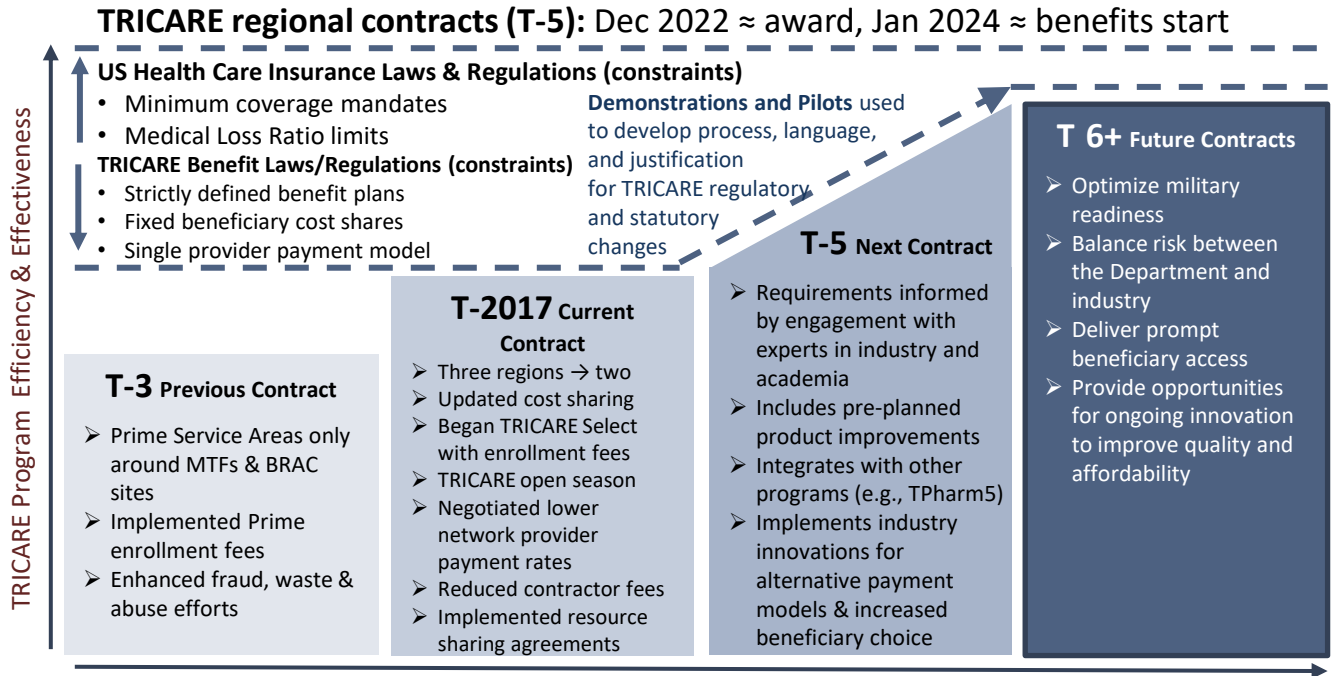




TRICARE (T-5) Contract Overview Brief to the Defense Health Board

March 22, 2023

T-5 Transformation and Innovation



2013 - 2018 2018 - 2023 2023 - 2031 2024 - 20XX

Fee For Service Value Based Contracts

Improving Health and Building Readiness. Anytime, Anywhere Always



T-5 Overview

Next Generation TRICARE Managed Care Support Contract (T-5) Themes

Improve Customer Experience

Changes to ensure our beneficiaries get care they need and are delighted with the service.

Integrated Delivery System

Increase Military readiness, align incentives and care delivery in Direct Care System and Private Sector Care.

Comprehensive Healthcare Anywhere

Innovations that improve healthcare access, quality and affordability.

Next Generation Delivery Models

Value-based care requirements, and other healthcare innovations and demonstrations.



T-2017 to T-5 Changes

- 8 Option Years (vice 5)
- East & West Region; six states moving from East to West; equal distribution of covered lives
- Incorporates new (Directors) Markets/MTFs into Manuals/Contract
- Managed Care Support Contractors (MCSC) site visits to Markets/MTFs NLT 60 calendar days after Transition Specification (TRANSPEC) meetings
 - Address local optimization opportunities and challenges and begin development of the Memorandum of Understanding (MOU)
- Internal Resource Sharing Agreements (IRSAs) for civilian providers in MTFs
- Direct Care and Private Sector Care (PSC) Integration
 - Contractor Award Fee Incentive
 - Interoperability between MHS GENESIS and Health Information Exchanges (HIE)
 - ✓ Clear and Legible Reports (CLRs) of the future
- PSC Value Based Purchasing (VBP) and Industry Innovations
 - Alternate Payment Models (APMs)
 - Innovations



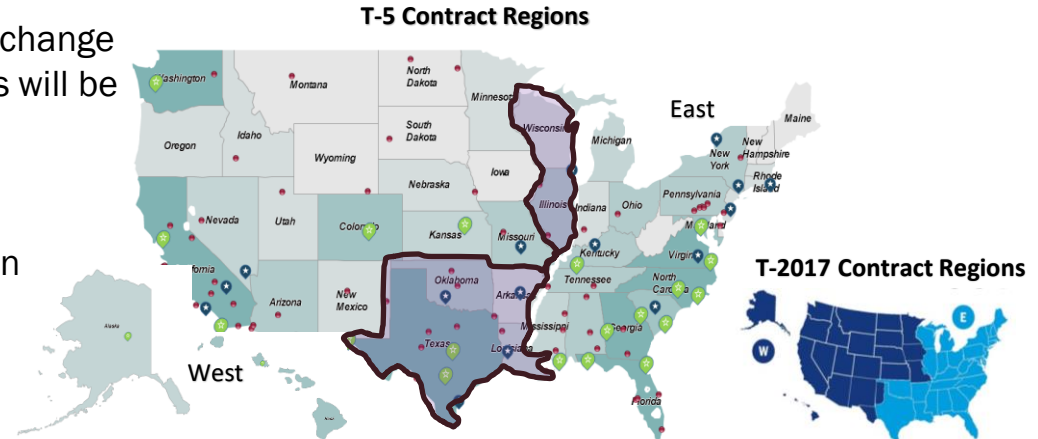
T-5 Impact Risks & Mitigation Strategies

Potential Events → 1) One or both regions may change contractors; 2) Six States with ~1M beneficiaries will be moving from the East to West region in order to equalize beneficiary populations across regions

Risk → Some beneficiaries may have new civilian Primary Care Managers (PCMs) and specialists

Mitigation Strategies →

- Seven months prior to the start of healthcare delivery under the new contract, the outgoing contractor is required to provide the incoming contractor detailed provider records and enrollment files
- The incoming contractor will use this data to assign beneficiaries to Primary Care Managers (PCM) and/or make changes to its network
- If the beneficiary's current PCM is not in network, and the beneficiary is enrolled in TRICARE Prime, the incoming contractor will select a network PCM for them, or, the beneficiary may call the contractor or use self-enrollment tools to choose a PCM



T-5 Improvements

<p>Readiness:</p> <ul style="list-style-type: none"> • Increased interoperability with MHS GENESIS through Health Information Exchanges to deliver info faster • Increased readiness skill integration – focus on secondary referrals and recapture • Increased integration with Markets/MTFs to respond to changes in beneficiary population and MTF capabilities • TRICARE Select marketing of MTF capability • Network bed availability 	<p>Access:</p> <ul style="list-style-type: none"> • Measurements of network availability • Beneficiaries can transfer referrals when they move • Increased beneficiary support for network appointments • Provider directory accuracy improves over time • Enhanced call resolutions/call backs • Reduced emphasis on network discounting to improve access and quality
<p>Quality:</p> <ul style="list-style-type: none"> • High quality networks with increased quality reporting – metrics aligned with Direct Care system • Population health and predictive analytics to improve coordination of care • Identify high and low value providers • Chronic disease prevention programs 	<p>Cost:</p> <ul style="list-style-type: none"> • Value based care and incentives for quality • Demos to cost share risk with contractors and providers • Increased claims audit financial responsibility • Reduce low value care through capitation • Home case management at discharge for high risk beneficiaries • Integration with Competitive Plans Demonstration

Incentive Transform



T-5 Incentives

• Positive Incentive: Award Fee Plan

- Readiness of the Force:
 - ✓ Decrease time for return of clinical information
- Readiness of the Medical Force
 - ✓ Percentage of readiness generating care performed inside MTFs
- Access: Network Appointments
 - ✓ % of Prime Services Areas with 100% appointment availability within standards
- Quality – Same metrics as Direct Care
 - ✓ 18 target metrics w/increases over time

• Positive Incentive: Customer Satisfaction

- MTF & Market Leadership, Network Providers, DHA & Beneficiary Surveys

• Negative Incentives: Performance Guarantees (transition)

- Provider Networks - Provider Loading to Systems
- Enrollment System – Fully Operational System
- Customer Service – Call Center Response Accuracy
- Referral Management – Referral Management System processing referrals
- Claims Processing – Accuracy, Auto-Adjudication, and Reprocessing

• Negative Incentives: PGs (non-transition)

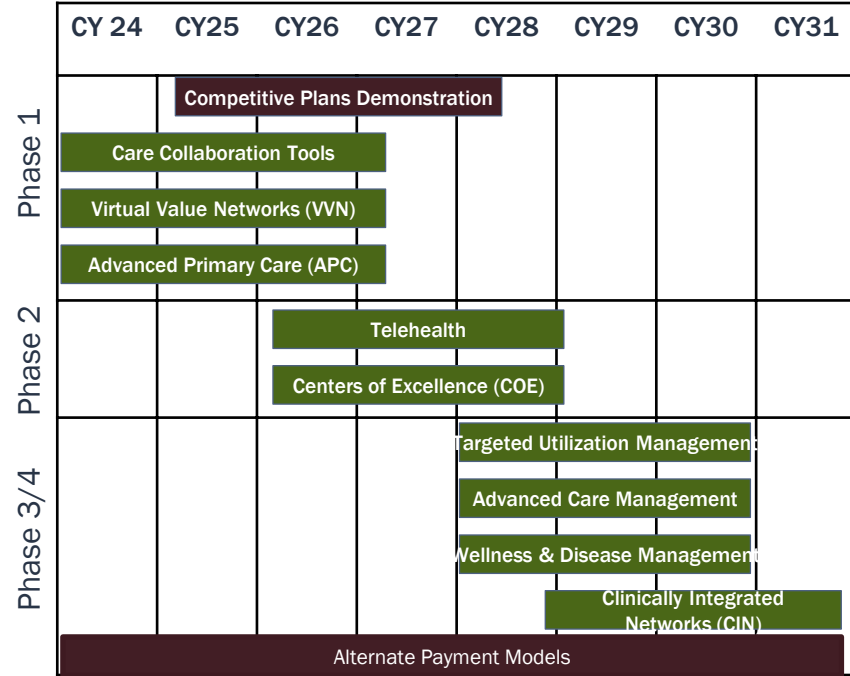
- Provider Networks - Provider Directory Accuracy, Network Provider Discounts, % of Network Claims Usage
- Claims Processing – Accuracy, Auto-Adjudication, and Reprocessing



T-5 Demonstrations

- **Use Emerging Technology and Advanced Analytics**
 - Care Collaboration Tools for providers to communicate more easily (eConsults)
 - Telehealth for Primary, Specialty and Behavioral Care (overcome local access challenges wherever possible)
 - Clinically Integrated Networks use advanced data analytics, digital health tools and techniques as incentives for providers to practice high quality, cost-effective care
- **Steer Patients to Top-Performing Providers**
 - Virtual Value Networks will help us rapidly identify providers with best outcomes
 - Direct contracts with Accountable Care Organizations (ACOs) with capitated payments to improve quality and lower cost
 - Identify Centers of Excellence and use for highly specialized medical and surgical care (e.g., organ transplants)
- **Incentivize Wellness and Health**
 - Programs for Targeted Utilization Management, Wellness & Disease Management and Advanced Care Management drive engagement in other innovations & health programs

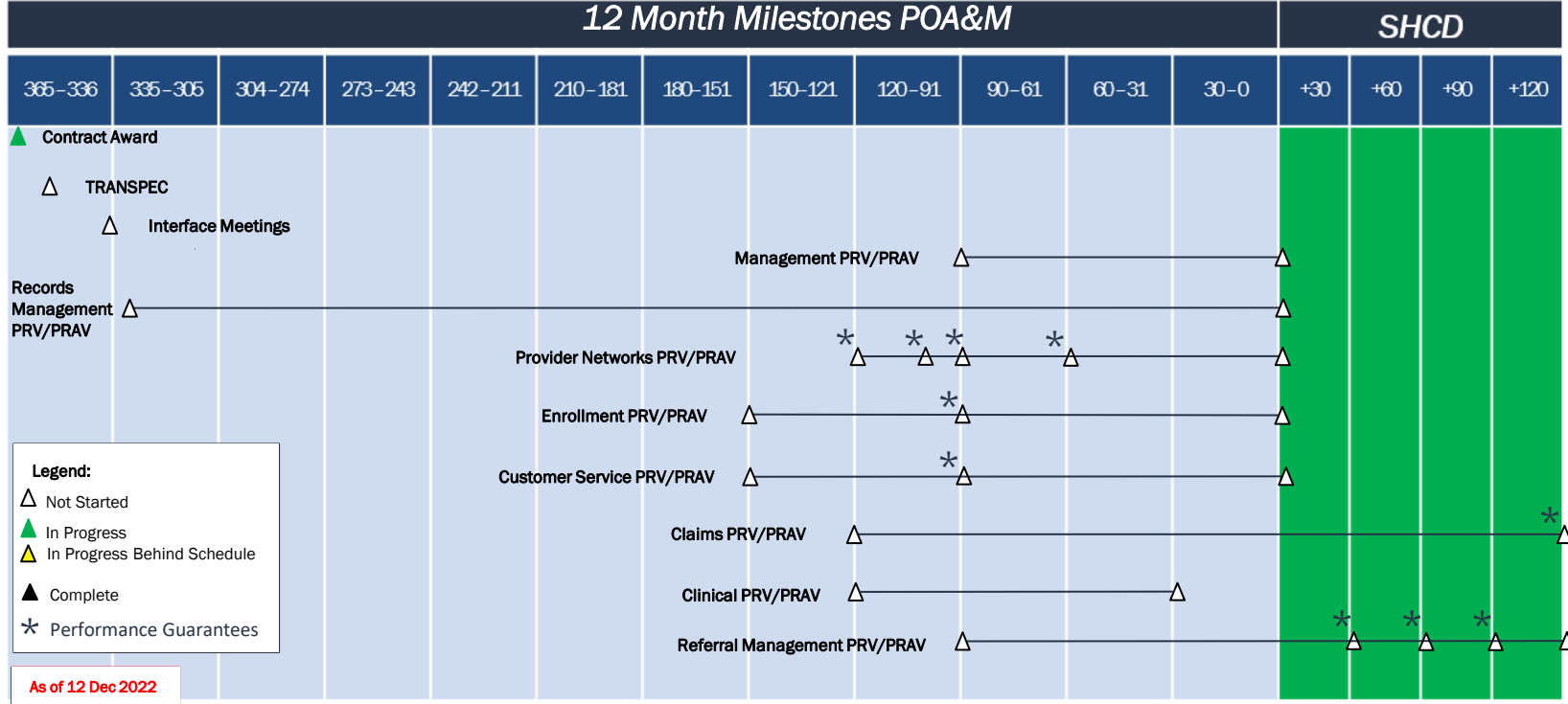
Demonstration Timeline*



*Timeline assumes 1 Jan 2024 start of health care delivery



T-5 Timeline



Backup Slides

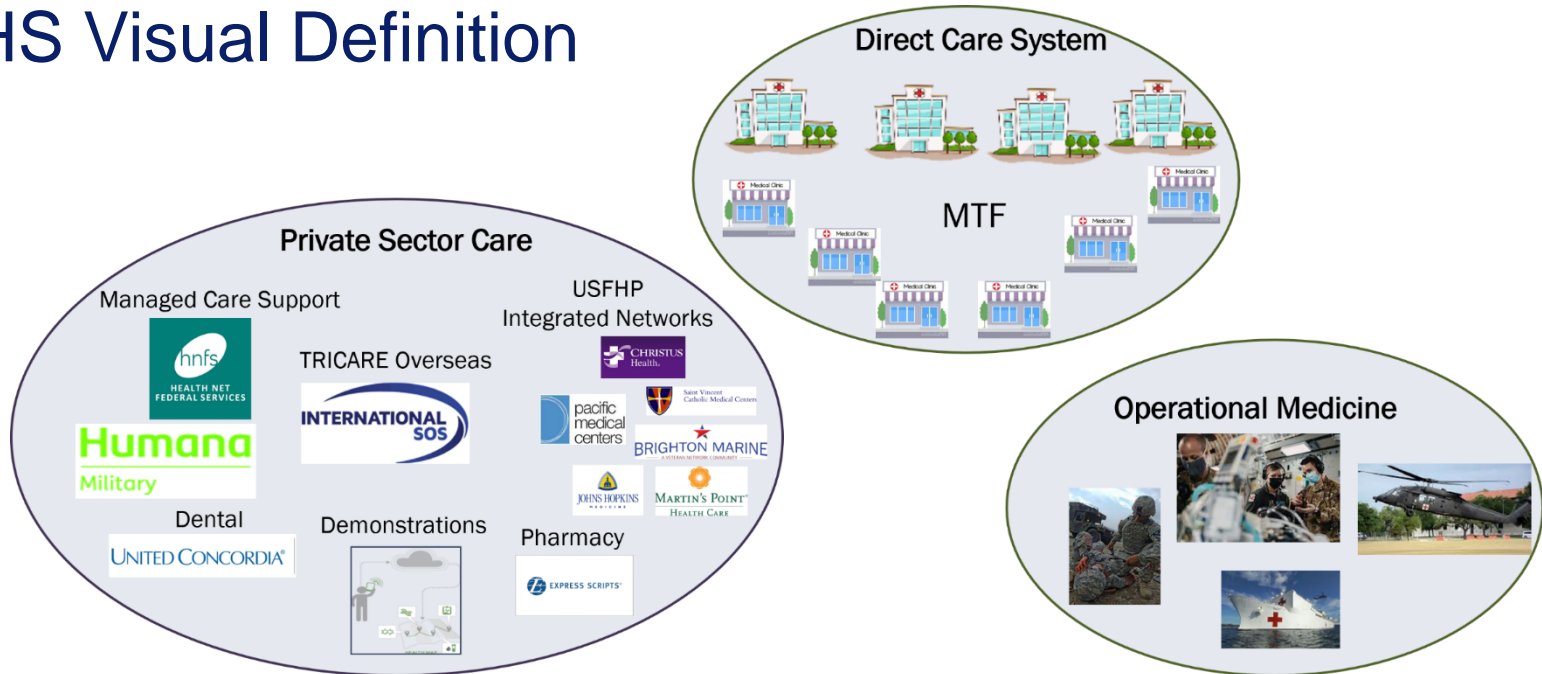


The Military Health System

“ ”		
-----	--	--



MHS Visual Definition



- United States Army
- United States Navy
- United States Space Force
- United States Marine Corps
- United States Air Force
- United States Coast Guard
- United States Public Health Service Commissioned Corps
- National Oceanic and Atmospheric Administration Commissioned Officer Corps

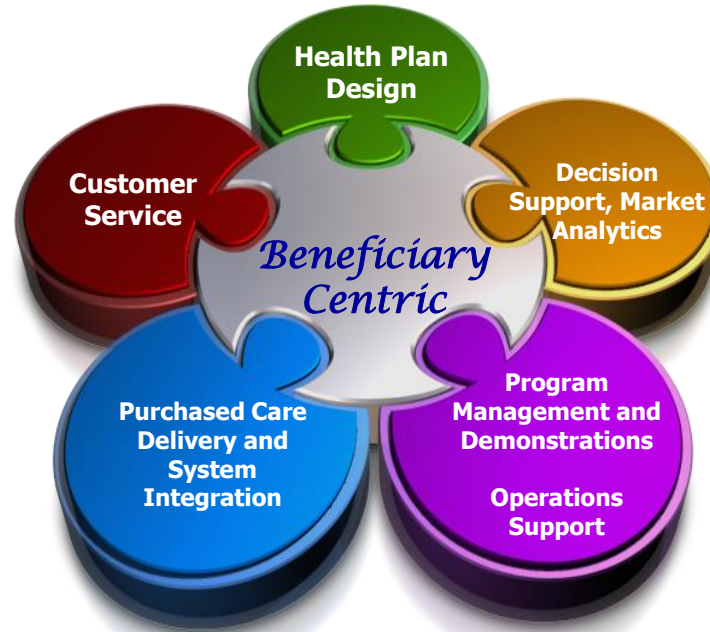


Improving Health and Building Readiness. Anytime, Anywhere Always



TRICARE Health Program – Visual Definition

Responsible for 17 Health Related Benefit Plans CONUS and OCONUS



Manage Private Sector Components of TRICARE Program in Support of Readiness and Health

Improving Health and Building Readiness. Anytime, Anywhere Always



Statutory/Regulatory/Policy Basis for TRICARE

- Statutory Entitlement - Chapter 55 of Title 10, US Code
- National Defense Authorization Act
- TRICARE Regulations - 32 Code of Federal Regulations, Part 199
 - Revised to implement new statutes or to change policy
 - Policy memorandums can temporarily be used
- Directives from SECDEF or DEPSECDEF
- TRICARE Manuals
 - Directs Contractor actions
 - Revised frequently if new policies, procedures, etc.
 - Manuals.health.mil



T-5 Background: NDAA FY17 & FY22

NDAA 2017 Section 705: Numerous Innovations and Industry Best Practices

- Value-Based Incentive Programs and transferring risk to plans and providers
- Improve access, outcomes, quality, customer experience, and lower costs
- Local, regional, and national health plans compete
- Continuous innovations
- High-Performing Networks
- Integrated medical management
- Maximize telehealth (e.g. digital health)
- Shared savings, high-value providers, discourage low-value services
- Prevention and wellness incentives, lifestyle intervention programs

NDAA 2022 Section 703: Revisions allowing overlapping provider networks



Generations of TRICARE Contracts

- CHAMPUS (1966)
- Demos: CHAMPUS Reform Initiative (CRI), Catchment Area Management (CAMC), etc. (1989 to 1995)
- TRICARE Legacy (1995 to 2004)(Lead Agents)
- T-NEX (2004 to 2013) (TRICARE Regional Offices)
- T-3 (2011 to 2017)
- T-2017 (2018-2023)
- T-5 (2024-2032)



Current (2023) T-5 Related Activities, Demos, and Pilots

- Internal Resource Sharing Agreements (IRSA)
- TRICARE Institutes of Excellence (TIE) Demonstration
- VA-DoD Hearing Aid Demonstration
- Competitive Plans Demonstration (CPD)/Eligibility, Enrollment and Encounter (EEE) Pilot
- T-5 Transition
- T-5 Innovations



T-5 Innovations & Demonstrations Planning

- Planning Process for Implementation
 - Roadmaps and Benefits Realization plans created for each innovation
 - Develop “a successful story” for the demonstrations
 - New tools (MURAL) used to visualize demonstration outcomes
 - Establishes benefits required to implement, analyze, and measure throughout the length of the demonstration
 - Advanced Primary Care (APC) workshop held 22 March
 - Care Collaboration Tools and Virtual Value Network (VVN) workshops ECD: 2Q 2022
- Benchmarked Actuarial workload to support APMs, USFHPs, & CPDs
 - Considered workload/processes of several Agencies: OPM/DoD/CMS
 - Industry-standard, continuous risk monitoring and adjustment

