

## Remarks Concerning SB 143

The families of state employees who are called to extended active duty for other than training purposes would benefit substantially if the state continued to pay employer contributions for health insurance. As the situation currently exists and absent enactment of SB 143, the families of such personnel would come under TRICARE only. This is the sole health insurance program now available to the families of active duty personnel to cover treatment not received in military medical facilities.

There are currently three options under TRICARE: Prime, Extra and Standard. Prime is essentially an HMO which requires first recourse for treatment to a military medical facility. Where proper care is not available militarily, prime pays for managed care through a civilian Primary Care Manager. It provides payment to civilian physicians at the Medicare rate with a \$12 per visit copay. Generally, only physicians near major military installations or in major metropolitan areas can expect enough volume to offset the low standard payment. As a result, there are Prime sites available to Wisconsin families only where enough providers participate- Milwaukee, Lacrosse and in southeastern Wisconsin (near the Great Lakes Naval Base). This constitutes less than 10% of the active duty families in Wisconsin. TRICARE Extra allows families not enrolled in TRICARE Prime to visit Prime physicians and pay a 15% copay for all charges. The lack of Prime physicians in Wisconsin severely limits the availability and adequacy of TRICARE Extra as well. The final option, TRICARE Standard, (formerly known as CHAMPUS) is the forced choice of 90% of the active duty families in Wisconsin. These families pay a \$300 outpatient deductible per year and then 20% of all charges. Patients may freely choose physicians, but here too charges are at the Medicare rate.

These programs are currently inadequate for several reasons. First, there are far too few physicians in Wisconsin enrolled in TRICARE Prime and also therefore available for TRICARE Extra. This forces the large majority of Wisconsin active duty families into TRICARE Standard. Second, the terms of

TRICARE Standard are such that physicians often bill patients for the difference between their expected fees and the Medicare rate. This is over and above the 20% copay for which TRICARE Standard participants are liable. This additional billing is illegal but is not uncommon. Active duty families have often chosen to absorb these costs rather than alienate their health care providers. Third, in my opinion, all three programs are very poorly managed by a distant contractor answering to only the Department of Defense, but unresponsive to customer service imperatives and to local agency intervention. Submissions for payment have all too often been lost or long delayed and payments have then frequently been incorrect. For example, one of our personnel was compelled to submit charges for payment for the same treatment four times. After a long delay each time, the payment was always incorrect. Finally, she gave up and settled the bill out of pocket. Hospital claims have not been paid since September and the payment of clinic claims which required about 50 days before TRICARE now requires 90 to 120 days and, in some cases, even more. This is not a good program as witness the headline for a lead article in a recent Air Force Times.

I have provided you this information so that you will have a context in which to judge the merits of SB 143. It would certainly improve the lives of the families of those state employees who have been called upon to serve our nation when needed by us all.

Colonel Seth Perelman  
Director of Human Resources  
Wisconsin National Guard

## TRICARE Summary

- TRICARE - The triservice, triple-option, managed care plan for the uniformed services. Incorporates a Civilian Contractor to complement the Military Treatment Facilities (MTFs)
- Three benefit options
  - TRICARE Prime (HMO Option)
  - TRICARE Extra (PPO Option)
  - TRICARE Standard
- Cost for care in military facility same as today
- Active duty must use Military system
- No change for Medicare beneficiaries
  - Use military facility on space available basis
  - Use Medicare benefits for civilian care
- Region 5 start date for TRICARE will be in 1998

## TRICARE Prime

### Health Maintenance Organization

- Simplified processing: No deductibles nor claim forms for patients
- Small copay for civilian care only
- Annual enrollment fee (retirees, survivors and their dependents)

- CHAMPUS benefit plus enhanced services
- Voluntary enrollment
- Uses military facility & civilian network
- Patient's access care through their Primary Care Manager (PCM)

## TRICARE Extra

### Preferred Provider Organization

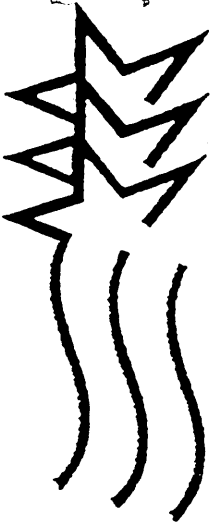
- Discounted copays using civilian network
- Deductibles apply
- No balance billing
- No claim forms (Filed by provider)
- Use military facility on space available basis & civilian network

## TRICARE Standard

### Current CHAMPUS

- Same rules, deductibles & cost shares as CHAMPUS
- Most choice for patient
- Highest cost for the patient
- Use military facility on space available basis

Note: Information subject to change.



TRICARE Heartland

# TRICARE PLAN OPTIONS

*PRIME*

*EXTRA*

*STANDARD*

For additional information contact:

DoD Health Service Region 5

2776 C Street, Suite 200

Wright-Patterson AFB OH 45433-7401

Comm: (937) 255-7824/9690

DSN: 785-7824/9690

Fax: (937) 656-7520

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# TRICARE HEALTH BENEFIT COMPARISON

BENEFIT	Beneficiary Category	TRICARE Standard	TRICARE Extra	TRICARE Prime
Choice of Care	All CHAMPUS Eligibles	Unlimited	From Approved Network chosen by patient	From Approved Network by Primary Care Manager
Annual Enrollment Fee	Active Duty Family Retirees & Family	No Enrollment Fee None	No Enrollment Fee None	No Enrollment Fee \$230 Ind / \$460 Family -
Annual Outpatient Deductibles	Family of E-4 and Below Family of E-5 and Above Retirees & Family	\$ 50 Ind / \$100 Fam \$150 Ind / \$300 Fam \$150 Ind / \$300 Fam	\$ 50 Ind / \$100 Fam \$150 Ind / \$300 Fam \$150 Ind / \$300 Fam	None None None
Outpatient Civilian Care Co payments	Family of E-4 and Below Family of E-5 and Above Retirees & Family	20% 20% 25%	15% 15% 20%	\$ 6 \$12 \$12
Laboratory & X-Ray Services	Family of E-4 and Below Family of E-5 and Above Retirees & Family	20% 20% 25%	15% 15% 20%	\$ 6 (See Note 1) \$12 (See Note 1) \$12 (See Note 1)
Civilian Hospitalization Copayments	Active Duty Family Retirees & Family	\$9.90 per day (\$25 minimum) \$360 per day + 25% of Physican Charges	\$9.90 per day (\$25 minimum) \$250 per day + 20% of Physician Charges	\$11 per day; \$20 per day Mental Health/Sub Abuse \$11 per day; \$40 per day Mental Health/Sub Abuse
Ambulance Service	Family of E-4 and Below Family of E-5 and Above Retirees & Family	20% 20% 25%	15% 15% 20%	\$10 \$15 \$20
Emergency Room Visit	Family of E-4 and Below Family of E-5 and Above Retirees & Family	20% 20% 25%	15% 15% 20%	\$10 \$30 \$30
Outpatient Surgery	Active Duty Family Retirees & family	\$25 25%	15% (\$25 max) 20%	\$25 \$25
Prescription Drugs	Active Duty Family Retirees & Family	20% 25%	15% (No deductible) 20% (No deductible)	<u>Retail</u> <u>Mail Order</u> \$5 (30 days)      \$4 (90 days) \$9 (30 days)      \$8 (90 days)
Pap Smears	Active Duty Family Retirees & Family	20% 25%	15% 20%	No Fee No Fee
Home/Family Health	Family of E-4 and Below Family of E-5 and Above Retirees & Family	20% 20% 25%	15% 15% 20%	\$ 6 \$12 \$12
Medical Equip/ Supplies	Family of E-4 and Below Family of E-5 and Above Retirees & Family	20% 20% 25%	15% 15% 20%	10% Negotiated Fee 15% Negotiated Fee 20% Negotiated Fee

**Co-Pay only for civilian care provided outside the Military Treatment Facility**

Note 1: No cost if provided as part of an office visit and a copayment is collected for the visit.

# THE TROUBLE



# WITH TRICARE

**J**ennifer Anderson placed at least a dozen phone calls before she could get her son treated for an ear infection.

Thomas Childs, a retired Army sergeant major in Morgantown, N.C., saw a specialist in his Prime network, but Tricare charged him a higher fee for going out of network. Then, after calling Tricare and being told to resubmit the claim, payment was denied as a duplicate bill.

All across the country and for the past three years, the military has been slowly migrating to Tricare, a new concept in military health care for dependents and retirees. Phased in one region at a time, Tricare has started with fits and starts every time. There were lawsuits over contracts, confusion over rules and benefits, phone waits on hold for appointments, and slow payments to doctors.

## The system is ailing, say doctors and patients. Others say all it needs is a dose of the world's best medicine: Time.

Story by Deborah Funk § Photo by Rob Curtis

The frustration touched everyone — patients, doctors and staff.

The learning curve has been just as long every time. The latest regions to enter the program — Mid-Atlantic, which is Region 2; National Capital Area, part of the Northeast, or Region 1 — the last of a dozen regions in the United States, haven't been spared. In North Carolina, part of Region 2, civilian doctors say Tricare owes them millions of dollars in unpaid bills. Some providers haven't even made appointments in the National Capital Area, Region 1,

even though by design the civilian company managing that region is supposed to have that responsibility.

The good news, however, may be that in other regions of the country, most of the problems appear to get worked through even after rough starts.

"Where we're mature we're great," said Dr. James Sears, executive director of the Tricare Management Activity and a

It takes about a year after start-up to bring the program to a "sat-

isfactory" level, Sears said, and a "little longer" to reach the "high quality we like."

Take the Central region, for instance. In its early days in 1997, phone lines in Colorado Springs were so clogged, patients waited 45 minutes for help. Payments to doctors slowed and they had a hard time getting medical test results from the military. By October 1997, some doctors had quit the Tri-

Today, waits on hold last only 30 seconds on average, communica-

tion between the military facilities and improved. And for that, in a few months, TriWest Alliance, which managed the central region contract, is processing claims more quickly. Its contract requires now processing 89.8 percent of the claims within 21 days, up from 75 percent in 1996.

### Lingering maladies

Still, many argue that Tricare is far from good health.

Tricare's online for [www.tso.osd.mil](http://www.tso.osd.mil), is a source for many complaints from across the country.

Beneficiary advocacy groups say members are some of the wrong information, benefits advisers, Tricare's website says.

There's the problem.

Twenty-nine Palms, Calif., for example, who erroneously was told he had to use Standard while traveling across country, instead of her Prime. The bad information could have cost her a bundle in extra charges.

There's the woman in the Northeast who called Tricare to find an occupational therapist — who works on task-performance skills — for her son. She was directed repeatedly to mental-health providers.

And how about Jennifer Anderson?

She's run up against Tricare several times already. "I'm paying my money for what, this? A big headache?" said Anderson, wife of Army Staff Sgt. Lynn Anderson.

The Anderson family lives in Aberdeen, Md., which is within Region 1. They traveled to rural Indiana for Christmas to visit Jennifer's parents. On Christmas night, Chris, her 11-year-old, came down with an ear infection.

The next morning, Anderson started making calls to both the region where she was enrolled

and the region she was visiting, Region 5. Try as she might, each time she followed the instructions given to her by a Tricare representative, she made no headway in finding a doctor.

She was afraid to go to the emergency room because the Tricare authorization line — for patients to obtain authorization over the phone for treatment

outside of their network — is closed on Saturdays. She didn't know if the visit would be approved after the fact, and she did not want to get stuck with a large bill.

It took three days — until the following Monday — to find a doctor. After the visit, the whole process started again when she tried to fill a prescription for an antibiotic. A Tricare worker in Region 5 sent her to Wal-Mart, but the store wasn't in the network. Finally, Anderson gave up. She paid the \$6.83 for the antibiotic out of her own pocket and went home.

"I've told my kids they're not allowed to get sick when we go to Grandma's house," Jennifer said. "They're not allowed to get sick when we go on vacation from here on out."

by whatever name

The rough starts in the Mid-Atlantic and Northeast have stirred military families there to wonder about the basics of Tricare. In coastal Carolina, people refer to a civilian managed-care provider who asked that his name

not be used. Farther north, in the Washington, D.C., area, some refer to it as "Die Care."

Civilian companies that manage the Tricare program are taking steps to fix problems, they say, including training and adding clerks to handle the phones.

Military hospitals and clinics around Washington, D.C., agreed to make their own appointments because Sierra Military Health Services Inc., which manages Tricare in the Northeast, didn't have enough appointment clerks to do the job, said David Nelson, Sierra president. Most HMOs have the patients call doctors directly to schedule appointments, he said. "Everyone is focused on how can we make it easier for the patient to access health care at an affordable price," Nelson said.

In the Mid-Atlantic, Tricare manager Anthem Alliance Health Insurance Co. and the companies it help to run the program have been meeting with doctors and other health professionals to expedite payments that doctors say are months behind.

**'The military is committed to making [Tricare] work no matter how many people fall overboard.'**

REP. JOHN MICA  
SPONSOR OF LEGISLATION  
THAT WOULD USE CIVILIAN  
HEALTH PLANS TO FILL IN  
ANY GAPS LEFT BY TRICARE

"We take the contract very seriously and are working diligently to get to the issues," said William Vandervent Jr., Anthem president and chief operating officer.

Several attempts have been made to make Tricare compete, perhaps with civilian plans now used by federal civilian employees.

Florida Rep. John Mica, a Republican, has offered legislation to do just that. Asked late last year if Tricare will survive, Mica said: "The military is committed to making it work no matter how many people fall overboard."

Yet despite the aura surrounding Tricare, there are indicators that the system works. Tricare's patient satisfaction survey results show improvement, reporting that three out of four people surveyed are satisfied with the quality of care and access they enjoy.

Jacque Brubaker of Tucson, Ariz., couldn't be happier with Tricare Prime. She and her husband, Air Force Chief Master Sgt. Galen Brubaker, see doctors and nurses at Davis-Monthan Air Force Base, where they are enrolled. That's in the Central Region, the combination of Regions 7 and 8, where Tricare has been up and running since April 1997. She has diabetes and high blood pressure, and has been treated for skin cancer.

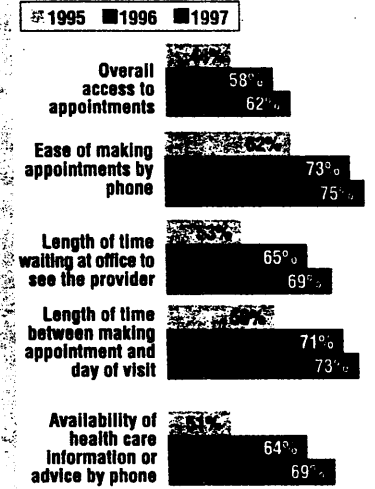
"I have never had a hard time getting in to see a doctor, even if it's a specialist," Brubaker said. "I don't know if it is Tricare or just

**Tricare's rising scores**

The most recent government surveys of military members, retirees and their family members show that patients are increasingly satisfied with the military's Tricare health program. But there are still substantial numbers of people who are not satisfied, and satisfaction levels are below those generally found in the civilian community nationwide.

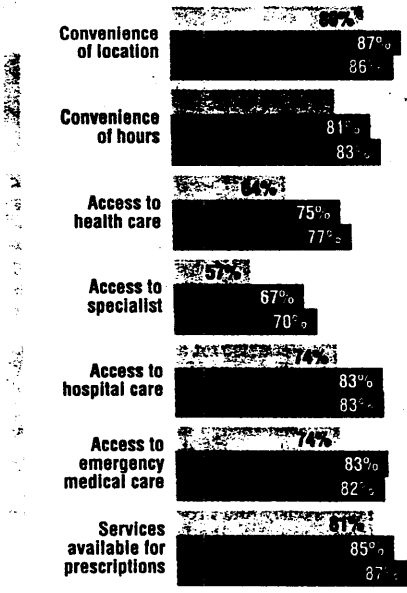
**Appointments**

All military beneficiaries' satisfaction with making appointments (including those who receive care from civilians).



**Access**

All military beneficiaries' satisfaction with access to health care resources.



Source: Tricare Management Activity

this base; everybody has been polite and prompt, and they listen, too."

And there's a positive note from a Maryland woman who is in the Northeast region. When her 7-month-old daughter had an ear infection, a single phone call was made to a civilian managed-care provider, and she was seen within a few days. Later, filled a prescription, and

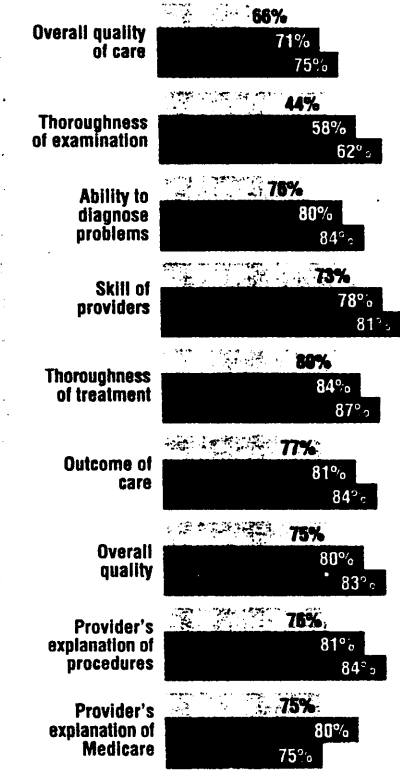
was at work by 9 a.m.

On the West Coast and Hawaii, where both doctors and patients had a thorough knowledge of managed care long before Tricare came along, the program appears very successful.

One of the most praised Tricare programs is in Hawaii. Tricare care debuted there and joined an

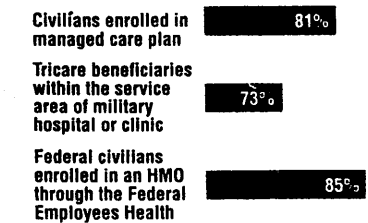
**Quality**

All military beneficiaries' satisfaction with quality of their health care.



**How Tricare compares**

Patients' overall satisfaction with their health care plan.\*



\* From the most recent surveys available: Wirthlin Worldwide, 1998; Tricare Management Activity, 1997; Office of Personnel Management/The Gallup Organization, 1996.

ATPCO/JOHN HAYS

# Tricare troubles? Depends on where you ask

From previous page

is pulling out of the network March 1. Foundation Health Federal Services, the civilian company that manages Tricare in the Northwest, is trying to sign up some of those doctors. But the great bulk of doctors in the Group Health network are employees of Group Health. If their company pulls out, they go with it.

Military hospitals there are expanding enrollment to try to take care of any displaced patients. Foundation has sent letters to beneficiaries who could be affected by the Group Health move.

"It should be a concern of Tricare that Group Health is pulling out," said Catherine Ahl, Puget Sound representative for the National Military Family Association and a Tricare patient who sees Group Health doctors.

Group Health, she said, is one of the oldest HMOs and consistently gets high ratings.

Ahl herself wonders how quickly she should change her enrollment to nearby Naval Hospital Bremerton in case it stops enrolling more Tricare Prime patients. "There's a certain amount of anxiety," Ahl said.

Tricare repeatedly comes under fire from beneficiary groups. Because Tricare Prime is not available in all areas of the country, critics say it isn't uniform.

Even where Prime exists, some patients complain that their doctors aren't part of the network; to avoid switching they must use the more expensive Standard, the fee-for-service option allowing them to choose outside the network.

But Tricare officials are armed with patient surveys showing satisfaction is on the rise.

In 1997, 73 percent of beneficiaries said they were satisfied with the military's program. That's up from 71 percent two years earlier.

"The arrows are pointing in the right direction," said Air Force Lt. Col. Frank Cumberland Jr., Tricare communications and customer service director.

But civilian health plans get similar if not higher satisfaction ratings in similar surveys.

Data on civilian plans provided by the American Association of Health Plans, in Washington, D.C., and from Wirthlin Worldwide, a research and consulting company, show:

- Satisfaction with health maintenance organizations ranged from 76 to 85 percent.

- Satisfaction with traditional fee-for-service plans ranged from 62 to 87 percent.

- Satisfaction overall tends to increase the longer someone has any particular health plan.

Tricare officials say that last point holds true for their plan too.

"People who say they know a lot about Tricare Prime have higher

satisfaction ratings," said Air Force Lt. Col. Alan R. Constantian, metrics and measurement director for Tricare's health program analysis and evaluation.

Many people launch their Tricare complaints in cyberspace, both on Tricare's official Web site and other less positive sites.

Similar problems are heard in the civilian health care industry from new health plan members who haven't learned how to use their plan, said Jeannette Duerr, a former public affairs director for Kaiser Permanente and now vice president of a Baltimore-based public relations and advertising firm serving health care clients.

She noticed Tricare users in less populated areas have concerns about access to care. HMOs concentrate in urban areas, where there are more providers and thus it's easier to put together networks, Duerr said.

As for complaints of late payments, says Duerr, perhaps Congress should consider imposing some kind of penalty on the companies that administer Tricare when that occurs.

"Where Tricare will be successful is if people can feel like they can get more out of this. And they were told they would," said Duerr, a former military dependent.

## The doctors' laments

Throughout the health-care industry, physicians grumble about managed care because they feel they have less independence treating patients, yet more paperwork and more time spent justifying clinical decisions. At the same time, a good number of them say it has helped make care more affordable and accessible, and improved preventive care, according to surveys conducted by the American Medical Association.

Even some civilian doctors who wear military uniforms part time aren't wild about Tricare.

Naval Reserve Capt. (Dr.) Tom Weinberg, an obstetrician/gynecologist in southern Illinois, is a member of a Blue Cross/Blue Shield preferred provider network. His office manager has grown angry with him for taking Tricare patients, he told a room of military physicians and Tricare

officials in San Antonio last fall.

Call it a bad track record. When the military health plan was called CHAMPUS, the reimbursements were sent directly to the patients and his practice rarely received payment. It didn't get much better after Tricare began operations, although within the past year or so, the payment process has improved, according to a member of his staff.

Some other doctors who participate in managed-care programs complain about Tricare.

Dr. Kenneth Lury, a radiologist in Jacksonville, N.C., was forced to cancel two Tricare patients the morning they were scheduled to be seen. The reason: The doctors referring them couldn't get through to Tricare to get the approval required ahead of time.

"When people need things done, the system should remove road blocks, not set them up," he said.

Lury isn't part of the Prime network, but does see patients using Tricare Standard — essentially the old CHAMPUS plan.

Reimbursement rates in general are low. Other insurance plans

pay twice as much as Tricare does, some three times as much. For example, Tricare pays \$567 for a spinal MRI (magnetic resonance image) without using dye. That's just slightly more than a third of the actual cost, said Lury's practice manager, Kathleen Sherburn.

Lury's office has a contract with a private insurance company that, like Tricare, also has negotiated prices, but which pays \$927 for the procedure. Still others will pay \$1,300, Sherburn said, and even workers' compensation will pay between \$800 to \$900.

Then there are the claims that aren't being paid at all. While Tricare swiftly paid claims filed in December, it was still a couple of months behind with other claims.

Patients who call Tricare looking for their Explanation of Benefits showing what has been paid are often told no claim had been filed, although Sherburn has a copy of the filed claim.

"I'd like to drop out of [Standard] but a lot of these people are my neighbors," Lury said. "Somebody has to take care of them." □

## A mutiny of sorts in Region 2

By Deborah Funk  
TIMES STAFF WRITER

Doctors and other health professionals in eastern North Carolina say Tricare owes them millions of dollars in unpaid bills.

Some are so mad they say they'll quit the network if problems aren't resolved by February.

Others haven't set a deadline, but say they too are considering dropping out.

At issue is about \$7 million in unpaid charges that were late as of Dec. 16, 1998. Some of the disputed amount can be tied to the preset "allowable" rates Tricare pays, which are lower than what most doctors bill. But doctors also complain many allowable bills are rejected without good reason.

They also complain that Anthem Alliance Health Insurance Co., which manages Tricare for the Mid-Atlantic Region (also known as region 2), discounts payments more than it should under its agreements with network providers. And they say payments can be months late.

If claims are not paid within 30 days, the doctors say, the process appears to stagnate and can then drag on for weeks.

Anthem and its subcontractors have been meeting with doctors and hospital administrators to resolve the issues for months.

And to some extent, it appears blame can be laid on both sides. Doctors have made billing mistakes. But in other cases, Tricare processed the claims incorrectly

or couldn't find them on file, according to a Tricare summary.

Claims for child wellness visits must be reprocessed because they were paid under the rules of the old policy, which Tricare changed this fall. But changes to the contract that would have allowed regional Tricare administrators to pay according to the new policy rules weren't made until November, said Anthem's president and chief operating officer, William Vandervennet Jr.

Claims for mental-health treatment also hit a snag, he said.

The computer software written to process the claims searched records for authorization for care, even though authorization is not required for the first eight mental-health visits.

"We take the contract very seriously and are working diligently to get to the issues," Vandervennet said. The errors are now being corrected.

### Too little too late?

Anthem is addressing another problem: It's added 33 staff members, a 22 percent increase, to reduce waiting time for phone calls.

But in Jacksonville, N.C., home to Camp LeJeune, some civilian health-care providers have had to reduce staff hours while they wait for payment from Anthem.

Brynn Marr Hospital, a psychiatric facility, is owed \$400,000 on charges billed to Tricare, said Dale Armstrong, its chief executive officer.

A mental-health group that is half owned by Brynn Marr is owed another \$106,000, he said.

Brynn Marr agreed to take Tricare payment discounts of 13 percent to 15 percent as part of its contract. But the payments coming in have been discounted by twice that, Armstrong said.

The mental-health providers were to meet by the end of January to determine whether they would withdraw from the Prime network. About two months ago they wrote to Tricare contractors and told them that if the problems weren't corrected or nearly corrected by Feb. 1, they would leave the network.

Tricare has made some progress, but it may not be enough, Armstrong said.

If that's the case, Tricare Prime mental health patients will pay higher copayments. "We're now at nine months with no solution," he said. "It's a matter of survival."

That's true for other providers as well. Onslow Memorial Hospital representatives wrote to Rep. Walter Jones Jr., R-N.C., in late November, describing the Tricare dilemma and seeking a congressional inquiry to resolve the situation without court action.

"This institution, as well as all other physician offices who treat large volumes of Tricare patients, has been forced to go to the commercial markets for loans to support operating capital," said Long Kramer, president and chief executive officer of Onslow County



**'We're now at nine months with no solution. It's a matter of survival.'**

DALE ARMSTRONG  
CHIEF EXECUTIVE OFFICER OF BRYNN MARR HOSPITAL, WHICH IS OWED \$400,000 IN TRICARE CLAIMS

Hospital Authority, which operates Onslow Memorial. "Most of these physicians, and this hospital, have had to lay off or reduce the operating hours of the staff who work for us — and throughout the holiday season."

Anthem paid the hospital \$900,000 about two weeks after the letter was written. It has since paid more, but a hospital official would not estimate how much is still owed.

"We're finally making progress," said Long Kramer, Onslow's vice president of patient financial services. □