



PERSONNEL AND
READINESS

UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

The Honorable Elizabeth Warren
United States Senate
Washington, DC 20510

AUG 16 2023

Dear Senator Warren:

Thank you for your March 16, 2023 letter to the Secretary of Defense regarding the Department's efforts to implement the Consumer Financial Protection Bureau's (CFPB) recommendations concerning medical billing inaccuracies and the aggressive tactics debt collectors employ to recover unpaid medical bills from the military community. Enclosed are responses to each of the questions posed in your letter.

As the CFPB report suggests, many of the medical billing and debt collection issues our Service members confront arise when providers or third-party billing companies fail to work with TRICARE. The Defense Health Agency and our Managed Care Support Contractors (MCSCs) provide ongoing education and information to beneficiaries and providers on TRICARE benefits and payment procedures. During the coronavirus disease 2019 pandemic, the MCSCs even increased the number of virtual "non-contact" education sessions to continue providing information to beneficiaries and providers, including Reserve and National Guard units.

To assist TRICARE beneficiaries in navigating through correspondence and medical bills received from the private sector, military medical treatment facilities (MTFs) have Beneficiary Counselor and Assistance Coordinators (BCACs) and Debt Collection Assistance Officers (DCAOs). We also provide a Customer Service directory via the TRICARE website which lists BCAC and DCAO contact information by MTF (<https://www.tricare.mil/bcacdcao>). Our education and outreach programs emphasize the importance of Service members and providers promptly reaching out to TRICARE or the MTF BCACs and DCAOs to correct billing errors and prevent debt collection activities.

Thank you for your continued strong support for the health and well-being of our Service members and their families.

Sincerely,

A handwritten signature in black ink, appearing to read "Gilbert R. Cisneros, Jr.", written in a cursive style.

Gilbert R. Cisneros, Jr.

Enclosure:
As stated

Enclosure

1. *Does DoD currently collect any data about the incidence of medical debt among servicemembers and their families?*

Response: The TRICARE program does not currently collect data on medical debt. However, there are systems in place to assist Service members and their families with medical claims that should have been paid.

- Department of Defense (DoD) TRICARE customer service representatives assist with medical debt issues that are self-reported by affected Service members and their families.
 - TRICARE policy grants priority for assistance with medical debts currently in collections. DoD has identified Debt Collection Assistance Officers (DCAOs) that work with the Managed Care Support Contractors (MCSCs) to resolve claims that should have been paid under the TRICARE benefit.
 - Defense Health Agency (DHA) Procedural Instruction (PI) 6015.02, “Beneficiary Counseling and Assistance Coordinator (BCAC) and Debt Collection Assistance Officer (DCAO),” requires DCAOs to log cases into DHA’s Assistance Reporting Tool (ART). Debt Collection cases in ART do not account for all incidences of medical debt amount Service members and families.
 - There are multiple ways for Service members to receive claims assistance from the Government and the MCSCs. There is no central system to definitively capture all issues.
- a. *If yes, what types of data does DoD collect and what do these data reveal about the extent of medical debt among servicemembers and their families?*

Response: TRICARE collects self-reported debt collection items resulting from claim denials and recoupments by a TRICARE MCSC, or from medical claims never submitted to TRICARE for processing.

- The data is not complete enough to accurately report the extent or amount of medical debt among Service members and their families.
 - The average amount of medical debt among Service members cannot be accurately calculated due to the numerous venues from which to seek assistance, and the reliance of self-report.
- i. *What types of treatments did servicemembers or their families receive that led to medical debt?*

Response: “Types of treatments” is not a tracked category. The notes within individual ART cases may have additional details on the types of treatments.

- ii. *What types of providers did servicemembers or their families see that led to medical debt?*

Response: “Types of providers” by specialty or status is not a tracked category. Notes within individual ART cases may have additional details on the provider type or specialty involved.

- iii. *Is DoD gathering data about the types of medical debt collection practices such as lawsuits, garnishing wages, and credit reporting?*

Response: The TRICARE benefit program does not collect data regarding the types of medical debt collection practices. DoD TRICARE BCACs and DCAOs do assist beneficiaries on a case-by-case basis in resolving TRICARE medical claims issues that result in medical bills being sent to collections, or wage garnishments from the Department of Treasury due to unpaid medical claims that should have been submitted to TRICARE or paid as a covered benefit.

DHA only collects data regarding medical debt when it is reported. When it is reported that providers are billing the beneficiary, DHA researches the claims to determine the nature of the situation per DHA guidance.

- b. *If no, what would be required for DoD to begin collecting these data?*

Response: This data would have to be self-reported by beneficiaries and DoD would need to establish a centralized reporting system or database where types of medical debt collection practices would be recorded.

2. *Does DoD consider medical debt when making hiring decisions or when considering promotions for servicemembers?*

- a. *How many servicemembers have been denied promotions or a security clearance as a result of outstanding medical debt?*
- b. *How many prospective servicemembers have been prevented from enlisting due to outstanding medical debt?*

Response: Outstanding medical debts would not in and of themselves disqualify someone from enlisting in the military. An individual’s financial health may be reviewed during the enlistment process, such as when an individual discloses a bankruptcy. In these cases, a broader assessment of the individual may be conducted, including an overall assessment of financial responsibility. More importantly, any significant debt could make an individual a greater security risk. Significant debt would be more likely to impact someone’s ability to get an advanced security clearance than it would their eligibility to join the Armed Forces.

Respective to promotions, generally, promotion boards do not see, nor consider, information related to medical debt when making considerations for advancement to the next higher grade.

3. *How has DoD engaged with medical providers or third-party billing companies to ensure medical claims for servicemembers insured through TRICARE are accurately processed?*

Response: DHA's TRICARE Health Plan Division is responsible for oversight, management, and performance assessment of the TRICARE MCSCs.

- Subject matter experts with extensive experience and knowledge of the TRICARE program, health care administration, and specific topics such as medical management, claims and claims processing, networks, provider relations, customer service, enrollment, and all contract subject areas conduct routine oversight and assessment of contractor performance of requirements and metrics.
- Oversight and performance assessment includes on site reviews of contractors' systems and processes, review of contract required performance reports, and monitoring of inquiries or concerns regarding contractor performance.
- All contract oversight and performance assessment activities and findings are documented, reporting to the Contracting Officers' Representatives, and to the Contracting Officers.
- The Contracting Officers utilize the contract oversight and performance assessment documentation to complete annual performance documentation in the Federal Contract Performance Assessment Reporting System.
 - Normal claims processing would not necessarily involve medical debt, as the possibility of medical debt is usually outside of the covered benefit claim or is the result of other issues causing a Service member to incur debt.
 - If there are additional services, or out-of-network charges resulting from a decision by the beneficiary to seek care outside the normal TRICARE benefit, there could be a "balance bill," which is an amount owed above and beyond a TRICARE claim paid.
 - If a Service miscategorized the eligibility of a Service member (for example, if the status of a retiree is not updated in the Defense Eligibility Enrollment System (DEERS) and the person continues to receive care as if an active duty Service Member (ADSM)), once the record is corrected, all claims paid for services rendered are subject to recoupment and potential debt collection.
 - If ADSM/active duty family members (ADFM) seek any care in the private sector that is not a TRICARE covered benefit, or seek care from a non-network provider that requires balance billing, the ADSM/ADFM is responsible for all

charges outside the TRICARE-covered benefits and, if they fail to pay, the charges are likely to get sent to collections.

- If an ADSM has medical debt, the DCAOs have specific policies and procedures to address medical debt and support beneficiaries. Education of beneficiaries, private sector care providers, and Military Health System staff and providers on third party payment responsibility and recovery is accomplished through a collaborative effort between DHA Communications and the MCSCs.
 - o The Government furnishes all printed educational materials, except for region-specific provider education materials.
 - o The MCSCs provide an outreach and education program on TRICARE requirements for all network and TRICARE-authorized providers that includes education on applicable TRICARE program requirements, policies, and procedures.
 - o MCSC outreach and education includes direct interactions with network and TRICARE authorized providers and information provided via web pages, TRICARE Provider Handbooks, and during monthly TRICARE webinars.
 - o Published by the TRICARE overseas contractor and each TRICARE regional contractor, the Provider Handbook includes information on claims submission, reimbursement, how to avoid collection activities, and the TRICARE DCAO program.
 - o Providers may also call the Customer Call Centers or Provider Relations for questions regarding TRICARE reimbursement and third-party billing.
- a. *What has DoD discovered about the extent of these problems and what steps has DoD taken to address them?*

Response: The TRICARE Health Plans Division's experience with billing issues with the MCSCs concluded that many of the problems are tied to beneficiaries and/or providers not understanding their role in the billing process.

- Many cases sent to collections occur because there is no submitted claim on file.
- There are multiple reasons that contribute to cases being sent to collections, including patients' failure to pay their co-payment or other balance due (which is a beneficiary responsibility), Network and TRICARE-authorized providers not following balance billing rules for TRICARE beneficiaries, missing Other Health Insurance Explanation of Benefits, required third party liability forms not being submitted by patients, and missing medical documentation.

- Additional circumstances where cases may be sent to collections include where the beneficiary decided to see a non-network provider or non-TRICARE authorized provider or decided to be seen for a Non-Covered Service.
- While TRICARE Prime-enrolled beneficiaries are permitted to use the Point of Service (POS) option, which allows them to see non-network providers, this choice comes with the beneficiary's responsibility of paying the higher POS charges above what TRICARE covers.
- To avoid beneficiary POS payments, the MCSCs encourage beneficiaries to follow TRICARE requirements for prior authorizations and to utilize the Network Provider Directories to select network providers, when available.

4. *Does DoD provide any services to help servicemembers address these billing concerns?*

Response: DoD provides several avenues for Service members and their families to request assistance with unpaid medical claims that should have been covered by TRICARE.

- The TRICARE MCSCs are the first level of customer service for TRICARE claims issues.
- DoD TRICARE customer service representatives, most commonly those titled as BCACs, are also available to assist with self-reported medical debt issues.
- TRICARE policy grants priority in assisting with medical debts currently in collections. DoD has identified DCAOs who work with the MCSCs to resolve claims that should have been paid under the TRICARE benefit. BCAC and DCAO essential duties are outlined in DHA-PI 6015.02.

a. *Military personnel have access to free legal assistance, including for consumer issues.²⁸ Is this available to help servicemembers and their families address debt collection, including medical bills?*

i. *If so, how many servicemembers and their families seek assistance for these issues?*

Response: Under 10 U.S.C. § 1044, implemented through Service regulations, Service members and their dependents may seek legal assistance for consumer law issues, including debt collection. Additionally, in accordance with Department of Defense Instruction (DoDI) 1342.22, "Military Family Readiness," and DoDI 1322.34, "Financial Readiness for Service Members," the Military Departments are required to provide qualified financial counselors at military installations through Military and Family Support Centers. Financial counselors must be familiar with relevant consumer rights and remedies, particularly unique protections afforded military consumers in law or policy, such as the Military Lending Act (10 U.S.C. § 987 and 32 CFR Part 232), Servicemembers Civil Relief Act (50 U.S.C. §§ 3901-4043), credit monitoring, and State or local regulations. They may also refer clients to the installation legal assistance office

or appropriate regulatory agency for further support when identifying a potential violation of consumer rights. The DoD Office of Financial Readiness (FINRED) provides extensive information and resources online (<https://finred.usalearning.gov/>) on a wide range of financial topics. The site includes articles, factsheets, videos, calculators, training, seminars and links to additional resources and support from Federal departments and agencies. FINRED also launched a free financial literacy app named “Sen\$e” that is available for both Android and Apple phone users.

- b. *Has DoD issued guidance to servicemembers and their families to ensure they are aware of potential billing concerns between TRICARE and private medical providers?*

Response: TRICARE Health Plans Customer Service Education and Outreach (CSEO) does not provide guidance concerning potential billing issues between TRICARE and private medical providers. However, CSEO does oversee MCSC actions to facilitate resolution when beneficiaries encounter billing issues with private medical providers, on a case-by-case basis, when resolution cannot be accomplished at the lowest levels.

5. *How many complaints has TRICARE received about billing concerns from private medical providers?*

Response: This is not specifically tracked by DoD, but the MCSCs provided the following:

- Out of 64.7 million claims processed between January 2022 – February 2023, the MCSCs combined received 200 complaints from private medical providers regarding billing concerns.

- a. *Are the complaints evenly distributed across different provider types and geographies?*

Response: The MCSCs reported that the 200 complaints received from private medical providers were evenly distributed across a wide variety of provider specialty types and were distributed across geographies as would be expected based on beneficiary populations.

- b. *How many of these complaints result in medical debt?*

Response: DoD and the MCSCs may not have visibility on which complaints result in medical debt. Separate from the 200 complaints the MCSCs received from private medical providers, they also assisted DHA DCAOs with cases related to beneficiary medical debt. From January 2022-February 2023 the MCSCs assisted the DCAOs with 4,273 cases related to beneficiaries sent to collections by a provider for a medical debt.

- c. *What steps does DoD take to ensure that servicemembers do not receive incorrect bills and that any missed payments for incorrect bills are not sent to collections?*

Response: The TRICARE program does not ensure the accuracy of bills received from

individual providers. The decision to send a bill to collections remains with individual medical providers, and neither the DoD nor the TRICARE MCSCs can prevent a provider for taking this action. There exists the small possibility that incorrect bills from providers may be the result of claims payment errors by TRICARE MCSCs.

6. *Is DoD exploring effects to ensure that servicemembers and their families get mail regardless of where they are stationed?*

Response: Service members can update their mailing address online via milConnect to ensure DEERS always reflects the current address. DoDI 4525.09, "Military Postal Service (MPS)," governs postal operations within and outside the United States. The Military Departments work to ensure postal support is provided to Service members regardless of where they are stationed, including locations that have a host nation agreement established to conduct MPS. If there is no agreement in place, one is established to ensure members receive postal support. Under circumstances where an agreement cannot be established, or logistical restrictions prevent MPS support, the Department works with the Department of State to determine if that Department can assist in providing full or limited postal support to Service members. In the rare instances where postal support cannot be provided due to the extenuating circumstances of a mission, Service members can identify a person to receive a Power of Attorney (POA). With a POA, this identified person can handle the personal affairs of the member, such as paying medical bills in the member's absence.