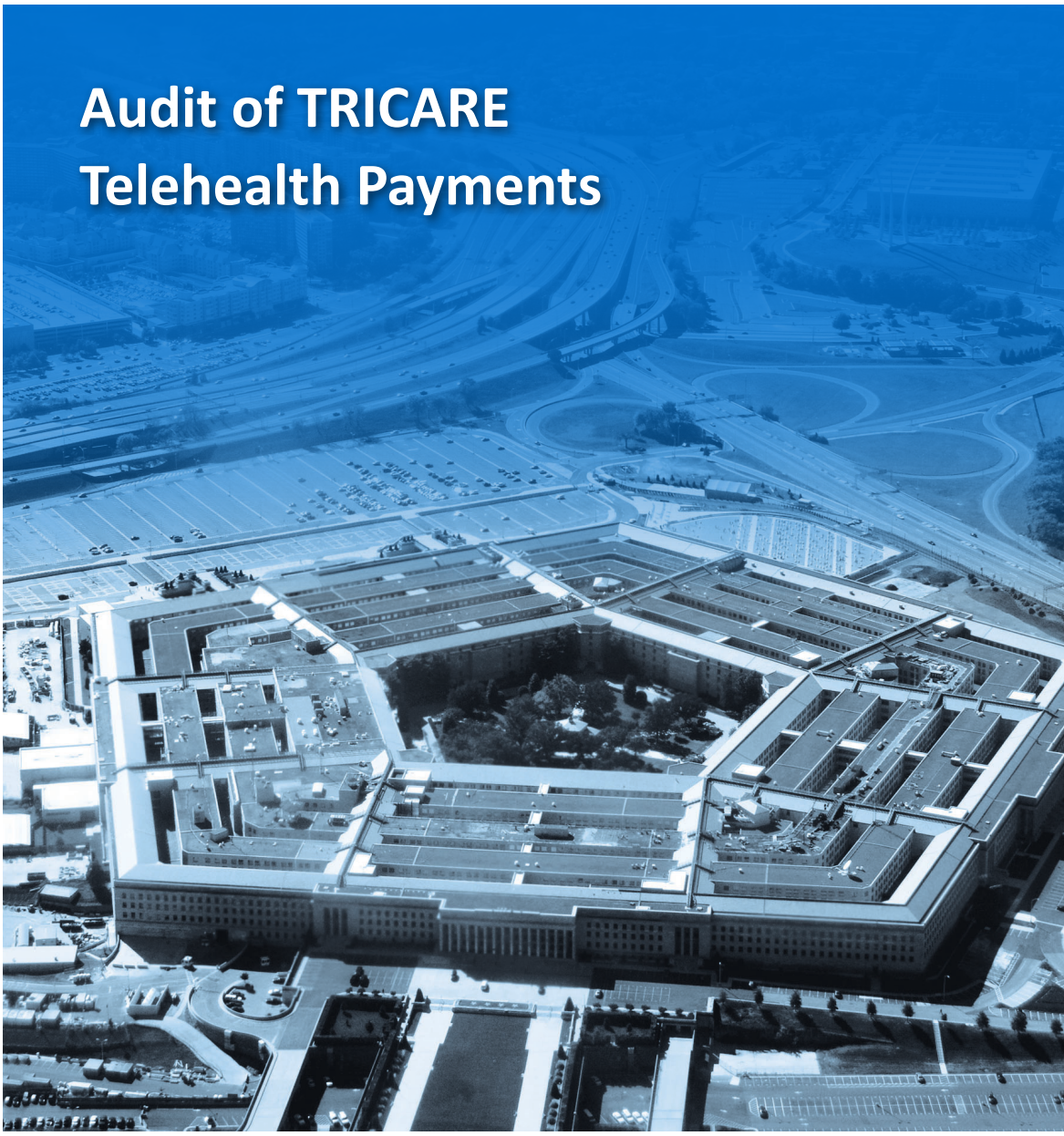
Report No. DODIG-2022-047

INSPECTOR GENERAL

U.S. Department of Defense

FEBRUARY 3, 2022

Audit of TRICARE Telehealth Payments



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INSPECTOR GENERAL
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DEPARTMENT OF DEFENSE

Results in Brief

Audit of TRICARE Telehealth Payments

February 3, 2022

Objective

The objective of this audit was to determine whether the Defense Health Agency (DHA) paid for telehealth services in accordance with Federal and DoD guidance.

Background

The DHA manages the TRICARE program for 9.6 million active duty, retired, National Guard, and Reserve members, including their families, survivors, and others entitled to DoD medical care. Two regional contractors, known as managed care support contractors (MCSCs), administer a network of medical providers in the continental United States that provide health care services and support to DoD beneficiaries. The contractors receive, process, and pay claims for authorized medical services on behalf of the DHA.

Telehealth is the use of information and telecommunication technology to provide medically and psychologically necessary and appropriate diagnostic and treatment services remotely. Telehealth involves a patient at an "originating site" receiving care from a provider at a "distant site."[1]

The DHA spent $2.9 million in FY 2018 and $4.0 million in FY 2019 for TRICARE claims coded as telehealth; in FY 2020, the DHA paid telehealth claims totaling $2.3 million

[1] The "originating site" is the location of the patient receiving telehealth services and must be an authorized health care facility; the "distant site" is the location of the health care provider providing telehealth services.

Background (cont'd)

through February 2020. However, use of telehealth by TRICARE beneficiaries increased in March 2020 as a result of the Coronavirus Disease–2019 (COVID-19) pandemic. As of September 2020, TRICARE telehealth payments exceeded $150 million in FY 2020.

Finding

The DHA improperly paid claims for FY 2020 telehealth services. We obtained a sample of 166 claims for FY 2020 originating site fee claims and 389 additional related claims. We received and reviewed medical records for 138 beneficiaries associated with these claims and determined that the DHA improperly paid 107 originating site fee claims totaling $2,627; we statistically projected that 69 percent of FY 2020 originating site fee payments made by the DHA were unsupported.[2] These improper payments occurred because the DHA did not have controls in place to prevent payment when the claims for originating site and distant site services were performed by the same provider, or when the beneficiary was not present at the originating site.

Additionally, DHA officials improperly paid $1,454 for 15 distant site claims that were not coded as telehealth visits in accordance with TRICARE policy because the DHA did not have controls in place to reject improperly coded claims. The DHA also paid one claim for services inappropriate for telehealth delivery.

As a result of the improperly paid telehealth claims, we projected that the DHA potentially overpaid health care providers for originating site fees by $620,162 from October 2019 through June 2020. These funds could have been used for other critical health care services within the DoD. Additionally, telehealth visits have risen exponentially and these vulnerabilities could increase the risk of fraud,

[2] Unsupported payments are payments made to TRICARE providers that we determined were not sufficiently supported by required documentation in accordance with DHA and TRICARE policy.

Results in Brief

Audit of TRICARE Telehealth Payments

Finding (cont'd)

potentially resulting in a much larger amount of wasted funds. Finally, improperly coded claims may result in under- or over-reporting of telehealth use by TRICARE beneficiaries, which could adversely affect DHA resourcing decisions.

Recommendations

We recommend that the DHA Director:

- establish controls that prevent improper payment of originating site fee claims, improperly coded telehealth claims, and claims for services inappropriate for telehealth delivery;
- establish controls that require both patient and provider location for telehealth claims; and
- review FY 2020 telehealth claims payments to recover improperly paid claims.

Management Comments and Our Response

The DHA Director agreed with the findings and recommendations in the report. The Director stated that the TRICARE West Region MCSC implemented a system change that identifies and allows payment of originating site fee claims when billed on the same date of service but billed with a different rendering provider or rejects payment with the same rendering provider. The Director stated that the West Region MCSC ran a claims sweep project from December 18, 2020 to March 22, 2021, to correct 16,440 claims for a net recoupment of $144,102. The Director also stated that the TRICARE East Region MCSC developed a system change that results in the denial of telehealth claims when the place of service code indicates it is a telehealth claim but is submitted without a telehealth modifier. The Director further described three contract oversight tools used for identifying, monitoring, and resolving improper payment concerns or issues.

The Director's comments partially addressed the recommendations to prevent improper payment of originating site fee claims and improperly coded telehealth claims, and to recover improperly paid FY 2020 telehealth claims. The comments did not address recommendations to prevent payment of claims for services inappropriate for telehealth delivery or to require both provider and patient location for telehealth claims. Therefore, the recommendations are unresolved. We request that the Director provide additional comments that describe the specific actions that the DHA or MCSCs will take to resolve each of the recommendations. Please see the Recommendations Table on the next page.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Director, Defense Health Agency	1.a, 1.b, 1.c, 1.d, 1.e		

Please provide Management Comments by March 7, 2022.

Note: The following categories are used to describe agency management's comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – DoD OIG verified that the agreed upon corrective actions were implemented.


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DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 223501500

February 3, 2022

MEMORANDUM FOR DIRECTOR, DEFENSE HEALTH AGENCY

SUBJECT: Audit of TRICARE Telehealth Payments (Report No. DODIG-2022-047)

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

This report contains recommendations that are considered unresolved because the Defense Health Agency Responding Official did not fully address the recommendations presented in the report.

Therefore, as discussed in the Recommendations, Management Comments, and Our Response section of this report, the recommendations remain open. We will track these recommendations until an agreement is reached on the actions that you will take to address the recommendations, and you have submitted adequate documentation showing that all agreed-upon actions are completed.

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 recommendations. Send your response to either followup@dodig.mil if unclassified or rfunet@dodig.smil.mil if classified SECRET.

If you have any questions, please contact me at [redacted].

Timothy M. Wimette
Deputy Assistant Inspector General for Audit
Acquisition, Contracting, and Sustainment

Contents

Introduction

Objective

The objective of this audit was to determine whether the Defense Health Agency (DHA) paid for telehealth services in accordance with Federal and DoD guidance.

Background

The TRICARE Program

The DHA manages the TRICARE program for 9.6 million active duty, retired, National Guard, and Reserve members, including their families, survivors, and others entitled to DoD medical care. Two contractors for the East and West regions of the continental United States, known as managed care support contractors (MCSCs), administer a network of medical providers that provide health care services and support to DoD beneficiaries. The MCSCs receive, process, and pay claims for authorized medical services on behalf of the DHA.

Telehealth Services

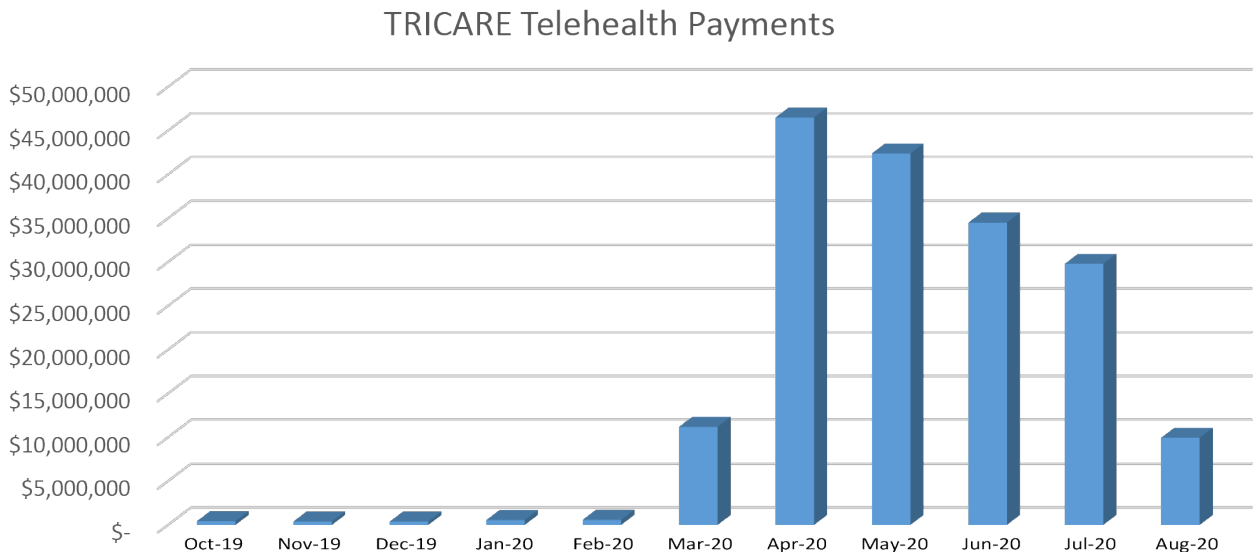
Telehealth (also referred to as telemedicine) is the use of information and telecommunication technology to provide medically and psychologically necessary and appropriate diagnostic and treatment services remotely. It can involve a variety of technologies, including two-way audio and video communication. During a telehealth encounter, a medical provider provides care to a beneficiary in a different location than the provider. TRICARE providers submit claims for services provided from the location of the health care provider, referred to as the "distant site," and for the location of the patient receiving telehealth services only if the facility is an authorized health care facility, referred to as the "originating site."[3] For example, a patient at an originating site can use clinical video teleconferencing to obtain medical evaluation and treatment from a provider at a distant site. TRICARE policy states that texting and certain social media applications are not telehealth encounters. The National Health Care Anti-Fraud Association 2018 Conference identified telemedicine fraud as an emerging health care fraud trend.

[3] TRICARE policy states that payment of the originating site fee is limited to facilities where an authorized TRICARE provider normally offers medical services, or a TRICARE authorized institutional provider.

Telehealth Services During the Coronavirus Disease-2019 Pandemic

The DHA spent $2.9 million in FY 2018 and $4.0 million in FY 2019 for TRICARE claims coded as telehealth; in FY 2020, the DHA paid telehealth claims totaling $2.3 million through February 2020. However, use of telehealth by TRICARE beneficiaries increased in March 2020 as a result of the Coronavirus Disease–2019 (COVID-19) pandemic. As of September 2020, TRICARE telehealth payments exceeded $150 million in FY 2020 (See Figure 1 for payments).

Figure 1. TRICARE Telehealth Payments for FY 2020 (October 2019 – August 2020)



Source: The DoD OIG.

The DHA modified some of its telehealth requirements on May 12, 2020, to ensure that beneficiaries could obtain necessary health care while staying safe during the COVID-19 pandemic. As part of the changes, the DHA began allowing audio-only visits; allowing providers to administer telehealth services to beneficiaries in states where they are not licensed; and temporarily waiving cost-shares for covered, in-network telehealth services.[4]

Sampling Telehealth Claims

We reviewed a stratified random sample of FY 2020 originating site claims. TRICARE policy permits payment of an originating facility fee when an authorized provider provides telehealth services to a beneficiary in a location that is different than the location of the provider at the distant site. The DoD OIG Data Analytics Team (DAT) identified risk factors for telehealth claims, applied those risk factors to the universe of FY 2020 telehealth claims, and developed the stratified sample

[4] A cost-share is the percentage of the total cost of a covered health care service that a beneficiary must pay.

of originating site claims based on the number of risk factors present. The risk factors included claims for which the provider was above the 95th percentile with respect to the:

- number of telehealth claims per day;
- amount billed for the number of paid telehealth claims;
- difference between amounts billed and paid for the number of paid telehealth claims;
- amount paid for the number of paid telehealth claims;
- number of claims with telehealth indicators outside of approved Medicare telehealth codes;
- proportion of claims with telehealth indicators outside of approved Medicare telehealth codes out of the total number of paid telehealth claims;
- corresponding claims for services outside of approved Medicare telehealth codes;
- claims for which the same provider was identified for both the originating site and the distant site;
- claims with no corresponding distant site claim; and
- distant site claims for which a telehealth modifier was used, but the place of service was not coded as telehealth.

The sample included 166 claims from a total universe of 42,114 claims for originating site fees the TRICARE East and West regions paid from October 2019 through June 2020. The DAT also identified 389 additional claims for the same beneficiary on the same date of service as the claim in the sample, including distant site telehealth claims. The MCSCs for the East and West regions requested medical records from health care providers to support all claims identified for the 166 beneficiaries in the sample. The MCSCs received records for 138 of the 166 beneficiaries and provided the records to the audit team for analysis and comparison to the claims. The DAT used the results of the analysis to project the total improper payments in the universe of claims.

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.[5] We identified internal control weaknesses related to processing and payment of telehealth claims that resulted in improper payments. We will provide a copy of the final report to the senior official responsible for internal controls in the DHA.

[5] DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013, (Incorporating Change 1, June 30, 2020).

Finding

The Defense Health Agency Improperly Paid Telehealth Claims

The DHA, through its MCSCs, improperly paid claims for FY 2020 telehealth services. Of the 138 beneficiaries that we obtained medical records for, we determined that the DHA improperly paid 107 originating site fee claims totaling $2,627. We statistically projected that 69 percent of FY 2020 originating site fee payments made by the DHA were unsupported.[6] Specifically, DHA improperly paid:

- 67 claims, totaling $1,539, to providers who submitted claims for both originating site fees and distant site telehealth services; and
- 65 originating site claims, totaling $1,675, where the beneficiaries received care outside of medical facilities (for example, at home or in their car).[7]

These improper payments occurred because the DHA did not have controls in place to prevent payment when the claims for originating site and distant site services were performed by the same provider, or when the beneficiary was not present at the originating site. Additionally, DHA officials improperly paid 15 distant site claims, totaling $1,454, that were not coded as telehealth visits in accordance with TRICARE policy because the DHA did not have controls in place to reject improperly coded claims.

As a result of improperly paid telehealth claims, we projected that the DHA potentially overpaid health care providers for originating site fees by $620,162 from October 2019 through June 2020.[8] These funds could have been used for other critical health care services within the DoD. Additionally, telehealth visits have risen exponentially and these vulnerabilities could increase the risk of fraud, potentially resulting in a much larger amount of wasted funds. Finally, improperly coded claims may result in under- or over-reporting of telehealth usage by TRICARE beneficiaries, which could adversely affect DHA resourcing decisions.

[6] Unsupported payments are payments made to TRICARE providers that we determined were not sufficiently supported by required documentation in accordance with DHA and TRICARE policy.

[7] The two categories of improperly paid claims do not add up to the 107 total improperly paid claims totaling $2,627 because 25 of the claims fell into both categories.

[8] We could not statistically project the estimated payments for improperly coded distant site telehealth claims because they were not part of our sample of originating site claims.

Improper Payments to Providers Submitting Both Originating Site and Distant Site Claims

Of the 138 originating site claims reviewed, the DHA improperly paid 67 claims, totaling $1,539, to providers who submitted claims for both originating site fees and distant site telehealth services. TRICARE providers may file a claim for an originating site fee when a beneficiary uses their facility to obtain telehealth services from a distant site. To claim the fee, the beneficiary must have been in a medical facility (originating site) and services must have been provided by a provider at a distant site. We analyzed originating site claims, distant site claims, and medical records for each beneficiary in the sample and found that the DHA improperly paid originating site fees for 67 claims where the originating site provider was the same as the distant site provider; the same provider cannot provide services at two different locations. The improper payments occurred because the DHA did not have controls in place to identify that the same provider billed as both the originating and distant site, and provider information for the originating site fee was sometimes missing from the claim. As a result, providers improperly received payment for originating site fees.[9] The DHA should establish controls that prevent payment of originating site fee claims when the originating site and distant site provider are the same, and review FY 2020 telehealth payments to recover improperly paid claims.

Improper Payments for Beneficiaries Receiving Care Outside of Medical Facilities

Of the 138 originating site claims reviewed, the DHA improperly paid 65 originating site claims, totaling $1,675, where the beneficiaries received care outside of medical facilities (for example, at home or in their car). For payment of an originating site fee, TRICARE policy requires that the patient be present in an authorized medical facility while receiving care from a distant site provider. The improper payments occurred because TRICARE claims include place of service codes, which includes telemedicine, but the code does not indicate patient or provider location. As a result, providers improperly received payments for originating site fees when the patient was not present at the site. The TRICARE West contractor acknowledged that it improperly paid originating site fees and took action during the audit to recover some of the improper payments. The DHA should establish controls to require both patient and provider location, and should review FY 2020 telehealth payments to recover improperly paid claims.

[9] According to Health Net Federal Services, MCSC for the TRICARE east region, a project performed from December 2020 to March 2021 corrected 16,440 improperly paid originating site claims resulting in a net recoupment of $144,102.

Improper Payments for Claims Not Properly Coded

During our review of the 138 originating site claims in our sample and the associated distant site claims, we determined that the DHA improperly paid 15 distant site claims, totaling $1,454, that were not coded as telehealth visits in accordance with TRICARE policy. TRICARE requires telehealth claims to be submitted with codes that identify the claim as a telehealth claim. The requirements include a place of service code and a procedural modifier. The 15 improperly paid claims did not contain the required modifier. Properly coded telehealth claims allow the MCSCs to determine if the claim is for an appropriate telehealth procedure, and allows the DHA to assess telehealth usage for resourcing and planning purposes. The improper payments occurred because the DHA did not have controls in place to reject improperly coded claims. As a result, the DHA may not have accurate visibility of telehealth usage, which could adversely affect resourcing decisions. The DHA should establish controls in the payment system that reject telehealth claims that do not include both the proper place of service code and modifier.

Improper Payments for Inappropriate Telehealth Services

During our review of the 138 originating site claims in our sample and the associated distant site claims, we determined that one of the claims was for a service that was inappropriate for telehealth delivery. The DHA does not maintain a list of services suitable for telehealth delivery; however, the Centers for Medicare and Medicaid Services maintains a list of medical services approved for telehealth delivery. We compared the distant site claims from our sample to the Centers for Medicare and Medicaid Services list and found that only two claims were for services that did not appear on the approved telehealth list.[10] We coordinated with the DHA and concluded that one of the two claims for medical services not on the approved list was inappropriate for telehealth delivery. DHA personnel stated that "office consultation for a new or established patient" calls for moderate complexity and 60 minutes of face-to-face time with the patient or family and is therefore not covered when delivered by telehealth. TRICARE paid $134 for the inappropriate telehealth service. The DHA should establish controls in the payment system to prevent payment for services inappropriate for telehealth delivery.

Wasted DoD Funds

As a result of improperly paid telehealth claims, we statistically projected that the DHA potentially overpaid 69 percent of originating site fees, totaling $620,162, from October 2019 through June 2020. These funds could have been used for

[10] The two claims were for the "initial comprehensive preventive medicine evaluation and management of an individual" and "office consultation for a new or established patient."

other critical health care services within the DoD. Additionally, telehealth visits have risen exponentially and these vulnerabilities could increase the risk of fraud, potentially resulting in a much larger amount of wasted funds. Finally, improperly coded claims may result in under- or over-reporting of telehealth usage by TRICARE beneficiaries, which could adversely affect DHA resourcing decisions.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Director of the Defense Health Agency:

a. **Establish controls that prevent payment of originating site fee claims when the originating site and distant site provider are the same.**

b. **Establish controls that prevent payment of improperly coded telehealth claims.**

c. **Establish controls that require both patient and provider location for telehealth claims.**

d. **Review FY 2020 telehealth claims payments to recover improperly paid claims.**

e. **Establish controls that prevent payment of services inappropriate for telehealth delivery.**

Defense Health Agency Comments

The DHA Director agreed with the recommendations. The Director stated that Health Net Federal Services (TRICARE West Region MCSC) implemented a system change that identifies and allows payment of originating site fee claims when billed on the same date of service but billed with a different rendering provider or rejects payment with the same rendering provider. The Director also stated that Humana Government Business (TRICARE East Region MCSC) developed a system change that results in the denial of telehealth claims when the place of service code indicates it is a telehealth claim but is submitted without a telehealth modifier. The Director further stated that the West Region MCSC ran a claims sweep project from December 18, 2020 to March 22, 2021, to correct 16,440 claims for a net recoupment of $144,102, and described three contract oversight controls used for identifying, monitoring, and resolving improper payment concerns or issues. These post-payment controls, in place since 2018, include a quarterly review of a sample of 2,000 random claims, an annual review of a stratified sample of 10,000 regional claims, and periodic targeted reviews by an external contractor.

Our Response

Recommendation 1.a: Comments from the Director partially addressed the recommendation to establish controls that prevent payment of originating site fee claims when the originating site and distant site provider are the same. The TRICARE West Region MCSC actions meet the intent of the recommendation. However, the TRICARE East Region MCSC actions do not address the recommendation. While the TRICARE East Region MCSC actions applied to all claims coded as telehealth claims, it is unclear how these actions would prevent the improper payment of originating site fee claims when the originating site and distant site provider are the same. Therefore, the recommendation is unresolved. We request that the Director describe the specific actions that the TRICARE East Region MCSC will take to prevent payment of originating site fee claims when the originating site provider and distant site provider are the same.

Recommendation 1.b: Comments from the Director partially addressed the recommendation to establish controls that prevent payment of improperly coded telehealth claims. The TRICARE East Region MCSC actions applied to all claims coded as telehealth claims. However, the TRICARE West Region MCSC actions only applied to originating site fee claims and not all telehealth claims. Additionally, the post-payment controls described only identify improperly paid claims after they have been paid. Therefore, the recommendation is unresolved. We request that the Director describe the specific actions that the TRICARE West Region MCSC will take to prevent payment of all improperly coded telehealth claims.

Recommendation 1.c: Comments from the Director did not address the specifics of the recommendation to establish controls that require both patient and provider location for telehealth claims; therefore, the recommendation is unresolved. The Director did not state whether the DHA will require the patient and provider location in telehealth claims data. We request that the Director describe the actions that the DHA or MCSCs will take to ensure that telehealth claims include both patient and provider location.

Recommendation 1.d: Comments from the Director partially addressed the recommendation to review FY 2020 telehealth claims payments to recover improperly paid claims. The Director did not state whether the TRICARE West Region MCSC claims sweep project included all FY 2020 telehealth claims, and did not state whether the TRICARE East Region MCSC took any action to identify and recover improperly paid FY 2020 telehealth claims. Therefore, the recommendation is unresolved. We request that the Director describe the specific actions that the MCSCs will or have taken to identify and recover improperly paid FY 2020 telehealth claims.

Recommendation 1.e: Comments from the Director did not address the recommendation to establish controls that prevent payment of services inappropriate for telehealth delivery; therefore, the recommendation is unresolved. The Director did not state whether or how the MCSCs would prevent payment of claims for services inappropriate for telehealth delivery. We request that the Director describe the specific actions that the DHA or MCSCs will take to prevent payment of claims for services inappropriate for telehealth delivery.

Appendix

Scope and Methodology

We conducted this performance audit from June 2020 through October 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We reviewed Federal, DoD, and TRICARE telehealth guidance, including criteria updated for the COVID-19 pandemic. We held teleconferences with the DHA to communicate the objectives, scope, methodology, and timing for the project, and to obtain information and discuss our findings during the project. We communicated with and obtained information from the East and West MCSCs. We coordinated with the DAT to obtain a stratified statistical sample of Military Health System Data Repository telehealth claims data. We identified all telehealth procedure codes required by TRICARE before claim payments are processed. We analyzed claims from the sample to identify trends in improper payments and possible control weaknesses. We compared paid claims for telehealth services to the Centers of Medicare and Medicaid Services approved telehealth services list to determine if the DHA paid claims for services that were inappropriate for telehealth delivery.

We verified trends in improper claim payment and control compliance by comparing medical records obtained from the MCSCs for claims in our audit sample. We analyzed medical records to identify potential discrepancies not identified in the initial analysis. We coordinated with the DAT to obtain an estimated total amount of unsupported payments for the population of telehealth originating site claims.

Internal Control Assessment and Compliance

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed controls over the processing and payment of telehealth claims. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

Use of Computer-Processed Data

We used computer-processed data to select our sample of claims to review. However, we compared the claims data to the actual patient health records and based our finding on those results. Therefore, we did not rely on computer-processed data for the findings and conclusions of this audit.

Use of Technical Assistance

We received assistance from the DAT. DAT personnel identified risk factors for telehealth claims, developed a sample based on risk factors, and provided the audit team with claims data from the Military Health System Data Repository.[11] The DAT personnel developed an estimated total amount of unsupported payments for the population of telehealth originating site claims from October 1, 2019, through June 30, 2020, using the stratified random sample they developed previously.

Prior Coverage

No prior coverage has been conducted on DoD telehealth payment controls during the last 5 years.

[11] The Military Health System Data Repository is the centralized data repository that captures, archives, validates, integrates, and distributes Defense Health Agency corporate health care data worldwide. It receives and validates data from the DoD worldwide network of more than 260 health care facilities and from non-DoD data sources.

Management Comments

Defense Health Agency

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

November 19, 2021

MEMORANDUM FOR MR. [redacted], DEPARTMENT OF DEFENSE OFFICE OF THE INSPECTOR GENERAL

SUBJECT: Response to Inquiry on Draft Report No. D2020-D000AW-0147.000; Audit of TRICARE Telehealth Payments; October 6, 2021

In response to your recommendations on the subject Department of Defense Inspector General Draft report dated October 6, 2021, the attached status updates and corrective action plans are provided for recommendations 1a, 1b, 1c, 1d, and 1e as requested. Based on the information provided, the Defense Health Agency concurs with the findings of the Draft Report. Based on the information provided, we have completed implementation of corrective actions for the above recommendations and consider them to be resolved. My point of contact for this matter is [redacted], who may be reached at [redacted] or [redacted]

[redacted]

PLACE.RONALD.J
OSEPH.[redacted]

RONALD J. PLACE
LTG, MC, USA
Director

Attachment:
As stated

Defense Health Agency (cont'd)

RECOMMENDATION 1.a: The Department of Defense (DoD) Office of the Inspector General (OIG) recommended the Defense Health Agency (DHA) establish controls that prevent payment of originating site fee claims when the site and distant site provider are the same.

Previous DHA management responses:
The DHA's September 23, 2021, email comments to the DOD OIG draft report concurred with the recommendation to establish controls that prevent payment of originating site fee claims when the site and distant provider are the same.

Information requested:
Please provide information on what actions the Government and the Managed Care Support Contractors (MCSC) are taking to recover improperly paid originating site fees and any actions to prevent future improper payments.

November 2021 revised response:
This action is complete.

Health Net Federal Services (HNFS) implemented a claims system change to address the improper processing of Q3014 claims. The system change identifies and allows payment of the Q3014 claim when billed on the same date of service with E/M code (POS '02' or presence of appropriate modifier indicating distant site billing was applicable), billed with a different rendering provider, or it rejects payment of Q3014 with R8COV (same billing scenario but with same rendering provider). HNFS performed a claims SWEEP project to correct 16,440 West Region claims. The project ran from December 18, 2020, to March 22, 2021, resulting in a net recoupment of $144,101.55.

Humana Government Business (HGB) developed a claims system change that was tested from October 13, 2021, thru November 2, 2021, and deployed on November 11, 2021. The change results in denial of telehealth claims with Explanation of Benefit Reason 05G when Place of Service = 02 is submitted without a telehealth modifier (GT, GQ, or 95).

The HNFS and HGB claims system changes result in reprocessing of all affected claims with recoupments as appropriate.

As of the start of T2017 contract health care delivery on January 1, 2018, DHA utilizes three contract oversight tools used for identifying, monitoring, and resolving improper payment concerns or issues.

DHA conducts quarterly audits of 2,000 randomly sampled claims to identify payment errors and compliance with the 1.75% payment error metric. These audits are performed at least 6 months in arrears. The audit results are provided to the Program Office, each Private Sector Care Contractor, and their respective Claims Processors to provide determinations on claims that were identified as containing errors, and to track compliance with the 1.75% payment error standard. These reviews estimate improper payments for reporting purposes. They would not prevent in-process payment errors, but may identify them retrospectively for correction.

Defense Health Agency (cont'd)

DHA's second tool for monitoring claims for improper payment is an annual Underwritten Unallowable Healthcare Cost Compliance review of a stratified sample of 10,000 regional claims that are sampled from the entire underwritten universe of claims each year. The review estimates an un-allowed cost of healthcare payments and requires proof that un-allowed costs were recouped by the contractors. The review also identifies potential issues and claims processing errors for correction. The Quarterly Audits and Annual Underwritten Unallowable Healthcare Cost Compliance review are significant tools for monitoring claims performance and reducing cost implications related to improper payments.

Finally, DHA utilizes an external contractor for conducting reviews to identify errors in claims processing, payment methodologies, and non-compliance with TRICARE policies and procedures. The external contractor periodically performs targeted reviews of claims for proper payment on behalf of DHA, notifies the Contracting Officer Representatives (CORs) if improper payments are identified, and the CORs direct further review as appropriate. The external contractor reviews provide a third oversight mechanism for monitoring claims performance and cost implications related to payment errors.

RECOMMENDATION 1.b: The DoD OIG recommended the DHA establish controls that prevent payment of improperly coded telehealth claims.

Previous DHA management responses:

The DHA's September 23, 2021, email comments to the DOD OIG draft report concurred with the recommendation to establish controls that prevent payment of improperly coded telehealth claims.

Information requested:
Please provide information on what actions the Government and the MCSCs are taking to establish controls that prevent payment of improperly coded telehealth claims.

November 2021 revised response:
This action is complete.

HNFS implemented a claims system change to address the improper processing of Q3014 claims. The system change identifies and allows payment of the Q3014 claim when billed on the same date of service with E/M code (POS '02' or presence of appropriate modifier indicating distant site billing was applicable), billed with a different rendering provider, or it rejects payment of Q3014 with R8COV (same billing scenario but with same rendering provider). HNFS performed a claims SWEEP project to correct 16,440 West Region claims. The project ran from December 18, 2020, to March 22, 2021, resulting in a net recoupment of $144,101.55.

HGB developed a claims system change that was tested from October 13, 2021, thru November 2, 2021, and deployed on November 11, 2021. The change results in denial of telehealth claims with EOB Reason 05G when Place of Service = 02 is submitted without a telehealth modifier (GT, GQ, or 95).

Defense Health Agency (cont'd)

The HNFS and HGB claims system changes result in reprocessing of all affected claims with recoupments as appropriate.

As of the start of T2017 contract health care delivery on January 1, 2018, DHA utilizes three contract oversight tools used for identifying, monitoring, and resolving improper payment concerns or issues.

DHA conducts quarterly audits of 2,000 randomly sampled claims to identify payment errors and compliance with the 1.75% payment error metric. These audits are performed at least 6 months in arrears. The audit results are provided to the Program Office, each Private Sector Care Contractor, and their respective Claims Processors to provide determinations on claims that were identified as containing errors, and to track compliance with the 1.75% payment error standard. These reviews estimate improper payments for reporting purposes. They would not prevent in-process payment errors, but may identify them retrospectively for correction.

DHA's second tool for monitoring claims for improper payment is an annual Underwritten Unallowable Healthcare Cost Compliance review of a stratified sample of 10,000 regional claims that are sampled from the entire underwritten universe of claims each year. The review estimates an un-allowed cost of healthcare payments and requires proof that un-allowed costs were recouped by the contractors. The review also identifies potential issues and claims processing errors for correction. The Quarterly Audits and Annual Underwritten Unallowable Healthcare Cost Compliance review are significant tools for monitoring claims performance and reducing cost implications related to improper payments.

Finally, DHA utilizes an external contractor for conducting reviews to identify errors in claims processing, payment methodologies, and non-compliance with TRICARE policies and procedures. The external contractor periodically performs targeted reviews of claims for proper payment on behalf of DHA, notifies the CORs if improper payments are identified, and the CORs direct further review as appropriate. The external contractor reviews provide a third oversight mechanism for monitoring claims performance and cost implications related to payment errors.

RECOMMENDATION 1.c: The DoD OIG recommended that the Defense Health Agency establish controls that require both patient and provider location for telehealth claims.

Previous DHA management responses:

The DHA's September 23, 2021, email comments to the DOD OIG draft report concurred with the recommendation to establish controls that require both patient and provider location for telehealth claims.

Information requested:
Please provide information on what actions the Government and the MCSCs are taking to establish controls that require both patient and provider location for telehealth claims.

October 2021 revised response:
This action is complete.

Defense Health Agency (cont'd)

HNFS implemented a claims system change to address the improper processing of Q3014 claims. The system change identifies and allows payment of the Q3014 claim when billed on the same date of service with E/M code (POS '02' or presence of appropriate modifier indicating distant site billing was applicable), billed with a different rendering provider, or it rejects payment of Q3014 with R8COV (same billing scenario but with same rendering provider). HNFS performed a claims SWEEP project to correct 16,440 West Region claims. The project ran from December 18, 2020 to March 22, 2021, resulting in a net recoupment of $144,101.55.

HGB developed a claims system change that was tested from 10/13/2021 thru 11/2/2021, and deployed on 11/11/2021. The change results in denial of telehealth claims with EOB Reason 05G when Place of Service = 02 is submitted without a telehealth modifier (GT, GQ, or 95).

The HNFS and HGB claims system changes result in reprocessing of all affected claims with recoupments as appropriate.

As of the start of T2017 contract health care delivery on January 1, 2018, DHA utilizes three contract oversight tools used for identifying, monitoring, and resolving improper payment concerns or issues.

DHA conducts quarterly audits of 2,000 randomly sampled claims to identify payment errors and compliance with the 1.75% payment error metric. These audits are performed at least 6 months in arrears. The audit results are provided to the Program Office, each Private Sector Care Contractor, and their respective Claims Processors to provide determinations on claims that were identified as containing errors, and to track compliance with the 1.75% payment error standard. These reviews estimate improper payments for reporting purposes. They would not prevent in-process payment errors, but may identify them retrospectively for correction.

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Defense Health Agency (cont'd)

RECOMMENDATION 1.d: The DoD OIG recommended that the Defense Health Agency review Fiscal Year (FY) 2020 telehealth claims payments to recover improperly paid claims.

Previous DHA management responses:

The DHA's September 23, 2021, email comments to the DOD OIG draft report concurred with the recommendation to review FY2020 telehealth claims payments to recover improperly paid claims.

Information requested:
Please provide information on what actions the Government is taking to review FY 2020 telehealth claims payments to recover improperly paid claims.

October 2021 revised response:
This action is complete.

HNFS implemented a claims system change to address the improper processing of Q3014 claims. The system change identifies and allows payment of the Q3014 claim when billed on the same date of service with E/M code (POS '02' or presence of appropriate modifier indicating distant site billing was applicable), billed with a different rendering provider, or it rejects payment of Q3014 with R8COV (same billing scenario but with same rendering provider). HNFS performed a claims SWEEP project to correct 16,440 West Region claims. The project ran from December 18, 2020 to March 22, 2021, resulting in a net recoupment of $144,101.55.

HGB developed a claims system change that was tested from 10/13/2021 thru 11/2/2021, and deployed on 11/11/2021. The change results in denial of telehealth claims with EOB Reason 05G when Place of Service = 02 is submitted without a telehealth modifier (GT, GQ, or 95). The HNFS and HGB claims system changes result in reprocessing of all affected claims with recoupments as appropriate.

As of the start of T2017 contract health care delivery on January 1, 2018, DHA utilizes three contract oversight tools used for identifying, monitoring, and resolving improper payment concerns or issues.

DHA conducts quarterly audits of 2,000 randomly sampled claims to identify payment errors and compliance with the 1.75% payment error metric. These audits are performed at least 6 months in arrears. The audit results are provided to the Program Office, each Private Sector Care Contractor, and their respective Claims Processors to provide determinations on claims that were identified as containing errors, and to track compliance with the 1.75% payment error standard. These reviews estimate improper payments for reporting purposes. They would not prevent in-process payment errors, but may identify them retrospectively for correction.

DHA's second tool for monitoring claims for improper payment is an annual Underwritten Unallowable Healthcare Cost Compliance review of a stratified sample of 10,000 regional claims that are sampled from the entire underwritten universe of claims each year. The review estimates an un-allowed cost of healthcare payments and requires proof that un-allowed costs were

Defense Health Agency (cont'd)

recouped by the contractors. The review also identifies potential issues and claims processing errors for correction. The Quarterly Audits and Annual Underwritten Unallowable Healthcare Cost Compliance review are significant tools for monitoring claims performance and reducing cost implications related to improper payments.

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RECOMMENDATION 1.e: The DoD OIG recommended that the Defense Health Agency establish controls that prevent payment of services inappropriate for telehealth delivery.

Previous DHA management responses:
The DHA's September 23, 2021, email comments to the DOD OIG draft report concurred with the recommendation to review FY 2020 telehealth claims payments to recover improperly paid claims.

Previous DHA management responses:
The DHA's September 23, 2021, comments to the draft report concurred with the recommendation to establish controls that prevent payment of services inappropriate for telehealth delivery.

Information requested:
Please provide information on what actions the Government and the MCSCs are taking to establish controls that prevent payment of services inappropriate for telehealth delivery.

October 2021 revised response:
This action is complete.

HNFS implemented a claims system change to address the improper processing of Q3014 claims. The system change identifies and allows payment of the Q3014 claim when billed on the same date of service with E/M code (POS '02' or presence of appropriate modifier indicating distant site billing was applicable), billed with a different rendering provider, or it rejects payment of Q3014 with R8COV (same billing scenario but with same rendering provider). HNFS performed a claims SWEEP project to correct 16,440 West Region claims. The project ran from December 18, 2020 to March 22, 2021, resulting in a net recoupment of $144,101.55.

HGB developed a claims system change that was tested from 10/13/2021 thru 11/2/2021, and deployed on 11/11/2021. The change results in denial of telehealth claims with EOB Reason 05G when Place of Service = 02 is submitted without a telehealth modifier (GT, GQ, or 95).
The HNFS and HGB claims system changes result in reprocessing of all affected claims with recoupments as appropriate.

Defense Health Agency (cont'd)

As of the start of T2017 contract health care delivery on January 1, 2018, DHA utilizes three contract oversight tools used for identifying, monitoring, and resolving improper payment concerns or issues.

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Acronyms and Abbreviations

COVID-19	Coronavirus Disease–2019
DAT	Data Analytics Team
DHA	Defense Health Agency
MCSC	Managed Care Support Contractor


INSPECTOR GENERAL
INTEGRITY
EFFICIENCY
DEPARTMENT OF DEFENSE

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