



PERSONNEL AND  
READINESS

**UNDER SECRETARY OF DEFENSE**  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

**MAR 28 2022**

The Honorable Jack Reed  
Chairman  
Committee on Armed Services  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

The Department's response to House Report 117-118, page 175, accompanying H.R. 4350, the National Defense Authorization Act for Fiscal Year 2022, on the impact of copays, is enclosed.

The report provides a detailed analysis of the fluctuations in utilization for outpatient mental health and physical, speech, and occupational therapy visits during the years of 2016-2019. Data for 2020 is not included due to the impact of coronavirus disease 2019 on health care utilization. For TRICARE Prime and Select outpatient mental health visits, active duty family member utilization increased while Retirees' decreased. The mean physical, speech, and occupational therapy utilization for all observed beneficiary categories decreased. For TRICARE Prime beneficiaries, the percentage referred for services who actually accessed care increased for most categories. The relation of the fluctuations in utilization to the changes in copays has not been conclusively demonstrated due to multiple unobserved variables that impact utilization.

Thank you for your continued strong support for the health and well-being of our Service members, veterans, and families. I am sending a similar letter to the Committee on Armed Services of the House of Representatives.

Sincerely,

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

Gilbert R. Cisneros, Jr.

Enclosure:  
As stated

cc:  
The Honorable James M. Inhofe  
Ranking Member



PERSONNEL AND  
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**UNDER SECRETARY OF DEFENSE**  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

**MAR 28 2022**

The Honorable Adam Smith  
Chairman  
Committee on Armed Services  
U.S. House of Representatives  
Washington, DC 20515

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As stated

cc:  
The Honorable Mike D. Rogers  
Ranking Member

**REPORT TO COMMITTEES ON ARMED SERVICES  
OF THE SENATE AND THE HOUSE OF  
REPRESENTATIVES**



**In Response to House Report 117-118, Page 175, Accompanying H.R.  
4350, the National Defense Authorization Act for Fiscal Year 2022 on  
“Impact of Mental Health Copays Report”**

**March 2022**

Preparation of this study/report cost the Department of Defense (DoD) approximately \$7,500.00 for the 2022 Fiscal Year. This includes \$0.00 in expenses and \$7,500.00 in DoD labor.

RefID:

## **1) Executive Summary:**

This report is in response to House Report 117-118, page 175, accompanying H.R. 4350, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2022, noting that the Committees on Armed Services of the Senate and House of Representatives are concerned that increases in certain TRICARE specialty care copays have had an impact on the utilization of outpatient mental health (MH) visits and physical, speech, and occupational therapy (PT/ST/OT) visits by Group A beneficiaries.

## **2) Background:**

House Report 117-118 requests the Secretary of Defense to submit a report to the committees not later than March 1, 2022, “that includes an analysis comparing the utilization rates of outpatient MH visits and PT/ST/OT visits by Group A beneficiaries in 2016 and 2017 (before copays increased) to utilization rates of these services in 2018 and 2019 (after copays increased). Data for 2020 will not be included due to the impact of COVID–19 on healthcare utilization.” The report is requested to also include a measurement of utilization by unique users, average/median number of visits per user, percent of users with only one visit, distribution of users across binned number of visits (1 visit only; 2-3 visits; 4-6 visits; 7-9 visits; 10-12 visits; more than 12 visits), and other measures the Secretary of Defense deems appropriate. For TRICARE Prime beneficiaries, the report is requested to include an assessment of the percentage of patients referred for these services who actually accessed care. Lastly, the report is requested to include a cross tabulation of data for each beneficiary sponsor category (active duty versus retired versus medically retired) and TRICARE Plan (Prime versus Select), given that copays vary across these groups.

The NDAA for FY 2017 established TRICARE Select as a self-managed, preferred provider network option (replacing the TRICARE Extra and Standard programs) and continued TRICARE Prime as a managed care option under the TRICARE program. With respect to beneficiary copays, the law introduced a new split of beneficiaries for both Select and Prime into two groups: one group (referred to as Group A) consists of sponsors and their family members who first became affiliated with the military through enlistment or appointment before January 1, 2018; and, the second group (referred to as Group B) who first became affiliated on or after January 1, 2018.

Under the TRICARE Standard program, outpatient copays established by statute were 20 percent for active duty family members and 25 percent for retirees and their family members. If the outpatient services were provided by a TRICARE Prime network provider as part of the TRICARE Extra program, copays were reduced to 15 percent for active duty family members and 20 percent for retirees and their family members. In establishing TRICARE Select, newly created Group A beneficiaries continue to have copays for outpatient services calculated as if the beneficiary were enrolled in TRICARE Extra or Standard, as the case may be, as if the two programs were still in existence. However, for network administration efficiency and consistent with congressional mandate for fixed copays for network care for Group B beneficiaries, the Department used existing authority to calculate, to the extent practicable, TRICARE Select fixed copays for network care also for Group A enrollees. The calculated fixed copay is generally

comparable to an alternative specified percentage of allowable amounts for similar services. When not deemed practicable, the calculated copays for Group A were not converted to fixed copays for certain categories of services. The simplicity of a known fixed copay amount when seen by a network provider allows families to budget for their out-of-pocket costs versus paying a percentage of an unknown amount to be billed by the provider.

For Group B beneficiaries, in establishing TRICARE Select replacing TRICARE Extra, the statute included specific categories of outpatient care and converted copays for each category of outpatient services received from TRICARE network providers to a fixed dollar copayment calculated to approximately equal the previous 15 percent or 20 percent of the average allowable charge for the category involved. Consistent with prevailing private sector health program practices, the fixed dollar copayment is more predictable for the patient and easier for the network provider to administer. For TRICARE Select out-patient services received by Group B beneficiaries from non-network providers, the copays generally remained the same as existed under the replaced TRICARE Standard program.

While continuing TRICARE Prime as a managed care option under the TRICARE program, the NDAA for FY 2017 established specific categories of services (including for outpatient services) with designated copays for each category for Group B enrollees. With regard to Group A beneficiaries, the statute directed that TRICARE Prime copays previously authorized by law (which included discretion to update copays) apply. Consistent with that discretion under current statute and regulation, Group A copays were calculated to be the same amount as required for Group B for each category of service identified in statute, with the actual copay amount per calendar year to be set prior to open season enrollment. The establishment of consistent copays for all TRICARE Prime enrollees contributes to the effective and efficient administration of TRICARE, removes complexities in network provider billing for TRICARE Prime enrollees, and simplifies the communication of program information to the public. The slight increase in Group A copays in 2018 were reasonable and fair considering the overall rise in health care costs since initial establishment of the TRICARE Prime outpatient visit copay of \$12 in 1995. Although TRICARE Prime copays were originally intended to be updated, the update in 2018 was the first such update.

The copay costs for network providers by years 2016-2019 for Active Duty Family Members (ADFMs) were as follows:

FYs 2016 and 2017 TRICARE Prime		CYs 2018 and 2019	Prime Group A	Prime Group B
Outpatient Professional Visit (All)	\$0	Primary Care Visit	\$0	
		Specialty Care Visit		
		Urgent Care Visit		

FYs 2016 and 2017 TRICARE Standard/Extra		CYs 2018 and 2019	Select Group A	Select Group B
Outpatient Professional Visit (All)	15% - Network (Extra)	Primary Care Visit	\$21	\$15
	20% - Non-Network (Standard)	Specialty Care Visit	\$31	\$25
		Urgent Care Visit	\$21	\$20

The copay costs for network providers by years 2016-2019 for Retirees and their family members were as follows:

FYs 2016 and 2017 TRICARE Prime		CYs 2018 and 2019	Prime Group A	Prime Group B
Outpatient Professional Visit (All)	\$12	Primary Care Visit	\$20	
		Specialty Care Visit	\$30	
		Urgent Care Visit	\$30	

FYs 2016 and 2017 TRICARE Standard /Extra		CYs 2018 and 2019	Select Group A 2018/2019	Select Group B 2018/2019
Outpatient Professional Visit (All)	20% - Network (Extra)	Primary Care Visit	\$28/\$29	\$25/\$25
	25% - Non-Network (Standard)	Specialty Care Visit	\$41/\$41	\$40/\$41
		Urgent Care Visit	\$28/\$29	\$40/\$41

### **3) Discussion:**

This report is specifically concerned with Group A beneficiary utilization for specialty outpatient MH and PT/ST/OT visits. Tables 1 and 2, below provide the Group A utilization information for outpatient specialty care by beneficiary sponsor category, number and percent of users, and distribution of users across binned number of visits, as requested by the committees:

**Table 1: MH Utilization by Group A Beneficiaries**

Beneficiary Group	CY	# MH Users	Mean MH Visits/User	Median MH Visits/User	% Users with 1 MH Visit	% Users with 2-3 MH Visits	% Users with 4-6 MH Visits	% Users with 7-9 MH Visits	% Users with 10-12 MH Visits	% Users with >12 MH Visits
Group A ADFM Prime	2016	111,426	15.3	6	14%	20%	19%	11%	7%	28%
Group A ADFM Standard/Select	2016	24,583	10.1	5	17%	24%	21%	11%	7%	21%
Group A Retired Prime (not MedRet)	2016	98,565	9.5	5	15%	23%	23%	11%	7%	21%
Group A MedRet Prime	2016	20,800	10.3	5	15%	22%	22%	12%	7%	22%
Group A Retired Standard/Select (not MedRet)	2016	62,473	8.7	4	18%	23%	21%	10%	7%	20%
Group A MedRet Standard/Select	2016	16,941	8.5	4	17%	24%	22%	11%	7%	19%
Group A ADFM Prime	2017	111,788	15.5	6	14%	20%	19%	11%	7%	28%
Group A ADFM Standard/Select	2017	26,760	10.3	5	18%	23%	20%	11%	7%	21%
Group A Retired Prime (not MedRet)	2017	103,155	10.0	5	15%	22%	22%	11%	8%	22%
Group A MedRet Prime	2017	23,799	10.9	5	15%	22%	21%	11%	8%	24%
Group A Retired Standard/Select (not MedRet)	2017	63,334	8.8	4	18%	23%	21%	11%	7%	20%
Group A MedRet Standard/Select	2017	19,958	8.5	4	18%	24%	21%	11%	7%	19%
Group A ADFM Prime	2018	114,438	15.7	6	14%	20%	19%	11%	7%	28%
Group A ADFM Standard/Select	2018	26,171	10.4	5	18%	23%	20%	11%	7%	21%
Group A Retired Prime (not MedRet)	2018	99,543	9.7	5	16%	23%	22%	11%	7%	21%
Group A MedRet Prime	2018	23,203	10.6	5	16%	23%	21%	11%	8%	21%
Group A Retired Standard/Select (not MedRet)	2018	58,477	8.6	4	19%	24%	21%	11%	7%	19%
Group A MedRet Standard/Select	2018	23,003	8.3	4	20%	24%	21%	11%	7%	18%
Group A ADFM Prime	2019	125,042	15.7	6	14%	20%	19%	11%	8%	29%
Group A ADFM Standard/Select	2019	28,287	10.8	5	17%	23%	20%	11%	7%	21%
Group A Retired Prime (not MedRet)	2019	100,957	9.7	5	16%	23%	22%	11%	7%	21%
Group A MedRet Prime	2019	24,981	10.6	5	17%	23%	21%	11%	7%	21%
Group A Retired Standard/Select (not MedRet)	2019	60,234	8.7	4	19%	24%	21%	11%	7%	19%
Group A MedRet Standard/Select	2019	24,900	8.6	4	19%	24%	21%	11%	7%	18%

**Table 2: PT/ST/OT Utilization by Group A Beneficiaries**

Beneficiary Group	CY	# PT/ST/OT Users	Mean PT/ST/OT Visits/User	Median PT/ST/OT Visits/User	% Users with 1 PT/ST/OT Visit	% Users with 2-3 PT/ST/OT Visits	% Users with 4-6 PT/ST/OT Visits	% Users with 7-9 PT/ST/OT Visits	% Users with 10-12 PT/ST/OT Visits	% Users with >12 PT/ST/OT Visits
Group A ADFM Prime	2016	80,562	18.1	10	12%	11%	13%	11%	10%	43%
Group A ADFM Standard/Select	2016	16,677	13.9	7	16%	13%	16%	12%	9%	33%
Group A Retired Prime (not MedRet)	2016	100,127	11.4	8	11%	13%	18%	15%	13%	30%
Group A MedRet Prime	2016	12,778	12.5	8	14%	14%	17%	13%	11%	32%
Group A Retired Standard/Select (not MedRet)	2016	70,776	10.7	7	12%	14%	19%	15%	12%	28%
Group A MedRet Standard/Select	2016	10,291	11.1	7	16%	16%	17%	14%	10%	28%
Group A ADFM Prime	2017	79,459	18.6	11	12%	10%	13%	11%	10%	44%
Group A ADFM Standard/Select	2017	18,676	14.4	8	16%	13%	16%	12%	9%	34%
Group A Retired Prime (not MedRet)	2017	100,734	11.7	8	11%	13%	18%	15%	13%	31%
Group A MedRet Prime	2017	13,943	12.8	8	14%	14%	17%	13%	11%	32%
Group A Retired Standard/Select (not MedRet)	2017	71,160	10.8	7	12%	14%	19%	15%	12%	28%
Group A MedRet Standard/Select	2017	12,201	11.3	7	16%	15%	18%	14%	10%	28%
Group A ADFM Prime	2018	88,105	18.3	10	13%	11%	13%	11%	9%	43%
Group A ADFM Standard/Select	2018	19,531	13.6	7	17%	14%	16%	12%	9%	32%
Group A Retired Prime (not MedRet)	2018	98,751	10.1	7	14%	16%	19%	14%	11%	26%
Group A MedRet Prime	2018	13,240	11.6	6	17%	16%	18%	13%	9%	28%
Group A Retired Standard/Select (not MedRet)	2018	69,913	10.1	7	14%	16%	19%	15%	11%	26%
Group A MedRet Standard/Select	2018	13,824	10.2	6	18%	16%	18%	13%	10%	25%
Group A ADFM Prime	2019	101,541	18.1	10	13%	11%	14%	11%	10%	42%
Group A ADFM Standard/Select	2019	21,224	13.8	7	17%	14%	16%	12%	8%	32%
Group A Retired Prime (not MedRet)	2019	108,329	10.0	7	14%	16%	19%	14%	11%	26%
Group A MedRet Prime	2019	14,848	11.4	6	18%	17%	17%	12%	9%	27%
Group A Retired Standard/Select (not MedRet)	2019	72,377	9.9	7	15%	16%	19%	15%	10%	25%
Group A MedRet Standard/Select	2019	15,223	9.9	6	19%	16%	19%	13%	9%	23%

For TRICARE Prime beneficiaries, the Committees requested an assessment of the percentage of patients referred for MH and PT/ST/OT services who actually accessed care. In Table 3, we provide the percentages of TRICARE Prime beneficiaries who were referred for services and accessed the care linked to the referral.

**Table 3: Percentage of TRICARE Prime beneficiaries referred for services**

**resulting in accessed care, 2016-2019**

TRICARE Prime Beneficiaries	CY	Mental Health			Physical Therapy			Speech Therapy			Occupational Therapy		
		Kept	Not Kept	% Kept	Kept	Not Kept	% Kept	Kept	Not Kept	% Kept	Kept	Not Kept	% Kept
ADFM	2016	26,277	16,686	61.16%	20,784	6,081	77.36%	20,864	6,836	75.32%	12,991	4,100	76.01%
Retired	2016	8,009	6,283	56.04%	12,974	2,645	83.07%	1,859	699	72.67%	2,740	984	73.58%
Retired (MedRet)	2016	1,968	1,545	56.02%	1,673	471	78.03%	745	253	74.65%	547	227	70.67%
ADFM	2017	26,397	10,827	70.91%	19,618	3,942	83.27%	21,666	4,891	81.58%	13,169	2,736	82.80%
Retired	2017	9,497	4,869	66.11%	12,321	2,149	85.15%	2,171	555	79.64%	3,009	656	82.10%
Retired (MedRet)	2017	1,496	897	62.52%	1,257	269	82.37%	767	181	80.91%	508	123	80.51%
ADFM	2018	26,641	9,226	74.28%	18,454	1,876	90.77%	21,653	3,706	85.39%	13,432	2,142	86.25%
Retired	2018	9,330	5,952	61.05%	12,343	1,035	92.26%	2,795	568	83.11%	3,526	489	87.82%
Retired (MedRet)	2018	18	3	85.71%	12	1	92.31%	6	1	85.71%	2	1	66.67%
ADFM	2019	32,002	9,768	76.61%	22,237	2,081	91.44%	22,947	3,324	87.35%	14,655	2,101	87.46%
Retired	2019	8,533	5,986	58.77%	13,599	961	93.40%	2,543	594	81.06%	3,657	532	87.30%
Retired (MedRet)	2019	13	0	100.00%	8	1	88.89%	9	2	81.82%	3	1	75.00%
Total 2016-2019		150,181	72,042	67.58%	135,280	21,512	86.28%	98,025	21,610	81.94%	68,239	14,092	82.88%

Our analysis of the data reflected in Table 3 indicates an increase in most specialties from 2016-2019. Utilization by TRICARE Prime ADFMs increased each year in all specialties. While TRICARE Prime Retired exhibited an increase in utilization each year for PT, results displayed such an increase only in 2016 and 2017 for MH. Additionally, there was an increase for TRICARE Prime Retired in ST and OT for years 2016-2018, with a decrease in 2019. TRICARE Retired (MedRet) demonstrated an increase each year in MH; however, PT and ST utilization increased between 2016 and 2018, but decreased in 2019. Referrals that resulted in accessed care for OT increased from 2016 through 2017, but decreased in 2018, only to increase again in 2019 for TRICARE Prime Retired (MedRet) beneficiaries.

Data limitations exist that impact the reliability of the above results. The accuracy of the data is dependent on the correct use of the referral management system. Multiple variables were encountered that affected the accuracy of the extracted data (e.g., blank clinic fields, incomplete or inaccurate review statuses, and user error). Additionally, the number of referrals for TRICARE Prime Retired (MedRet) dramatically decreased in 2018 and 2019. The reason for this is unclear.

In response to the Committees' request to provide a cross-tabulation of data for each beneficiary sponsor category, we provide Table 4, a summary of mean visits utilization by TRICARE beneficiary category by year and contrasting the mean change of 2016-2017 to 2018-2019 groupings.



**Table 4: Mean utilization and percentage change during 2016-17 and 2018-19**

Mean MH Visits/User	2016	2017	2018	2019	2016-2017	2018-2019	Average Mean Change Comparison
Group A ADFM Prime	15.27	15.5	15.7	15.7	15.38	15.73	2.26%
Group A ADFM Standard/Select	10.15	10.3	10.4	10.8	10.22	10.58	3.54%
Group A Retired Prime (not MedRet)	9.48	10.0	9.7	9.7	9.72	9.71	-0.12%
Group A MedRet Prime	10.32	10.9	10.6	10.6	10.61	10.60	-0.06%
Group A Retired Standard/Select (not MedRet)	8.70	8.8	8.6	8.7	8.77	8.63	-1.61%
Group A MedRet Standard/Select	8.52	8.5	8.3	8.6	8.49	8.43	-0.66%
Mean PT/ST/OT Visits/User	2016	2017	2018	2019	2016-2017	2018-2019	Average Mean Change Comparison
Group A ADFM Prime	18.1	18.6	18.3	18.1	18.39	18.20	-1.04%
Group A ADFM Standard/Select	13.9	14.4	13.6	13.8	14.16	13.72	-3.10%
Group A Retired Prime (not MedRet)	11.4	11.7	10.1	10.0	11.52	10.08	-12.53%
Group A MedRet Prime	12.5	12.8	11.6	11.4	12.68	11.50	-9.26%
Group A Retired Standard/Select (not MedRet)	10.7	10.8	10.1	9.9	10.77	10.01	-7.02%
Group A MedRet Standard/Select	11.1	11.3	10.2	9.9	11.18	10.06	-9.98%

Our analysis of the data shows ADFMs' outpatient MH mean utilization increased after the copay visit increase, while Retirees' outpatient MH mean utilization decreased. Mean PT/ST/OT utilization for all observed beneficiary categories decreased after the copay changes. Whether these fluctuations in utilization were directly related to copay changes has not been conclusively demonstrated due to the limited years examined and complexity of beneficiary behavior as well as other factors. Multiple variables exist (e.g., changes in managed care support contractors, changes over the years in overall eligible beneficiaries, changes in the mix of eligible beneficiaries by enrollment type, changes in conditions and acuity, and overall general changes in health care utilization or provider practices) that impact utilization for the years observed and no attempt to further survey all variables and use inferential statistical analysis or other methods were performed to attempt to ascertain copay changes' impact of utilization on cost, quality, and access. In other words, while we may observe trends in utilization, we have not performed statistical analysis to determine correlation or causation of such trends and cannot state that copays either have or have not had an impact on utilization trends.

#### **4) Conclusion:**

Our analysis of the data indicates that while ADFMs' outpatient MH mean utilization increased after the copay visit increase, Retirees' outpatient MH mean utilization decreased. The PT/ST/OT mean utilization for all observed beneficiary categories decreased after the copay changes. The percentage of TRICARE Prime beneficiaries referred for care that actually accessed care showed increases and decreases among all groups over the years observed. We cannot conclusively state that copays either have or have not had an impact on utilization trends due to the variables previously noted that impact the data presented.

## **5) Glossary:**

### **A. Acronyms**

**ADFM** – Active Duty Family Member  
**FY** – Fiscal Year  
**MH** – Mental Health  
**NDAA** – National Defense Authorization Act  
**OT** – Occupational Therapy  
**PT** – Physical Therapy  
**ST** – Speech Therapy

### **B. Definitions**

**Fee for Service** – A payment method where health care providers are paid for each service performed.

**Group A/B** – Starting January 1, 2018, TRICARE beneficiaries were classified into one of two categories based on when the sponsor became affiliated with the Uniformed Services, either through enlistment or appointment. If the sponsor's initial enlistment or appointment occurred before January 1, 2018, they are in Group A. If the sponsor's initial enlistment or appointment occurred on or after January 1, 2018, they are in Group B. Group A and Group B have different enrollment fees and out-of-pocket costs.

**Preferred Provider Organization** – A health plan that contracts with medical providers, such as hospitals and doctors, to create a network of participating providers. The beneficiary pays less if they use a provider that belongs to the plan's network.<sup>1</sup>

**Sponsor** – Active Duty, Retired and Guard/Reserve members who are provided with the TRICARE health program benefit. Family members are eligible for varying TRICARE health program benefits by their relationship to the sponsor and depending on the sponsor and family member status in the Defense Enrollment Eligibility Reporting System.

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<sup>1</sup> U.S. Centers for Medicare & Medicaid Services. "Preferred Provider Organization (PPO)." *HealthCare.Gov*, U.S. Centers for Medicare & Medicaid Services, 2020, <https://www.healthcare.gov/glossary/preferred-provider-organization-ppo/>.