
EVALUATION OF THE INVESTIGATIVE ENVIRONMENT IN WHICH THE DEFENSE ENROLLMENT ELIGIBILITY REPORTING SYSTEM OPERATES

EXECUTIVE SUMMARY

INTRODUCTION

We began this evaluation in response to correspondence from the Assistant Secretary of Defense (Health Affairs) (ASD(HA)). The ASD(HA) was concerned that the Military Criminal Investigative Organizations (MCIOs)¹ were not investigating cases in which individuals used false documentation to obtain identification cards needed to access military benefits and privileges. In performing preliminary research on the ASD(HA) concerns, however, we determined that the MCIOs generally were not notified when an ineligible individual was suspected of obtaining or using an identification card. Our overall objective for the evaluation, therefore, was expanded to encompass whether the Department of Defense (DoD) is effective in preventing, detecting, and investigating instances in which ineligible individuals obtain identification cards, and the benefits they receive from using these cards. We announced this evaluation on March 13, 1997, and conducted our primary fieldwork between July 30, 1997, and February 28, 1998. We conducted additional fieldwork in January 1999. On June 10, 1999, we issued this report in draft form for management comments.

MANAGEMENT COMMENTS

On September 13, 1999, we received comments from the Office of the Under Secretary of Defense (Personnel and Readiness) (OUSD(P&R)). OUSD(P&R) concurred with some of our recommendations, but nonconcurred with others. OUSD(P&R) also stated concerns about completeness and accuracy in some sections of the draft report. OUSD(P&R)'s comments are reproduced as Appendix E.

Generally, the OUSD(P&R) nonconcurrences with individual recommendations (B.2., C.1., and D.1.) were based largely on one of the following positions:

¹ The MCIOs are the U.S. Army Criminal Investigation Command (USACIDC), the Naval Criminal Investigative Service (NCIS), and the Air Force Office of Special Investigations (AFOSI). The MCIOs, together with the Defense Criminal Investigative Service (DCIS), the IG, DoD, criminal investigative arm, collectively are known as the Defense Criminal Investigative Organizations (DCIOs).

- the recommendation should be directed to the Uniformed Services, since the Uniformed Services are responsible for determining eligibility for military health care and for terminating eligibility when an individual no longer qualifies for treatment; and
- under the terms of a Memorandum of Understanding, the Defense Criminal Investigative Service, not the Military Criminal Investigative Organizations, has lead agency responsibility for fraud involving the TRICARE Program.

The OUSD(P&R) comments are addressed in detail in this final report. For the reasons set forth in this report, we have not accepted the OUSD(P&R) bases for nonconcurring and have reaffirmed our Recommendations B.2., C.1., and D.1. We have, however, modified Recommendation D.1. to include Operation Mongoose databases among those the Military Criminal Investigative Organizations should check when investigating beneficiary medical fraud. We have also modified the final report where appropriate to address certain OUSD(P&R) concerns about completeness and accuracy in the draft report.

EVALUATION RESULTS

We were unable to determine, beyond the cases actually investigated by the MCIOs, the extent to which the DoD has a problem with ineligible individuals using the military health care system. As a result, we were also unable to determine the unauthorized costs that DoD incurs due to ineligible individuals using the military health care system. These determinations were not possible because the Office of the Assistant Secretary of Defense (Health Affairs) (OASD(HA)) does not maintain records on:

- suspected ineligible individuals who seek military health care;
- suspected ineligible individuals who are denied military health care;
- suspected ineligible individuals who are identified as actually ineligible after they obtain military health care;
- administrative actions undertaken to address ineligibility or unauthorized health care costs;
- suspected ineligibility cases referred for criminal investigation; or
- outcomes of criminal investigative case referrals.

This situation exemplifies an overall condition in which the DoD does not have an effective program to prevent, detect, or investigate ineligibility health care fraud.

Furthermore, when potential ineligibility fraud cases are investigated, the investigations generally do not result in criminal, civil, or administrative remedies.

During 1995 through 1997, DoD criminal investigative organizations investigated 81 cases that involved potentially ineligible individuals receiving military health care.² At the time of our primary fieldwork, 74 of these investigations had been completed, and the cases had been closed. Forty nine (66 percent) of the closed cases were declined for prosecution and/or were closed without remedy, generally because prosecutors determined the estimated Government losses were too small to warrant prosecution, or because the investigations did not establish criminal intent. Although the remaining investigations (34 percent) produced an array of results, the monetary recoveries amounted to only about 5 percent of the estimated Government losses.

Overall, we identified the following conditions that warrant management attention and corrective action:

- Current procedures allow ineligible individuals to retain identification cards that may permit unauthorized access to military health care for lengthy periods.
- Medical treatment facility efforts to verify eligibility and confiscate identification cards from ineligible individuals are not fully effective.
- The TRICARE Management Activity does not have a documented system for developing, referring, or tracking potential ineligibility fraud offenses that warrant criminal investigation.
- Because most criminal investigations do not result in criminal, civil, or administrative remedies and those that do only recover a minor portion of the estimated Government loss, OASD(HA) must aggressively pursue administrative recoupment actions to address potential ineligibility medical fraud. If not, most unauthorized cost that DoD incurs from ineligibility medical fraud will not be recovered.

SUMMARY OF RECOMMENDATIONS

We recommend the following corrective or improvement actions:

- The Under Secretary of Defense (Personnel and Readiness), through the Joint Uniformed Services Personnel Advisory Committee, establish time limits for sponsors to (1) report a change in eligibility status for their dependents, and (2) surrender a dependent's identification card when the dependent becomes ineligible for military benefits and privileges, and adopt these time limits in appropriate policy.
- The ASD(HA) direct medical treatment facility commanders to comply with existing policy that requires:

² Individual OASD(HA) medical facilities or medical personnel were the sources of allegations for 27 (33 percent) of these investigations (See Appendix D). These cases, however, did not constitute investigative case referrals where OASD(HA) had identified actual or potential ineligibility and referred the matter for criminal investigation.

- 100 percent eligibility checks using the Defense Enrollment Eligibility Reporting System prior to treating military personnel or their dependents;
- confiscating identification cards from ineligible individuals who seek military health care and forwarding those cards to local authorities; and
- initiating administrative recoupment actions for cost incurred when suspected ineligible individuals obtain unauthorized military medical benefits.

- The ASD(HA) (1) require the TRICARE Management Activity to implement an aggressive management control plan with fraud indicators that helps detect ineligible individuals who apply for and receive medical care through TRICARE, and (2) consider making this plan part of the TRICARE Management Activity's Annual Statement of Assurance submitted in accordance with DoD Directive 5010.38, "Management Control Program," August 26, 1996.

- The Director, TRICARE Management Activity, with input from the MCIOs, implement a system for developing, referring, and tracking cases that involve military health care given to suspected ineligible recipients. This system should include procedures and timelines for pursuing administrative remedies in cases determined not to warrant criminal investigation and prosecution. It should also include procedures and timelines for pursuing administrative remedies in cases referred for criminal investigation, but ultimately not prosecuted, unless a determination is made that an administrative recovery is not appropriate.

- The Director, TRICARE Management Activity, arrange for the Military Criminal Investigative Organizations to receive access to and system training on the CHAMPUS Detail Information System to aid their military health care investigations.

- The MCIOs implement procedures that ensure their criminal investigators who conduct military health care investigations check all relevant databases in determining the breadth of criminal conduct involved and the potential overall loss to the Department of Defense.