD OIG) project number D2024-D000AW-0034.001 is provided in the attached. The DHA concurs with the recommendations provided by the DoD OIG that are assigned to DHA pertaining to the oversight of payment for age limits of certain medical services and items.

My point of contact is [REDACTED] TRICARE Health Plan, who can be reached at [REDACTED]

CROSLAND.TEL [REDACTED]
ITA. [REDACTED]
TELITA CROSLAND
LTG, USA
Director

Attachment:
As stated

Defense Health Agency Comments (cont'd)

**DEPARTMENT OF DEFENSE (DOD) OFFICE OF THE INSPECTOR GENERAL (OIG)
DRAFT REPORT DATED NOVEMBER 14, 2024
PROJECT NO. D2024-D000AW-0034.001**

**“Management Advisory: Potential Patient Safety and Payment Integrity Concerns
Regarding TRICARE Services and Items That Were Not Intended for TRICARE
Beneficiaries of Certain Ages” (Project Number: D2024-D000AW-0034.001)**

**DEFENSE HEALTH AGENCY(DHA) RESPONSE
TO THE DOD OIG RECOMMENDATIONS**

RECOMMENDATION 1a: Modify the managed care support contracts or TRICARE guidance to explicitly require the TRICARE managed care support contractors to use the Defense Health Agency-established age limits list for all claims.

DHA RESPONSE: Concur. The age list was created as a file for use with Outpatient Prospective Payment Systems (OPPS) claims. We concur that clarity regarding its purpose within the context of OPPS is needed in both the manuals and the DHA website. We will ensure that the TRICARE manuals explicitly state that the age list is for that purpose and is provided for transparency on the website in addition to the Integrated Outpatient Code Editor provided to the contractors on a quarterly basis. The contractors may continue to utilize the age list for non-OPPS claims (e.g., professional or supply) in accordance with their best business practices. We will also clarify the purpose of the list on the TRICARE website. We anticipate this action to be completed by the end of CY 2025.

RECOMMENDATION 1b: Perform a one-time review to ensure that all existing age limits within the Defense Health Agency-established age limits list match age limits established by the American Medical Association and Centers for Medicare and Medicaid Services, where applicable, and revise the age limits accordingly.

DHA RESPONSE: Concur. We anticipate completion by end of CY 2025.

RECOMMENDATION 1c: Perform a review of the \$1 million in payments that the managed care support contractors paid for health care services provided from FYs 2019 to 2023 that did not meet the Defense Health Agency-established age limits list, and recoup where applicable. As part of the review, assess the managed care support contractors' medical review process when determining whether the managed care support contractors paid for services and items in compliance with the Defense Health Agency established age limits list.

DHA RESPONSE: Concur. We anticipate completion by end of CY 2025.

RECOMMENDATION 1d: Perform a review of the \$26.3 million in questioned costs that the managed care support contractors paid for pediatric enteral formula provided from FYs 2019 to 2023 in which the Defense Health Agency established aged limits list did not meet the pediatric

Defense Health Agency Comments (cont'd)

2

description as defined by the Centers for Medicare and Medicaid Services and age limits identified within product labeling and medical literature. Initiate recoupment of the payments if the Defense Health Agency determines that the managed care support contractors should not have paid for the pediatric enteral formula.

DHA RESPONSE: Concur.

RECOMMENDATION 1e: Revise the Defense Health Agency policy to require the Defense Health Agency to perform an annual review of high-risk payments in which managed care support contractors paid claims for health care services and items provided in FY 2024 and future years that did not meet the Defense Health Agency-established age limits list requirements.

DHA RESPONSE: Concur. DHA will complete annual reviews of high-risk payments and age appropriate medication and services. We will complete the annual review by the end of CY 2025.



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