Evaluation Report

TRICARE MARKETING

Report Number 00-016 October 21, 1999

Office of the Inspector General
Department of Defense

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Acronyms

ASD(HA)	Assistant Secretary of Defense (Health Affairs)
CHAMPUS	Civilian Health and Medical Program of the Uniformed Services
DEERS	Defense Enrollment Eligibility Reporting System
FTE	Full-Time Equivalent
HA	Health Affairs
MCSC	Managed Care Support Contractor
MHS	Military Health System
MTF	Military Treatment Facility
SG	Surgeon General
TMA	TRICARE Management Activity
TMO	TRICARE Marketing Office
TOPS	TRICARE Operational Performance Statement

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October 21, 1999

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE
(HEALTH AFFAIRS)

SUBJECT: Evaluation Report on TRICARE Marketing (Report No. 00-016)

We are providing this report for your information and use. We conducted the evaluation in response to a request from the Office of the Assistant Secretary of Defense (Health Affairs). We considered management comments on a draft of this report when preparing the final report.

The Assistant Secretary of Defense (Health Affairs) comments on the draft of this report conformed to the requirements of DoD Directive 7650.3; therefore, additional comments are not required.

We appreciate the courtesies extended to the evaluation staff. For additional information on this report, please contact Mr. Michael A. Joseph at (757) 766-2703 (mjoseph@dodig.osd.mil) or Ms. Betsy Brilliant at (703) 604-8875 (DSN 664-8875) (bbrilliant@dodig.osd.mil). See Appendix E for the report distribution. The evaluation team members are listed inside the back cover.

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Report No. 00-016 **October 21, 1999**
(Project No. 9LF-5028)

TRICARE Marketing

Executive Summary

Introduction. This evaluation was requested by the Office of the Assistant Secretary of Defense (Health Affairs). Specifically, we were asked to review the level of TRICARE understanding among beneficiaries. TRICARE is the regional managed health care program for DoD. The Assistant Secretary was concerned that even with the implementation of a TRICARE Marketing Plan and the establishment of a TRICARE Marketing Office, beneficiaries still did not understand TRICARE. After we began our evaluation, additional questions were added to the 1998 Annual Health Care Survey of DoD Beneficiaries to get more definitive information about beneficiary understanding of TRICARE. As a result, we redirected our evaluation to study the various marketing materials and programs of the Military Health System.

The TRICARE marketing effort within the Military Health System is directed to a population of about 8.2 million beneficiaries, including active duty service members, dependents of active duty members, retirees, dependents of retirees, and survivors. In addition, there are about 123,000 active duty and 34,000 civilian medical personnel within the Military Health System requiring TRICARE information.

The TRICARE Marketing Office is the organization within the TRICARE Management Activity responsible for developing and implementing a national marketing program. Its key marketing functions include planning, conducting research, providing guidance to the Military Departments, and producing materials. It was also tasked to serve as a clearing house for contractor-produced marketing materials to ensure product quality, consistency, and accuracy.

In October 1998, the Director of the TRICARE Management Activity provided copies of the 1998-1999 TRICARE Marketing Plan to key offices within the Military Health System and the Military Departments. The plan outlines the goals, objectives, and strategies for marketing TRICARE. However, the Director provided the plan for information; none of the recipients of the plan were required to implement it.

Objectives. The overall objective of the evaluation was to assess the TRICARE marketing programs within the Military Health System. We also reviewed the management control programs at the TRICARE Management Activity and the Military Departments as they related to TRICARE marketing.

Results. TRICARE marketing materials produced by the organizational elements we visited within the Military Health System did not communicate a consistent message or national image on TRICARE to the DoD beneficiary population. We studied the marketing program at 28 sites: the TRICARE Management Activity, the Offices of the Surgeons General, 4 Lead Agent offices, 16 military treatment facilities, and 4 managed care support contractors. The 24 DoD sites (excluding the contractors) spent $8.4 million in FY 1998 for marketing materials and personnel (58 full-time

equivalent marketing personnel). However, even with that level of effort expended within the Military Health System, TRICARE understanding was not adequate. In addition, resources may not have been used effectively, and the Military Health System was not able to adequately measure marketing success. Regarding beneficiary understanding of TRICARE, based on a comparison of the 1996 and 1997 beneficiary surveys, knowledge increased by more than 15 percent from one year to the next; however, more than 50 percent of the respondents still knew little or nothing about TRICARE in 1997. See the Finding section for details. See Appendix A for details on the management control programs.

Summary of Recommendations. We recommend that the Assistant Secretary of Defense (Health Affairs), in coordination with the Surgeons General of the Military Departments, issue a DoD directive, instruction, or regulation, that outlines requirements for a comprehensive, national TRICARE marketing program. The policy should clearly define marketing, set goals and objectives, outline roles and responsibilities, and require regional oversight.

Management Comments. The Assistant Secretary of Defense (Health Affairs) concurred and supported the issuance of a directive, instruction, or regulation, and will evaluate the issue to determine the best approach to meet the needs of the beneficiaries and the Military Health System. A discussion of management comments is in the Finding section of the report, and the complete text is in the Management Comments section.

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Background

This evaluation was requested by the Office of the Assistant Secretary of Defense (Health Affairs) (ASD[HA]). Specifically, the Office of the ASD(HA) asked that we review the level of beneficiary understanding of TRICARE. The ASD(HA) was concerned that even with the increased emphasis on education resulting from the implementation of a TRICARE Marketing Plan and the establishment of a TRICARE Marketing Office (TMO), beneficiaries still did not understand TRICARE. After we began our evaluation, the TRICARE Management Activity (TMA) increased the number of questions they asked regarding understanding of TRICARE in the 1998 Annual Health Care Survey of DoD Beneficiaries to get more definitive information about beneficiary understanding. In coordination with the Office of the ASD(HA), we redirected our evaluation to study the marketing programs and their management controls implemented throughout the Military Health System (MHS). See Appendix B for a glossary of key terms used in this report.

TRICARE. TRICARE is the DoD regional managed health care program for active duty and retired members of the uniformed services and their families and survivors. TRICARE includes three choices in obtaining health care: TRICARE Prime, a health maintenance organization-type option; TRICARE Extra, a preferred provider network; and TRICARE Standard, a fee-for-service program. TRICARE covers 13 regions: 10 regions[1] in the United States, plus Europe, Latin America and Canada, and the Pacific.[2] Implementation of TRICARE was phased-in over a 3-year period beginning on March 1, 1995, with the implementation of Region 11 (TRICARE Northwest) and ending on June 1, 1998, with the implementation of Region 1 (TRICARE Northeast). Each region has a Lead Agent and all of the regions, except Europe and Latin America/Canada, have a managed care support contractor (MCSC). Offices of the Lead Agents include liaisons to the region's MCSC and their functions include the requirement to oversee the MCSC marketing program.

The TRICARE marketing effort within the MHS is directed to a population of about 8.2 million beneficiaries, including active duty service members, dependents of active duty members, retirees, dependents of retirees, and survivors. In addition, there are about 123,000 active duty and 34,000 civilian medical personnel within the MHS requiring TRICARE information.

TRICARE Marketing Office. The ASD(HA) created TMO in October 1995. After TMA was established on February 10, 1998, TMO became the Marketing Analysis and Materials Division within the Office of Communications and Customer Service, TMA. However, the office continues to be referred to as TMO. TMO functions include providing marketing planning, input, and analysis; conducting market research; and providing marketing guidance to the Military Departments and Lead Agents. In addition, TMO produces marketing

[1]There were originally 11 regions within the continental United States; however, Region 7 and Region 8 were combined to form the Central Region.

[2]The Pacific Region includes Alaska, Guam, Hawaii, Japan, Okinawa, and South Korea.

materials and participates in MCSC requests for marketing proposal design and evaluation. TMO is also tasked to serve as a clearing house for MCSC-produced marketing materials to ensure product quality, consistency, and accuracy. TMO chairs the TRICARE Marketing Committee, which includes representatives from TMA, the Surgeons General (SGs), and the Lead Agents.

TRICARE Marketing Plan. Two TRICARE marketing plans have been issued. The first was released on February 22, 1996, as HA [Health Affairs] Policy 96-032, "TRICARE Marketing Plan." It was sent to the Vice Chief of Staff of the Army; the Vice Chief of Naval Operations; the Vice Chief of Staff of the Air Force; the Assistant Commandant of the Marine Corps; and the Director of Logistics, Joint Staff. That plan was released by the ASD(HA) as a followup to a briefing to the Vice Chiefs regarding the formation of TMO. The policy letter only forwarded the 1996 TRICARE Marketing Plan; it did not task the Services to implement it.

The second plan is a revision of the 1996 version and was issued in October 1998 as the "1998-1999 TRICARE Marketing Plan" (the Marketing Plan). The revision was based on the results of survey research of beneficiaries and providers and current knowledge in the field of health care communications and marketing. The Marketing Plan was distributed by TMA to the SGs, the Lead Agents, the Assistant Secretaries of the Army and the Navy (Manpower and Reserve Affairs), and the Assistant Secretary of the Air Force (Manpower, Reserve Affairs, Installations, and Environment). The Lead Agents were tasked with distributing copies of the Marketing Plan to military treatment facility (MTF) staffs. The distribution of the second plan was not to the same organizations as the original plan. As with the first plan, the transmittal memorandums did not require any organization receiving the Marketing Plan to implement it. Instead, it was to provide information about initiatives for successful marketing of TRICARE.

Marketing Within the MHS. Marketing was handled at all levels within the MHS. TMA produced materials for MHS-wide distribution. At the Military Department level, three key organizational elements were involved in marketing: the Offices of the SGs, Lead Agent offices, and the MTFs. Marketing materials were produced and distributed by all three elements. The SGs produced Military Department-level information. The Lead Agent offices produced regional-specific information and oversaw MCSC marketing programs. The MTFs primarily focused on MTF-unique materials. In addition, the MCSCs were involved in marketing; they were responsible for marketing TRICARE within their contract area.

Objectives

The objectives of the evaluation were to:

- assess the TRICARE marketing programs that were operational within the various organizational elements in the MHS and
- review the management control programs regarding TRICARE marketing within TMA and the Military Departments.

See Appendix A for a discussion of the evaluation scope and methodology and the review of the management control programs.

TRICARE Marketing

TRICARE marketing materials produced by the organizational elements we visited in the MHS did not communicate a consistent message or national image on TRICARE to the DoD beneficiary population. The inconsistencies occurred because there was no single, definitive policy that clearly outlined the requirements, roles, and responsibilities of the organizational elements involved in TRICARE marketing. In addition, the goals and objectives for TRICARE marketing were not clear or adequately measured. The 24 DoD sites[3] visited spent $8.4 million in FY 1998 for marketing materials and personnel, with 58 full-time equivalent marketing personnel. However, even with that level of effort expended, TRICARE understanding was not adequate. In addition, resources may not have been used effectively, and the MHS was not able to adequately measure marketing success. The 1997 annual DoD beneficiary survey showed knowledge of TRICARE by the beneficiaries had increased by more than 15 percent from the previous year; however, more than 50 percent of the respondents still knew little or nothing about TRICARE.

Variations in the TRICARE Message and Image

The marketers of TRICARE at all levels produced marketing materials, but those materials did not communicate a consistent message or national program image. We studied the marketing program at 28 sites: the TMA, the Offices of the SGs, 4 Lead Agent offices, 16 MTFs, and 4 MCSCs. Materials produced at the local, regional, and national levels varied in both content and appearance.

Variations in the Content of Materials. There were variations found in the content of the materials produced to market TRICARE at the 28 sites visited. Although the materials used the same terms to identify the TRICARE options – Prime, Extra, and Standard – standardized definitions were not used throughout the materials. Additionally, there were instances in which the materials did not fully describe TRICARE options or benefits and the language used could lead to confusion by the beneficiary as to the benefits under TRICARE. Also, the materials produced by TMA, the MTFs, and the MCSCs contained several errors concerning TRICARE and, in one instance, contained outdated information.

[3]The DoD sites were TMA, the Offices of the SGs, the Lead Agent offices, and the MTFs. DoD sites do not include the MCSCs.

Differing Definitions. The following are examples of differing definitions for the same terms.

- **TRICARE Prime**
  - The DoD managed care option. Similar to a health maintenance organization.
  - A plan offering quality care at the lowest out-of-pocket cost when you use our military and civilian network of credentialed providers.
  - A managed health care plan.
- **TRICARE Extra**
  - A preferred provider option using a contracted network of civilian physicians at negotiated fees.
  - Includes parts of both TRICARE Prime and Standard.
  - Like current standard CHAMPUS [Civilian Health and Medical Program of the Uniformed Services] but uses network providers.
- **TRICARE Standard**
  - Traditional fee-for-service option.
  - Essentially the same as CHAMPUS.

Technically, those different definitions are correct, but standardized definitions would provide a consistent message. Also, the reliance on using CHAMPUS to define the Extra or Standard options could be confusing to new Service members and their families who are not familiar with CHAMPUS.

Quality of Information. Marketing materials reviewed do not fully describe TRICARE benefits or contain language that could result in the beneficiary being confused about TRICARE. In addition, the beneficiaries received large amounts of information, through a variety of marketing materials (booklets, brochures, flyers, pamphlets, pocket cards, and posters), from multiple sources (TMA, SGs, Lead Agents, MTFs, and MCSCs). The numerous materials, as many as 56 products from one site, provided similar messages in different ways, which did not alleviate the confusion of beneficiaries regarding TRICARE.

We identified 26 examples of materials that were incomplete, unclear, or incorrect. Not all materials that discussed TRICARE Prime included a discussion of relevant topics, such as TRICARE Prime Remote, split enrollment, or the significance of "catchment area" as it relates to access standards. Additionally, some materials state that the active duty member is "automatically enrolled" in TRICARE, but do not mention that the active

duty member should always check with the MTF to determine if there are local registration procedures. Including that information would help ensure that active duty members are aware of their obligation to follow local MTF procedures and not equate enrollment with registration.

The relationship between TRICARE enrollment and enrollment in the Defense Enrollment Eligibility Reporting System (DEERS) was not clear in some marketing materials. Because family members must be enrolled in DEERS before enrolling in TRICARE, that fact should always be included in the marketing materials because it is an important prerequisite to the enrollment process. Additionally, there were numerous references to "CHAMPUS allowable charges" when defining beneficiary costs. As noted previously, referring to CHAMPUS without additional information could be confusing to new Service members and their families.

The following are examples of errors or omissions in the marketing materials.

- When discussing the TRICARE Standard option, the TMA brochure titled "Health Care for New Service Members" and a Naval Medical Center San Diego, California, brochure "Why TRICARE?" state that beneficiaries can use a doctor of their choice, and the Region 9 MCSC states in a flyer that "any" provider can be used. However, according to the "TRICARE Standard Handbook," a provider must be approved by TRICARE, and, if the provider is not approved, TRICARE Standard will not pay for any care from that provider.

- The TMA publication "TRICARE Introduction" did not identify both retiree catastrophic caps - the $3,000 cap per enrollment year for those in TRICARE Prime and the $7,500 cap per fiscal year for retirees not enrolled in TRICARE Prime.

- A newsletter produced by the Region 1 MCSC provided incorrect information regarding enrolling newborns in DEERS.

- A newspaper insert prepared by the Region 1 MTFs referred to "allowable fees" when discussing TRICARE Extra when the term should have been "negotiated fees."

Variations in the Appearance of Materials. There were variations in the appearance of marketing materials produced at every level of TRICARE. Those differences were in the look of the covers of the materials, including the color combinations used on the covers and the use and placement of the TRICARE logo. Because the beneficiary receives marketing materials from multiple sources - TMA, SGs, Lead Agents, MTFs, and MCSCs - differences in appearance could confuse the beneficiary, as not all materials are easily identifiable as TRICARE-related.

There were different looks being used for the covers of marketing materials. The SG-produced materials were different in appearance because the marketing materials reflected the specific Military Department rather than TRICARE. The MTFs produced many different types of materials, such as booklets, brochures, and flyers, but even similar types of products differed in appearance from MTF

to MTF. The look of the MCSC material was not consistent from one contractor to the next. The MCSCs were not required to comply with a standard policy and, therefore, adopted their own styles. TMO was attempting to reduce future inconsistencies by developing a CD-ROM that contains a standard cover for materials that will give a uniform look to TRICARE marketing materials across the country. TMO used the CD-ROM to develop some of its new products.

In HA Policy 96-013, "TRICARE Logos - Decision Memorandum," December, 11, 1995, the ASD(HA) announced the use of a universal TRICARE logo by all organizations producing marketing materials. However, several of the MTFs did not know the policy existed and many marketing materials produced by them did not include the TRICARE logo. In addition, several materials produced by the MCSCs did not include the TRICARE logo. Of 156 TRICARE-related materials produced by the MTFs visited, 97 (62 percent[4]) did not have the TRICARE logo. Specifically, in Region 1, 21 (39 percent) of 54 did not have the logo; in Region 6, 22 (56 percent) of 39 did not; in the Central Region, 27 (82 percent) of 33 did not; and, in Region 9, 27 (90 percent) of 30 did not. Some materials produced by the Region 1 and the Central Region MCSCs did not have the logo on the cover (three in Region 1 and four in the Central Region).

The variations in the content and appearance of the marketing materials occurred because the requirements, roles, and responsibilities of the organizational elements for an MHS-wide TRICARE marketing program were not clear, and DoD had not published a single, definitive marketing policy to clarify those aspects. In addition, the MHS had not establish clear TRICARE marketing goals or objectives or measures to assess achievement of the goals or objectives.

Marketing Policy

No single policy was published that identified all the components for a comprehensive MHS TRICARE marketing program. Since the creation of TMO, the ASD(HA) has issued five policy memorandums and one internal memorandum addressing TRICARE marketing. Appendix C provides details regarding the memorandums. All the ASD(HA) memorandums were released before the creation of TMA, and they were issued to different organizational elements. In addition, the memorandums were primarily informative or suggestive and did not include implementation requirements.

Further, the policy memorandums are no longer valid. DoD Directive 5025.1, "DoD Directives System," June 24, 1994, states, "Directive-type memorandums of continuing application . . . that, because of time constraints, cannot be published in the DoD Directives System at the time of signature shall be reissued as DoD issuances [directives, instructions, and publications] within

[4]Judgment sample percentage does not generalize to universe.

90 days." Because the ASD(HA) memorandums were never incorporated into a DoD directive, instruction, or regulation, the guidance in the memorandums regarding TRICARE marketing is non-mandatory guidance.

None of the SGs, Lead Agents, or MTFs had issued any marketing policies. The two most common reasons for not having a marketing policy were that the ASD(HA) had not established marketing roles and responsibilities and the perception that marketing was the responsibility of the MCSCs. In regions that recently implemented TRICARE (Region 1 and the Central Region), staff at four of the eight MTFs visited indicated that they believed marketing was the contractor's responsibility.

Roles and Responsibilities. With the exception of the Lead Agents, marketing roles and responsibilities for the DoD organizational elements involved in TRICARE marketing were not included in a published policy. The Lead Agent responsibilities for marketing were outlined in HA Policy 96-025, "Updated TRICARE Policy Guidelines," January 29, 1996, and are listed in Appendix D. The Lead Agents were primarily responsible for regional oversight and management of the MCSC marketing materials and programs. The Lead Agents were also tasked with ensuring that MTF commanders were fully involved in local marketing and in developing a regional health services plan. The regional health services plan covers a broad range of issues concerning effective integration with regional health care operations and regional managed care contracts. However, currently, the regional plans do not require inclusion of a marketing component.

The Marketing Plan, although not a published policy, contains some marketing-related duties for the various organizational elements involved in marketing. However, with regard to MTF programs, the guidance in the Marketing Plan conflicts with HA Policy 96-025. The Marketing Plan states that the SGs, not the Lead Agents, are responsible for ensuring MTF commanders develop and execute marketing programs for their respective facilities. In addition, personnel at some of the sites visited stated that the lack of clearly defined roles and responsibilities left them unclear as to their marketing responsibilities.

Oversight of the Marketing Materials. Although marketing materials are produced at all levels in the MHS, the only materials subject to external oversight were those produced by MCSCs and improvement in the oversight process was needed. Oversight of the MTF-produced marketing materials was only accomplished within the MTF and was not adequate.

Oversight of the MTFs. Oversight of the MTF marketing materials needed to be improved. Although the MTFs fall within the SG chain of command, the Offices of the SGs did not provide oversight for the TRICARE marketing function. The Lead Agents were required to ensure MTF commanders were involved in marketing, MTF staff was educated about TRICARE, and maintain a proactive working group for the region that included MTF staff. The Lead Agents' responsibilities did not include oversight or review of the MTF-produced marketing materials. Review of the marketing materials was only accomplished within the MTF. Of the 16 MTFs visited,

14 produced some marketing materials concerning TRICARE or the services offered by the MTF. Of those 14 MTFs, 3 (21 percent[5]) did not have an internal oversight or review process. One of the three indicated it was just beginning a marketing program. However, one of the two MTFs that did not produce any marketing materials had an internal review process in the event it produced marketing materials in the future. In no case did review and approval of the marketing materials extend beyond the MTF commander's level to either the Lead Agent or the SG. Even with the internal reviews, marketing materials released by the MTFs contained incorrect information.

Oversight of the MCSCs. Oversight of the MCSCs was generally adequate; however, procedures to validate the content of the marketing products needed to be improved. The contract administration staff at the TMA office in Colorado and the Lead Agents manage the marketing activities of the MCSCs. Each Lead Agent's staff included a contracting officer representative who was tasked by the contracting officer to oversee MCSC marketing activities. HA Policy 96-025 outlined the Lead Agent's role in contractor oversight and our site visits corroborated that the Lead Agents provided oversight of MCSC marketing materials and programs. However, as identified earlier, some MCSC-produced materials contain incorrect information. Because the contracting officer representative in the Lead Agent's office is not expected to be knowledgeable about all technical TRICARE subjects, review of the technical information by a functional area specialist or subject matter expert might have prevented those errors.

Future Oversight. Clear policy is needed to establish better oversight of the MTF marketing programs and to require review of all marketing materials produced by the MTFs and MCSCs. Oversight needs to be expanded at the regional Lead Agent level, and additional controls are needed. First, clear policy is needed that the Lead Agent will oversee both MTF and MCSC marketing materials and programs. Second, both MTF- and MCSC-produced materials should be reviewed by technical experts to help ensure that information relating to TRICARE processes included in the marketing materials, such as claims processing, cost sharing, or enrollment procedures, is correct. A policy of regional oversight, with support from TMA when needed, would be sufficient to overcome the existing lack of oversight and review. The TRICARE Marketing Committee, with representatives from all key organizational elements involved in marketing, could be used to support an MHS-wide oversight process.

Marketing Goals

Although TMA published its marketing goal (to communicate the TRICARE benefit) and objectives in the Marketing Plan, the goal and objectives were not clearly understood or adequately measured at the sites visited. The personnel at the 28 sites visited had differing views concerning the meaning or definition of TRICARE marketing. Additionally, most sites lacked formalized marketing

[5]Judgment sample percentage does not generalize to universe.

goals and objectives and, for some sites that had formalized goals or objectives, they varied from those in the Marketing Plan. The MHS also lacked formal performance measures to determine whether marketing goals and objectives were being met.

Definition of Marketing. There was variation in the meaning of TRICARE marketing at the sites visited. Among the documents we reviewed, the only published explanation of marketing was in the Marketing Plan, and it was more conceptual than definitive. It stated that:

> Marketing is much more than advertising or promotion materials. Marketing is a foundation for building a business strategy; it is both creative and analytic, and is research-based. It serves as a foundation for business and service objectives. It is driven by the relationship with the customer, and it demands market knowledge and action.

We asked staff at TMA, the Offices of the SGs and the Lead Agents, the MTFs, and the MCSCs to explain what they believed TRICARE marketing meant. There was wide variation in the responses provided at the 28 sites visited. Several sites used combinations of terms when they defined TRICARE marketing. The responses were:

- providing TRICARE education (15 sites),
- promoting TRICARE (10 sites),
- providing other health care education (8 sites),
- determining needs to meet expectations (5 sites),
- influencing decisions (1 site),
- persuading the audience (1 site), and
- getting the product to the people (1 site).

The total exceeds 28 because several sites used multiple themes in their definition of TRICARE marketing.

Generally, providing TRICARE education was done after enrollment to inform the beneficiaries about TRICARE benefits; promoting TRICARE was done prior to enrollment to get the beneficiaries to enroll. Promoting TRICARE referred to either selling TRICARE, selling the TRICARE Prime option, or selling the MTF services.

Goals and Objectives for Marketing. Formal marketing goals or objectives were not established at most of the DoD sites visited. The Marketing Plan includes the TMA marketing goal and objectives. However, among the SGs, the Lead Agents, and the MTFs involved in TRICARE marketing, the marketing goals and objectives were generally not formalized.

Marketing Plan. In the Marketing Plan, TMA outlined its marketing goal and objectives. Specifically, its overarching goal for marketing was to communicate the TRICARE benefit so customers will be educated and responsible consumers. TMA also outlined five marketing objectives.

- Increase beneficiary awareness and knowledge of the TRICARE benefits so they will be educated and responsible consumers.
- Deliver the TRICARE "new look" across the MHS, integrating print, video, Internet, kiosk, conference, and other resources to produce a sharp and unified marketing message worldwide.
- Host a TRICARE marketing conference each year.
- Support MHS efforts to educate and inform non-medical leadership across the Services.
- Team with MHS communications, public affairs, legislative liaison, and beneficiary and provider education staffs at all levels to deliver a clear, positive, and responsive message to diverse audiences worldwide.

TMO staff stated that an important focus for marketing was to promote TRICARE Prime enrollment at the MTF as the health care option of choice. That focus was briefed to senior MHS leadership in 1997. The Marketing Plan discusses promotion of TRICARE Prime in the overarching goal and extensively in the marketing strategies section. Specifically, the Marketing Plan states that strategies employed to accomplish the goal include assisting in product and program improvements to ensure the TRICARE health benefit is presented so that beneficiaries choose and remain in the Prime option. In addition, the first marketing message in the Marketing Plan is "TRICARE Prime is the military's premier program for delivering comprehensive health care." However, promoting TRICARE Prime at the MTF as the option of choice was not formally identified as a marketing objective.

Individual Marketing Goals and Objectives. Although the SG, Lead Agent, and MTF staffs provided us with marketing goals or objectives, generally those goals or objectives were not formalized. Only 1 of 3 SGs, 2 of 4 Lead Agents, and 3 of 16 MTFs had formally outlined their goals or objectives in a marketing plan. The remaining sites visited had informal goals or objectives. Two goals or objectives, whether formal or informal, were identified as the most prevalent: increasing beneficiary understanding and increasing TRICARE Prime enrollment. The first is similar to a published objective in the Marketing Plan; the second matches the TMA focus for marketing. The marketing goals or objectives within the MHS are as follows.

- The Army SG staff indicated in its plan that the marketing goal was to increase enrollment. The Navy SG staff did not formalize its goals, but stated that the goal was to increase beneficiary understanding. The Air Force SG staff did not establish marketing goals or objectives.

- Of the four Lead Agent offices visited, two had established marketing goals and both had outlined those goals in a marketing plan. The other two had not identified any goals or objectives, formal or informal. The Region 1 Lead Agent office identified increased beneficiary understanding as a key goal; the Region 9 Lead Agent office identified increased enrollment as its goal.

- Three MTFs visited had goals formalized in a marketing plan. For the remaining 13 MTFs visited, 12 had informally established goals or objectives and provided those to us during the interviews and 1 did not have either a marketing goal or objective. The primary goal or objective for marketing at the MTFs was increased enrollment. Of the 15 MTFs with marketing goals or objectives, 7 had as their goal increased enrollment, 4 included both increased enrollment and increased beneficiary understanding as goals, 3 indicated increased beneficiary understanding was their goal, and 1 had a goal to reach as many people as possible.

TRICARE Marketing and TRICARE Prime Enrollment. We could not establish an exact relationship between TRICARE marketing and meeting MTF TRICARE Prime enrollment goals. However, the TMA modifications to the proposed Managed Care Support Contract 3.0, which ties marketing with direct care system enrollments, suggests a relationship exists. The proposed contract requirements state "the contractor shall market the direct care system to meet the enrollment objectives of each MTF. . . . Only after the MTF's enrollment capacity has been reached may beneficiaries be enrolled to the contractor's network." That statement reinforces the current DoD focus for marketing TRICARE Prime at the MTF – that is, the direct care system – as the option of choice.

MTFs and Enrollment Goals. Although 11 MTFs indicated that increasing enrollment was a marketing goal, only 1 had an actual formal enrollment target, while 7 had informal targets. There was no standard method to identify and measure MTF enrollment goals or objectives, and the measures of success to determine if the MTF enrollment was being met were inconsistent. If, as proposed in the technical requirements of the proposed Managed Care Support Contract 3.0, the MCSC success in marketing will be tied to meeting the enrollment objectives of each MTF, the enrollment goals and objectives of the MTFs need to be clearly communicated to the MCSC and a measure will be needed to determine if the MCSC has been successful.

Performance Measures. The Marketing Plan outlines only two performance measures, one for measuring beneficiary understanding and one for measuring TRICARE Prime enrollment. The first performance measure addresses the first of the five objectives in the Marketing Plan; the latter does not address a published objective. For the remaining four objectives in the Marketing Plan, there were no established performance measures. In addition, DoD had no policy that requires the use of the performance measures that were included in the Marketing Plan. TMA established a method to measure enrollment using the TRICARE Operational Performance Statement (TOPS) report card, but

TOPS is based on different enrollment criteria than the Marketing Plan and none of the 16 MTFs visited used the report card to measure TRICARE Prime enrollment.

Marketing Plan Performance Measures. To determine whether beneficiary understanding increased, TMA proposed using the Annual Health Care Survey of DoD Beneficiaries, comparing survey data from one year with the next. A 15 percent increase in knowledge and satisfaction with the program would be considered successful. To measure whether TRICARE Prime enrollment goals had been attained, TMA proposed using comparative enrollment data. Benchmark data from one year would be compared with subsequent years. Enrollment growth of 20 percent, or enrollment at 90 percent of MTF capacity, would be considered successful.

TOPS Report Card Measures. The TOPS report card is a tool used by TMA and the Office of the ASD(HA) to get a snapshot of MHS performance. At the MTF level there are 19 measures, including one that relates to enrollment. TOPS includes a "resource and structure" measure of actual versus target "equivalent lives"[6] enrolled with military primary care managers. The goal is to have actual equivalent lives enrolled at between 90 percent and 150 percent of the target enrollment. TOPS color codes the level of involvement needed: red, yellow, and green. If enrollment is less than 75 percent of the target, the block on the report card for the enrollment measure is "red," indicating the highest level of involvement is needed. If enrollment is between 75 percent and 90 percent or over 150 percent of target, the report card block is "yellow," indicating some involvement is needed. If within the goal, the block is "green," indicating no involvement is needed.

The ASD(HA) needs to establish formal, consistent performance measures for determining marketing success. Regarding beneficiary understanding, the Annual Health Care Survey of DoD Beneficiaries is an excellent tool for collecting data regarding beneficiary understanding; however, the use of that data for measuring marketing success is not formalized. In addition, TMA identified methods to determine enrollment capacity and, ultimately, enrollment goals and included those goals in TOPS. However, MTF staffs were not using TOPS enrollment data to measure marketing success. Marketing policy needs to be established that sets TRICARE Prime enrollment as a formal objective, requires use of the current performance measures for the objectives that have them, and includes performance measures for the four objectives that do not. As a result of the variations in communicating TRICARE information, the lack of marketing policy, and the inadequate measures to determine marketing success, TRICARE understanding was not adequate, resources may not have been used effectively, and DoD was not able to adequately measure marketing success.

[6]Equivalent lives is a concept used to account for the differences in resource requirements expected for different enrollees.

Program Understanding

A variety of groups need to understand TRICARE if it is to be successful; however, current understanding of TRICARE is not adequate. The organizations requiring knowledge of TRICARE are outlined in the Marketing Plan, but we identified two key groups that require extensive program knowledge: beneficiaries and MTF personnel. Recent surveys and analyses revealed that although understanding of TRICARE was improving, understanding by the beneficiaries and MTF personnel was still not adequate.

Beneficiary Understanding of TRICARE. The 1996 and 1997 Annual Health Care Surveys of DoD Beneficiaries indicate that TRICARE understanding had increased, but improvements were still needed. The following table shows key responses from the annual beneficiary surveys on questions relating to TRICARE understanding. Although the Marketing Plan measure of success for beneficiary understanding was met (a 15 percent increase in knowledge from one year to the next), the 1997 survey shows that more than 50 percent of the respondents still knew little or nothing about TRICARE.

Comparison of TRICARE Understanding Based on the 1996 and 1997 Health Care Surveys of DoD Beneficiaries
(percent responding affirmatively)

	Active Duty Service Members		Active Duty Family Members		Retirees Under Age 65		Retirees Age 65 and Older	
	1996	1997	1996	1997	1996	1997	1996	1997
Previously heard or read about TRICARE	57	78	58	79	50	68	36	51
Knows little or nothing about TRICARE	75	58	72	51	81	64	88	85
Needs more information about TRICARE Prime	71	56	72	52	77	56	66	53

Navy Report on Communications. A report prepared by a contractor for the Navy Bureau of Medicine and Surgery stated that Navy medical staff's understanding of TRICARE needed improvement. The contractor collected information from focus groups at six MTFs, surveyed Navy medical staff, and researched TRICARE organizations and civilian managed care organizations.

From the results, they developed a communication plan for the Navy, "Navy Medicine TRICARE Communication Plan for Internal Staff," February 12, 1999. Although the contractor's research and communication plan focused on Navy medical staff and our evaluation focused on marketing to beneficiaries, the contractor's results are similar to those identified during this evaluation.

A cross-section of Navy medical staff interviewed by the contractor indicated a lack of full support for TRICARE, due in part to those interviewed not fully understanding the program and the roles of the various DoD departments involved with TRICARE policy, planning, or implementation. The contractor concluded that military and civilian personnel received information in a variety of ways from a number of TRICARE organizations. It appeared that the distribution of information was not coordinated among the various groups.

The contractor's communication plan raised the concern that there may be a duplication of efforts, which could result in too much information being sent from too many sources.

Marketing Resources

The amount of resources dedicated to TRICARE marketing both in cost and personnel varied among the SGs, the MTFs, and the MCSCs visited, and those resources may not have been used effectively. The 24 DoD sites we visited (excluding the contractors) spent $8.4 million for marketing materials and personnel, with 58 full-time equivalent (FTE) marketing personnel. The effective use of those resources is uncertain because each MTF and MCSC independently produced similar types of products. To avoid future duplication of effort and to ultimately present a more consistent message and image, TMA is developing a repository of marketing information. The repository should provide more standardization and less independent marketing.

Marketing Costs. For the SGs, Military Department FY 1998 costs for marketing ranged from approximately $17,000 for the Office of the Air Force SG to $364,000 for the Office of the Army SG. For the Lead Agent offices visited, the FY 1998 costs ranged from about $5,000 to $184,000. Among the 16 MTFs visited, FY 1998 marketing costs ranged from approximately $3,700 to over $270,000. MCSCs costs were not provided because the contractors indicated the cost information was proprietary.

Marketing Personnel. The number of staff dedicated to marketing also varied within the organizational elements.

- The marketing function was staffed differently across the SGs. For FY 1998, the Army SG reported that nine personnel were involved in marketing, equating to four FTEs. The Navy SG had only one person involved in marketing in FY 1998, but planned to have four FTEs in FY 1999. In contrast, the Air Force SG had only one staff person assigned 20 percent of the time.

- For the Lead Agents visited, the FY 1998 marketing staff ranged from 1 FTE to 2.3 FTEs.

- The FY 1998 marketing staff at the MTFs visited ranged from nine total personnel, representing slightly more than four FTEs, to less than 10 percent of one FTE.

- Staffing at the MCSCs was not provided; however, based on our site visits, the number of personnel varied greatly, depending on the number of field representatives. Sierra Military Health Services, Inc., the Region 1 contractor, had 4 full-time employees, plus support for briefings from the staff at 32 TRICARE service centers in the region. Foundation Health Federal Services, Inc.,[7] had 34 personnel at the contractor's headquarters for all their TRICARE contracts, plus 9 field representatives for Region 6 and 5 field representatives for Region 9. TriWest Healthcare Alliance, Inc., the Central Region contractor, had four full-time employees, one part-time employee, and five field representatives.

Duplication of Effort. There are marketing materials produced by the MTFs and the MCSCs that contain information similar to TMA publications. Generally, the TMA publications contain basic TRICARE information, such as an explanation of TRICARE Prime, Extra, and Standard; costs to the beneficiary; and TRICARE eligibility requirements. Of the 16 MTFs visited, 8 used some form of that basic information and added MTF- and region-specific information and phone numbers to create MTF-specific products. The MCSCs all produced pamphlets that explain TRICARE benefits under the three options and handbooks for TRICARE Prime members; the publications were basically the same among the MCSCs except for region-specific information. Each contractor produced its own materials, and DoD paid for the development of the similar products. MCSCs did not share products because the MCSC-produced materials were identified as proprietary.

TMA Smart Repository. TMA is developing a Smart Repository, which is an Internet site that contains TRICARE information and marketing products produced by TMA. The repository will provide a "nationalized" look to TRICARE materials and ensure that beneficiaries, providers, and marketing personnel receive consistent information concerning TRICARE. The repository will eventually consist of both an Internet site open to the public and an intranet site that is password protected for personnel who market TRICARE. Beneficiaries and providers will be able to access and download general TRICARE, MTF, and MCSC information. Marketing personnel will have access to marketing tutorials and marketing material templates and will also be able to order TMA-produced marketing products. The Smart Repository will be key to implementing the proposed Managed Care Support Contract 3.0 because the new contract will require the contractor to use the TMA marketing materials which could be customized to the specific region. The intranet portion of the repository is scheduled to be operational by November 1999 and the Internet

[7]Foundation Health Federal Services, Inc., is the MCSC for two of the regions we visited, Region 6 and Region 9. It is also the MCSC for Regions 10, 11, and 12.

portion by the 2nd quarter of FY 2000. However, for the Smart Repository to be successful, TMO must ensure the information in the repository is always current and is used.

Managed Care Support Contract 3.0. The proposed Managed Care Support Contract 3.0 will help resolve some of the problems we identified and could help the MHS use resources more effectively. The following are key proposed changes that will help with improved marketing and communication.

- Educational materials used by the contractor as part of the TRICARE education program will be provided by TMO. The material can be customized to a specific region. Coordination with TMO and the Lead Agent will be required on all contractor additions to marketing materials. Having TMO provide the materials, with TMO and Lead Agent coordination of MCSC changes, should ensure materials have a consistent appearance and have accurate, consistent content.

- The contractor will market the direct care system. Having the contractor market the direct care system should result in a more consistent regional message.

- The contractor will establish a customer service presence at all MTFs, either within the MTF or on a military installation at a location convenient to the beneficiaries. Having a contractor presence at or near the MTFs should increase information availability.

- The Government shall have title and unrestricted rights to and use of any and all beneficiary and provider education and marketing materials produced by the contractor. In addition, the contractor shall provide electronic and hard copies of all materials produced during the first distribution. Having Government ownership of the materials should result in decreased marketing and education development costs.

Those changes are a substantial improvement over the current process. However, several additional steps are needed. First, a policy is needed that outlines standards to be followed when marketing products are regionally customized and requires compliance with those standards. Second, the contract should more clearly state that contractor-produced materials will be reviewed by the Lead Agents prior to distribution.

Additional Improvements. The Smart Repository is a start to solving the problem of large numbers of marketing-related materials, presented in different forms, using different terminology, released by numerous organizations. However, TMO also needs to limit the materials that can be modified and limit the places where modification of key documents is allowed. For example, TMO should ensure there is only one TRICARE Prime handbook and one TRICARE Standard handbook. Changes to those handbooks should not be allowed except for adding unique regional information that has been approved by the Lead Agent and those changes should be limited to specified sections of the handbooks.

The MTFs should be required to comply with the same standards that are outlined for the MCSCs in proposed Managed Care Support Contract 3.0, with respect to the production and release of marketing materials. Although the MCSCs will ultimately be responsible for marketing the direct care system, the MTFs will continue to play a role in education, marketing, and developing materials. The MTFs should be required to obtain educational and marketing materials from TMA and comply with any standards implemented related to content and appearance.

Marketing materials that communicate a consistent message and have a similar look give the appearance of a national program and ultimately could increase beneficiary understanding of TRICARE and TRICARE Prime. With a more consistent message, there should be better TRICARE understanding and a possible increase in TRICARE Prime enrollment.

Marketing Success

Although performance measures relating to beneficiary understanding and TRICARE Prime enrollment were in the Marketing Plan and measures relating to enrollment were in TOPS, neither was being used by marketing personnel to determine marketing success. Because the measures are not formally required and measures are not given for all the marketing objectives, DoD was not able to determine if marketing at the MTF, regional, or national level had been successful.

Recommendations, Management Comments, and Evaluation Response

We recommend that the Assistant Secretary of Defense (Health Affairs) rescind all previously issued TRICARE marketing-related policies and, in coordination with the Surgeons General, issue a DoD directive, instruction, or regulation, that includes previously issued requirements, and, at a minimum:

1. Clearly defines TRICARE marketing.

2. Clearly describes TRICARE marketing goals and objectives.

3. Outlines the roles and responsibilities of the Office of the Assistant Secretary of Defense (Health Affairs), the TRICARE Management Activity, the Offices of the Surgeons General, the Offices of the Lead Agents, and the staffs of the military treatment facilities, including the requirements that:

a. The TRICARE Management Activity:

(1) Establish and implement performance measures for determining marketing success.

(2) Provide functional area or subject matter experts to review materials containing technical TRICARE-related information, such as claims payment, claims processing, or enrollment.

(3) Ensure that one TRICARE Prime handbook and one TRICARE Standard handbook are issued nationally.

(4) Establish standards that must be met whenever marketing materials are modified to meet regional or local military treatment facility needs.

b. The Offices of the Lead Agents include marketing as a program element in the regional health services plan.

c. Military treatment facility staffs be required to use the marketing materials in the TRICARE Management Activity Smart Repository and coordinate with Lead Agent staff any TRICARE-related materials that the military treatment facility staff produces.

4. Requires regional oversight by the appropriate Lead Agent for all marketing efforts by the military treatment facilities and managed care support contractors.

Management Comments. The ASD(HA) concurred and stated that educating and informing beneficiaries about TRICARE is critical to program success and supports the issuance of a DoD directive, instruction, or regulation. The ASD(HA) indicated that the Military Departments concurred with the report recommendations and offered their assistance in developing the appropriate guidelines. Health Affairs will evaluate the options and determine the best approach to meet the needs of the beneficiaries and the Military Health System structure.

Appendix A. Evaluation Process

Scope

Work Performed. We performed the evaluation at TMA, Offices of the SGs, 4 Lead Agent offices, 16 MTFs, and 4 MCSCs. The evaluation focused on the programs implemented by those organizations to market TRICARE. We reviewed ASD(HA) policies from December 1995 through October 1996 related to TRICARE marketing, as well as TMA, MTF, and MCSC plans for TRICARE marketing and beneficiary education programs. In addition, we reviewed 339 on-hand marketing materials produced by TMA, SGs, Lead Agents, MTFs and MCSCs. We reviewed cost data for FY 1998 obtained from TMA, the SGs, Lead Agents, and MTFs. We also reviewed the 1996 and 1997 results from the Annual Health Care Survey of DoD Beneficiaries for questions related to beneficiary understanding of TRICARE. We reviewed 1999 beneficiary population data and 1998 military and civilian health care personnel information obtained from the Office of the Defense Manpower Data Center.

Limitations to Evaluation Scope. We did not assess beneficiary understanding of TRICARE. Instead, to address beneficiary understanding, we relied on the results of the 1996 and 1997 annual beneficiary surveys. We did not review the marketing process for the TRICARE Senior Prime demonstration project or the marketing materials for that program.

DoD-Wide Corporate-Level Goals. In response to the Government Performance and Results Act, DoD established two DoD-wide goals and seven subordinate performance goals. This report pertains to achievement of the following goal and subordinate goal.

> **Goal 2:** Prepare now for an uncertain future by pursuing a focused modernization effort that maintains United States qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs, and reengineer the Department to achieve a 21st century infrastructure. **Performance Goal 2.3:** Streamline the DoD infrastructure by redesigning the Department's support structure and pursuing business practice reforms. **(00-DoD-2.3)**

DoD Functional Area Reform Goals. Most major DoD functional areas have also established performance improvement reform objectives and goals. This report pertains to achievement of the following Health Care functional area objectives and goals.

- **Objective:** Exercise strategic leadership of the MHS.

  Goal: Use a strategic, systematic approach to overall management of the MHS, incorporating performance measures, customer involvement, feedback, and corrective action. **(MHS-2.2)**

Goal: Develop regional approach, using lead agents and joint resources of Services and empower local commanders to optimize health care delivery. **(MHS-2.3)**

- **Objective:** Become a benchmark health system.

  Goal: Clearly communicate elements and scope of health entitlement/benefit associated with the Services so customers will be educated consumers. **(MHS-4.2)**

High-Risk Area. The General Accounting Office has identified several high-risk areas in DoD. This report provides coverage of the Defense Infrastructure high-risk area.

Methodology

We reviewed DoD, Service, and contractor policies and plans related to TRICARE marketing and beneficiary education. We interviewed and collected marketing materials from personnel in TMA, the Offices of the SGs, Lead Agent offices, the MTFs, and the MCSCs. We analyzed cost data obtained from TMA, the SGs, Lead Agents, and the MTFs. We reviewed the contract requirements for the MCSCs we visited.

Use of Computer-Processed Data. To achieve our evaluation objectives, we did not rely extensively on computer-processed data. We used computer-processed cost data from the Military Department budget and accounting systems and beneficiary feedback information from the Annual Health Care Surveys of DoD Beneficiaries. We also used health care personnel data and beneficiary population data from the Defense Manpower Data Center. We did not evaluate the general and application controls of those systems because the data used from those systems did not materially affect the results of the evaluation. When reviewed in context with other evidence, the conclusions and recommendations in this report are valid.

Universe and Sample. Our sample consisted of the Lead Agent, the MCSC, and four MTFs from each of four judgmentally selected TRICARE regions. There are 13 TRICARE regions. Our selection was based upon the following five factors. First, the Lead Agents selected represented all the Military Departments. Second, regions selected included regions that were well established (more than 3 years old), at mid-implementation (2-3 years old), and newly implemented (less than 2 years old). Third, we selected four MTFs to visit for each region – two MTFs located in the same city as the Lead Agent; two outside. Fourth, the MTFs selected for the region represented as many Military Departments as possible, although in some regions all Military Departments were not represented. Fifth, MTFs were selected so that a variety of sizes were included. Each region had one relatively large MTF (usually the one associated with the Lead Agent) and at least one clinic.

Evaluation Type, Dates, and Standards. We performed this program evaluation from November 1998 through July 1999 in accordance with standards implemented by the Inspector General, DoD. We included tests of management controls we considered necessary.

Contacts During the Evaluation. We visited or contacted individuals and organizations involved in TRICARE within DoD and the MCSCs. Further details are available on request.

Management Control Program

DoD Directive 5010.38, "Management Control Program," August 26, 1996, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of Review of the Management Control Program. Although the review of management controls was not an announced objective in this evaluation, we reviewed the management control program at TMA and the Military Departments. TRICARE marketing is an assessable unit under the TMA Management Control Program; it was not an assessable unit at the Military Departments. Therefore, we reviewed the adequacy of TMA management controls over the production of marketing products and administration of the marketing program. Specifically, we reviewed TMA management controls over policies outlining roles and responsibilities of TMA personnel, the SGs, the Lead Agents, the MTFs, and the MCSCs relating to the production of marketing materials and dissemination of information to the users of TRICARE. We reviewed management's self-evaluation applicable to those controls.

Adequacy of Management Controls. We identified material management control weaknesses for TMA as defined by DoD Instruction 5010.40, "Management Control (MC) Program Procedures," August 28, 1996. TMA management controls over TRICARE marketing and oversight were not sufficient to ensure that roles and responsibilities relating to the production of marketing materials and dissemination of information to TRICARE users were adequate. In addition, management controls were not sufficient to ensure marketing goals and objectives were adequately measured. The recommendations, if implemented, will improve MHS policy and administration procedures. A copy of the report will be provided to the senior official responsible for management controls in the Office of the Under Secretary of Defense for Personnel and Readiness.

Adequacy of Management's Self-Evaluation. TMA officials identified TRICARE marketing as an assessable unit. However, in its evaluation, TMA officials did not identify the specific material management control weaknesses identified by this evaluation because the scope of their evaluation did not extend to TRICARE marketing at the MTF level.

Summary of Prior Coverage

No prior coverage has been conducted on the subject during the past 5 years.

Appendix B. Glossary

The following are key terms used in this report. The definitions are based on the DoD Glossary of Health Care Terminology, the glossary in the TRICARE Internet site, and the TRICARE Managed Care Support Contract Operations Manual.

Catchment Area. Defined geographic area served by a hospital or clinic, delineated on the basis of such factors as population distribution, natural geographic boundaries, and transportation accessibility. For DoD, those geographic areas are determined by the ASD(HA) and are defined by a set of 5-digit ZIP Codes, usually within an approximate 40-mile radius of military inpatient MTFs.

CHAMPUS. A cost-sharing program for eligible beneficiaries to help pay for civilian health care when the direct care system is not available. It is called TRICARE Standard and is an option under TRICARE.

Defense Enrollment Eligibility Reporting System (DEERS). An automated system of verification of a person's eligibility to receive uniformed service benefits and privileges.

Direct Care System. Health care provided at the MTF.

Fee-for-Service. A traditional form of reimbursement in health care where payment is based on services rendered to the patient.

Health Maintenance Organization. An organization that has management responsibility for providing comprehensive health care services on a prepayment basis to voluntarily enrolled persons within a designated population.

Lead Agent. The office responsible for administering a TRICARE Health Service Region. The Lead Agent may also be the commander of a major MTF in the area. The office functions as the focal point for health services and collaborates with the other MTF commanders within the region to develop an integrated plan for the delivery of health care for beneficiaries.

Managed Care Support Contract. A fixed-price, at-risk contract, supporting TRICARE. Those contracts support Lead Agents by combining civilian managed care networks with fiscal and administrative support, and complement the majority of services provided in the MTFs.

Military Health System. The system that incorporates all aspects of health care services for DoD.

Military Treatment Facility. A military hospital or clinic.

Preferred Provider Organization. A term applied to a variety of direct contractual relationships between hospitals, physicians, insurers, employers, or third-party administrators in which providers negotiate with group purchasers to provide health services for a defined population. The preferred provider organizations typically share three characteristics: a negotiated system for payment for services; financial incentives for individuals to use contract providers; and a utilization review program.

Prime Remote. See TRICARE Prime Remote Program.

Split Enrollment. Refers to multiple family members enrolled in TRICARE Prime under different Lead Agents or contractors.

TRICARE Extra. The civilian preferred provider network organized by the MCSC. To join the network, providers agree to charge lower fees and to file the claims. To use TRICARE Extra and to benefit from the lower fees and claims filing, a beneficiary needs only to make an appointment with a network provider. There is no enrollment or registration requirement, or any commitment to use the network in the future.

TRICARE Prime. Operates like a civilian health maintenance organization. It offers the most comprehensive coverage at the lowest cost to the beneficiary. TRICARE Prime provides health care primarily at the MTF, augmented by the MCSC network. Beneficiaries are assigned to primary care managers. Beneficiaries who select TRICARE Prime must enroll for 1 year, then they may choose another option. Beneficiaries must agree to follow the plan for obtaining health care or they may be liable for large deductibles and cost shares for services obtained from outside the plan on their own.

TRICARE Prime Remote Program. A health care program for active duty members of the uniformed services who are assigned to permanent duty stations in areas that are not near sources of military medical care.

TRICARE Standard. A fee-for-service program. Operates in the same way as the basic CHAMPUS program. It is the most expensive option for beneficiaries but it provides the greatest freedom of choice in selecting civilian providers. Annual deductibles and cost shares are required by the beneficiary or sponsor.

Appendix C. Marketing Policies

The marketing policies issued by the ASD(HA) were as follows.

- HA 96-013, "TRICARE Logos - Decision Memorandum"
  - Date Released: December 11, 1995
  - Distribution: SGs of the Army, the Navy, and the Air Force
  - Purpose: Announced the approval of a single TRICARE logo to be used on all materials developed by DoD or the contractors.
- HA 96-025, "Updated TRICARE Policy Guidelines"
  - Date Released: January 29, 1996
  - Distribution: Assistant Secretary of the Army (Manpower and Reserve Affairs), Assistant Secretary of the Navy (Manpower and Reserve Affairs), and Assistant Secretary of the Air Force (Manpower, Reserve Affairs, Installations, and Environment)
  - Purpose: Provided general guidelines for implementing TRICARE and outlined Lead Agent responsibilities, including responsibilities for marketing. In addition to Lead Agent marketing responsibilities, the policy required the Lead Agent, in coordination with the MTF commanders within the region, to develop a regional health services plan and to provide an annual update to the ASD(HA). The policy outlined several items to be included in the regional plan, such as enrollment, resource management, and utilization management, but did not include marketing as one of the elements.
- HA 96-032, "TRICARE Marketing Plan"
  - Date Released: February 22, 1996
  - Distribution: Vice Chief of Staff of the Army; Vice Chief of Naval Operations; Vice Chief of Staff of the Air Force; Assistant Commandant of the Marine Corps; and Director of Logistics, Joint Staff
  - Purpose: Provided the 1996 Marketing Plan to the Services and the Joint Staff.

- HA 96-045, "TRICARE World-Wide Briefing Package"
  - Date Released: May 1, 1996
  - Distribution: Lead Agents and MTF Commanders
  - Purpose: Forwarded a copy of videotapes and briefing packages to the Lead Agents and MTF commanders to be used as "official" TRICARE products for beneficiary education programs. The policy authorized the use of educational products developed locally, regionally, or by the individual Military Departments to support the official products, but not to replace them.
- HA 97-009, "Policy for Official TRICARE Marketing Products"
  - Date Released: October 31, 1996
  - Distribution: MTF Commanders
  - Purpose: Forwarded copies and requested that the official TRICARE marketing products be used throughout the MHS.
- HA Memorandum, "New TRICARE Logo"
  - Date Released: December 22, 1995
  - Distribution: Deputy Assistant Secretaries and Director, Defense Medical Information Management, within the Office of the ASD(HA).
  - Purpose: Authorized the regions to personalize the logo by adding the name of the region. The policy provided instructions on the typeface, logo colors, and placement of the region's name.

Appendix D. Lead Agent Responsibilities

HA Policy 96-025 outlined Lead Agent responsibilities for TRICARE. The responsibilities were as follows.

- Serve as the focal point of all marketing activities within their regions, including communication products and research.
- Ensure MTF commanders are fully involved in local marketing.
- Brief local installation commanders and senior non-medical leaders about all aspects of TRICARE, enlisting their support for the program.
- Ensure all MTF staff members are educated and routinely updated about TRICARE implementation.
- Ensure distribution of DoD-produced materials for use in the internal and external public affairs activities.
- Coordinate contractor marketing activities with TMO.
- Maintain a proactive TRICARE working group with all MTF and installation public affairs offices in the region.
- Oversee marketing programs of contractors, including a cooperative strategy for customer-oriented educational, informational, promotional, and research activities designed to support the implementation and continuing success of TRICARE.

Appendix E. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Under Secretary of Defense for Personnel and Readiness
  Assistant Secretary of Defense (Health Affairs)
    Director, TRICARE Management Activity
Director, Defense Logistics Studies Information Exchange

Department of the Army

Surgeon General of the Army
Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Surgeon General of the Navy
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Surgeon General of the Air Force
Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
  Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency

Non-Defense Federal Organizations

Office of Management and Budget
General Accounting Office
  National Security and International Affairs Division
    Technical Information Center
  Health, Education, and Human Services

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Reform
House Subcommittee on Government Management, Information, and Technology, Committee on Government Reform
House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform

Assistant Secretary of Defense (Health Affairs) Comments

THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON DC 20301-1200

HEALTH AFFAIRS

12 OCT 1999

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL
ASSISTANT INSPECTOR GENERAL FOR AUDITING

SUBJECT: Draft Proposed Evaluation Report on TRICARE Marketing (Project No. 9LF-5028), August 18, 1999

Thank you for the opportunity to review and comment on the draft report. We appreciate the efforts of the auditing team.

We strongly believe that educating and informing our beneficiaries about the TRICARE program is critical for program success. To that end, we support the report's recommendation relative to the issuance of a DoD directive, instruction or regulation. We will evaluate and determine which of these specific approaches will best meet the needs of our beneficiaries, and which approach works best within the context of the Military Health System structure.

We recognize the management control weaknesses identified in Appendix A. Our intent is to correct these weaknesses with the issuance of clear DoD policy guidance. When implemented, the guidance will ensure the adequacy of roles and responsibilities regarding production of marketing materials and dissemination of information as well as the adequacy of measurement of goals and objectives.

All three services have expressed concurrence with the report recommendation and have offered their assistance in developing guidelines that will improve our ability to effectively convey TRICARE messages and objectively measure the effectiveness of our efforts.

Dr. Sue Bailey

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The Readiness and Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD, prepared this report. Personnel of the Office of the Inspector General, DoD, who contributed to the report are listed below.

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