



Written Testimony of

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Introductory Comments

Chairman Snyder, Ranking Minority Member McHugh and distinguished members of the House Armed Services Committee Military Personnel Subcommittee, I am David J. McIntyre, Jr., President and CEO of TriWest Healthcare Alliance. It is an honor to appear before you today to discuss how we as an organization, in collaboration with the TRICARE Regional Office-West (TRO-West) and our West Region military treatment facility (MTF) partners, are doing “Whatever It Takes” to make good on the promise of TRICARE for our 21-state region’s more than 2.8 million beneficiaries. Together, we are taking a concentrated, proactive approach toward ensuring that these most deserving individuals have access to the quality health care and dedicated customer service they have earned, and it is my pleasure to have this opportunity to share more about our work with you.

Since launching operations in 1996 with our first TRICARE contract, TriWest Healthcare Alliance and our locally based owner organizations (which now include 16 non-profit Blue Cross Blue Shield plans and two University Hospital Systems) have maintained a single objective: to honor the service and sacrifice of military families by doing our level best to deliver outstanding service and access to best-value, high-quality health care. Now, more than 10 years later, our mission remains the same—and we have never been more committed to it.

In this, our third year under our West Region contract, we have much to report on our progress in a variety of functional areas. And, though we have certainly weathered challenges during this period (some of which we’ve eliminated, some of which we continue to work toward resolving), our overall environment in the West Region is one of success—*collaborative* success as a result of the partnerships we’ve built and maintained in our ongoing effort to leverage the strengths of our colleagues for the benefit of our joint military family customers. It is on these successes that I would like to concentrate today.

Ladies and gentlemen, we are most privileged to be partners in this business of TRICARE—for there is no more deserving population than the one we, together, serve. While my discussion today focuses on the efforts and achievements of TriWest, the ultimate focus is on how these efforts and achievements affect our beneficiary customers. They are the reason we toil, the reason we take such care in every decision we make. They deserve our unwavering service, and we are honored to deliver it.

Responsive and Robust: West Region Provider Network Stands and Delivers

Our provider network has grown and we continue to enhance its ability to serve our beneficiaries. For TriWest, the key to successful delivery of services is partnerships, for we believe there is no more effective way to optimize the TRICARE program than to find collaborative teammates as committed to military families as we are. We are tremendously fortunate that our owner organizations, who also serve in local West Region communities as our network subcontractors, are precisely this caliber of partner.

These established health care entities, in conjunction with our internal Provider Services staff, are wholly dedicated to building and maintaining a robust and responsive provider network throughout our 21 states. In fact, our current West Region provider network boasts nearly 117,000 providers—an example of the power and progress inherent in this collaborative, focused partnership. However, despite the expansiveness of our network, TriWest and our owners—flanked and led by our TRO-West colleagues—are not content. Indeed, network expansion and provider retention activities are never off our radar. Our customers do not rest in their support of this nation, and, certainly in terms of network building and maintenance, we do not rest in our support of them.

We are engaged in an exciting effort, having called on the governors of our region to support our provider network initiatives. In collaboration with TRICARE Management Activity (TMA), we have been able to leverage the local presence and prestige of governors in our region by partnering with the Western Governors Association to encourage provider participation in the TRICARE program. To date, 15 states from our West Region have sent letters to their respective states' medical associations congratulating providers who already accept TRICARE patients, and encouraging more to do likewise. This joint effort has proven both effective in sustaining and building our provider network and in solidifying relationships with our regional government leaders.

Evidence of our continued work in the provider networking and retention arena is our relentless pursuit of obstetric professionals to serve our regional customers. Currently, our network has 5,483 contracted OB providers—which represents a 71-percent increase since January 2005. The TMA's May 2006 increase in OB reimbursement rates in seven of our West Region states, where TRICARE payment was identified as less than Medicaid reimbursement, has proven critical in both our recruitment and retention efforts. Affected states included Alaska, Arizona, Montana, Nevada, Oregon, Washington and Wyoming, with reimbursement rate increases ranging from 7.4 percent in Arizona to 27.9 percent in Wyoming. TMA's response to this reimbursement issue has been integral to provider and beneficiary satisfaction in these states, and we applaud these leaders for their timely and appropriate action. Mr. Chairman, I want to personally thank you for your focus in this critical area and making sure that we were all standing up to the task.

In addition to OB network achievements, we have also concentrated our recruitment efforts on enhancing the availability of primary care providers in the often rural areas where our region's Guard and Reserve families reside. This effort began in August 2006, as part of our organization-wide focus on meeting the unique needs of our Reserve Component beneficiaries. To date, we have added an additional 1,296 providers to our network in these challenging but vital regional areas.

Building our network is just the first step in delivering access to quality care, however. It is also imperative that we ensure our TRICARE beneficiaries have access to this extensive network by maintaining the accuracy of our provider demographic data. While the commercial industry standard is 80-percent accuracy of provider data, TriWest consistently maintains its provider data accuracy at 92 percent. We take great pride in

knowing that, when our customers need care, they can find it. Accurate, up-to-date provider information—and ready access to it—is the key.

While developing a broad network is certainly vital to successful care delivery, ensuring that those providers are satisfied and properly educated is equally essential. TriWest's solid performance delivery and our provider education and outreach efforts are concentrated on ensuring just that—and considering that we have maintained an overall turnover rate of less than 5 percent for the past few years and have been maintaining a network growth rate of between 1 and 2 percent—it is clear these efforts are having the desired effect.

Given the size of our network, and the intricacies of the TRICARE program, our outreach is vast and varied. Our efforts, which include regional provider education seminars, personal office visits, e-mail newsletters, participation in local provider societies and partnerships with state governors to increase support of provider TRICARE participation, have proven remarkably successful. Among other results, this outreach has improved providers' understanding of how to navigate the TRICARE program (thereby enhancing their delivery of service and services to our beneficiaries); reduced provider issues/questions; offset provider concerns regarding low reimbursement rates and perceptions of administrative hassles (by letting them know we are doing our part to make the program functionally and fiscally more attractive); and kept them informed, proactively, of changes in the TRICARE program and TriWest processes.

In 2006 alone, we hosted more than 400 seminars throughout our 21 states (attended by 11,672 provider-office representatives); conducted nearly 16,500 office visits; and, distributed bimonthly e-newsletters to 54,197 provider e-mail addresses. We are extraordinarily proud of our provider outreach activities and believe they are essential to maintaining a satisfied health care network for the military families entrusted to our care.

Though our provider outreach has been tremendously effective, we continue to face the inherent challenges associated with managing a complex, and historically low-paying, health care program. Case in point is the issue surrounding 2007 CHAMPUS maximum allowable charge (CMAC) changes. Although Congress' action to stop the overall decrease in Medicare reimbursement was well received, there remain significant decreases in several key areas that are causing current disruption within our provider network.

In particular, the overall impact of the 2007 CMAC changes to behavioral health reimbursement is a 5.8 percent decrease in payments. Understandably, this decrease has not been well received by our network's behavioral health providers, particularly psychiatrists and child psychiatrists, who are already overburdened and in short supply. This decrease, coming at a time when behavioral health services are in great demand due to the impact of the war, is likely to jeopardize the system's ability to meet that demand. Likewise, the TRICARE program's ongoing struggle to flex its reimbursement structure to the growing availability and demand for immunizations has resulted in many providers not receiving reimbursement for the cost of such medications. In a program so aware of

the benefit of preventive health care (as evidenced by TRICARE's generous preventive health care coverage), it is imperative this discrepancy be addressed so that those who protect this nation are themselves protected.

An Expanded Service Force Deserves Expanded Service

As our nation continues to call on the support and service of National Guard and Reserve members, responding to the unique and varied needs of this "new" TRICARE population has been an ongoing effort for the greater Military Health System (MHS) team. We have dedicated significant time and resources to expanding our provider network in the rural areas of the West Region with high densities of Reserve Component families. This has resulted in adding nearly 1,300 additional providers to our network in these areas.

Most importantly, we have expanded our relationships with various West Region National Guard and Reserve organizations to better reach these families and provide consistent, responsive service when and where they need it. For example, for Army Guard and Reserve soldiers in medical holdover status, we continue to play an instrumental role in providing TRICARE information (and in working TRICARE-related issues) to the Community Based Health Care Organization staffs that manage their care.

Additionally, we continue to strengthen communications with the National Guard Bureau's Family Programs, Personnel and Chief Surgeons' offices through regular updates, briefings, and teleconferences for Transition Assistance Advisors. In ongoing efforts to supplement communication with Reserve Component chain of command, we have attended Retired Officers of America "Meet the Chief" annual meetings; met with commanding officers of West Region Army Reserve Regional Readiness Commands; and initiated the implementation of regular communication with our region's Reserve Component flag officers.

TriWest also has become increasingly active in our education and outreach efforts to the Reserve Component and their families residing in the West Region. As many units within our region were activated and mobilized overseas and to our borders (as part of Operation Jump Start), TriWest joined forces with the TRO-West to vigorously pursue numerous opportunities for educating this growing beneficiary base about the TRICARE programs available to them, and the West Region-specific efforts being undertaken on their behalf.

These efforts, initiated last year and continuing today, include launching a pilot project to test the effectiveness of a "mobile TRICARE Service Center" for beneficiaries in remote regional areas; implementing a Reserve Component-specific portal on our Web site (www.triwest.com); undertaking comprehensive marketing and education outreach about the TRICARE Reserve Select program; and, embedding behavioral health providers in California National Guard units to provide education and immediate service/referrals for service for returning or deployed Reserve Component members with combat stress issues (discussed in greater detail later in this testimony).

In addition, we increased our Beneficiary Services and Education Representatives by 29 percent in 2006 in order to adequately educate and disperse information to this growing beneficiary group. In just the last six months, we also increased our number of Reserve Component educational briefings/events by more than 30 percent, which has resulted in reaching an additional 12 percent of these customers.

Because we recognize that these beneficiaries (and, indeed, all active duty Service members) face significant challenges with reintegration upon return from deployments, we have also increased our support efforts in this regard by entering into memorandums of understanding (MOU) with several West Region reintegration teams. We have committed through these MOUs to being an active supporter of reintegration efforts in Arizona, Washington and Wyoming. And, though informally, we have also committed our assistance to the Oregon National Guard Reintegration Team, with whom we have partnered since its inception as participants in each of its informational summits. We continue to look for more opportunities to partner in this fashion in other areas of the West Region, knowing that these returning Service members need and deserve all of the assistance we can make available to them.

Our National Guard and Reserve outreach also involves participation in Inter-Service Family Assistance Committees in the West Region states of Idaho, Wyoming, Minnesota, North Dakota and Nebraska. Additionally, TriWest's participation with Guard and Reserve-affiliated associations as sponsor and conference exhibitor provides an effective method of outreach and networking, as well as a way to get feedback on how our service is being received by Reserve Component families. We maintain an ongoing relationship with ROA, NGAUS, EANGUS and AGAUS, and have participated in each of their annual national conferences for the past three years. In fact, in 2006 alone, we participated in 14 state National Guard Association annual conferences, and anticipate that this year we will actively participate in conferences in each of our 21 states.

In ongoing support of this population, and government initiatives involving them, we have also become staunch supporters of the U.S. Border Patrol and its Operation Jump Start efforts. Last year, TriWest representatives realized the only way to reach these remote Service members was to go to them, establish contacts in each of their remote base locations, and educate them about the availability of TRICARE and TriWest assistance. As part of this outreach, TriWest representatives toured 29 Operation Jump Start stations and sites along 1,350 miles of border between San Diego and Marfa, Texas, during which time they met with 200 soldiers/airmen on duty and established points of contact at each locale. This proactive initiative has engendered great respect from the government and affected beneficiaries; but, more than that, it has created an active and effective dialogue about TRICARE with these Service members who might otherwise have gone under the radar.

Where There's a Gap, There's a Way: Supporting the Naval Special Warfare Command

I often have the opportunity to travel with RADM Nancy Lescavage, Regional Director of the TRO-West, to locations of great interest in the West Region. We recently had the

honor of visiting RADM Joseph Maguire at the Naval Special Warfare Command, headquartered on the Coronado Naval Amphibious Base in San Diego. Through dialogue with RADM Maguire, RADM Lescavage and I learned about the very high tempo of operations under which the Navy SEALs currently operate.

The several thousand members of that command are largely based in San Diego and in Norfolk, Virginia, with teams deployed at many locations worldwide. Due to the nature of their operations, they often deploy on very short notice to undisclosed locations. As you can imagine, this puts a large strain on the command members and their families. Those who are ill, injured or wounded in combat rely on the Special Warfare Command for assistance and support regarding health care information, coordination and rehabilitation assistance and support. Many of the requests for that information and support are directed to the staff of the Naval Special Warfare Command in Coronado from command members and their families throughout the country. RADM Maguire explained that his command staff is not linked directly with the local Naval Medical Center MTF in San Diego or TriWest, thus resulting in a perceived gap in the support for Special Warfare Command members and their families.

After hearing of this issue, I committed to RADM Maguire that TriWest would develop a position within his command that would serve as a TRICARE liaison and health care coordinator. This position has since been established and will be staffed by a registered nurse. The nurse will begin working in the office of the Naval Special Warfare Command in May, once TriWest medical management and customer service systems have been installed and the office preparations are completed. The goal with creating this position is so that a TRICARE contact will exist with the staff and members of the command and their families. This will involve providing health benefits information, assistance and counseling to members of the command and their families wherever they are located. Additionally, the nurse will be dedicated to facilitating referrals and other health care support on behalf of members of the command.

This is an example of how collaboration and dialogue with those who are facing the real issues on the ground can serve to address the gaps and needs of our Service members and their families that are often overlooked.

Treating the Body, Mending the Spirit: TriWest's Approach to Behavioral Health Care

As we all appreciate, Traumatic Brain Injury (TBI) and Post Traumatic Stress Disorder (PTSD) are the focus of both Congressional and Department of Defense (DoD) efforts to help those who are returning from deployments to Iraq and Afghanistan. Truly, there is no more pressing medical concern in the Service member community than the need for focused, accessible and de-stigmatized behavioral health care. To that end, TriWest has launched "Help from Home," a comprehensive set of behavioral health initiatives to aggressively and effectively meet the unique and ever-growing behavioral health needs of our deserving customers. We believe that a concentration on our troops' physical health can only do so much if their social, emotional and behavioral health needs are left unmet. That's why we have placed such importance on revolutionizing the delivery of this vital

element in the health care paradigm—and we are pleased to be setting a benchmark for future system-wide initiatives in this very regard.

Because it is our belief that an integrated medical-surgical/behavioral health care model is the only way to optimally treat our Service members, TriWest implemented a pilot project in three Hawaii MTFs to test this theory. In October 2006, we co-located three specially trained, supervised behavioral health care providers into these participating MTFs so that, when a behavioral health issue presented itself during a medical examination, the beneficiary could be immediately referred (within the facility) to an appropriate specialist. Our goal was to provide beneficiaries with swift access to behavioral health care without the need for scheduling an off-base appointment or weathering the stigma often associated with this type of care. In January, our organization leaders, Board members and owners met in Hawaii for a series of planning meetings, during which time we had the opportunity to hear from participating MTF and behavioral health providers how this pilot is faring—and the news is good. The integrated model is effectively reaching beneficiaries with behavioral health needs, and in doing so working to lower the rates of alcoholism, spousal abuse, depression and other related concerns.

As referred to previously, we have also launched a pilot program in which we've embedded behavioral health professionals in California National Guard units to provide deployment-related behavioral health support to this special population. Because these beneficiaries and their families are at risk of having limited resources for such issues as PTSD, TriWest recruited select behavioral health providers with expertise in PTSD, grief and marriage-and-family therapy to join National Guard units at drill weekends; work with Commanders to coordinate behavioral health education opportunities; and provide immediate emotional support, consultation and referral services. As a result, more than 2,400 soldiers have received individual services, 43.4 percent of which have been initiated by the soldiers themselves. Pilot program providers have made more than 300 referrals for ongoing treatment as a result of their participation. This program has been so effective since its launch that a total of 38 California National Guard units have requested and received embedded behavioral health providers through this pilot.

Just as we enhanced our Web site to respond to the unique information needs of our Reserve Component members, we have also launched a dedicated portal focused on behavioral health care via www.triwest.com. We believe this initiative is particularly important, given the number of rural and remote areas within the West Region where behavioral health care providers are scarce. In these areas, primary care managers and pediatricians have the increased burden of providing behavioral health support in conjunction with medical services. It is our hope that, by providing extensive support and information via our behavioral health Web portal, we can supplement these services and better serve our customer base. Phase I of this portal project launched in January 2006 with information and resources on deployment-related behavioral health, emotional well-being, and addiction recovery. Phase II, launched in September 2006, added nine child/adolescent-specific topics; and, just this year, we have added an interactive map to help beneficiaries find local, national and military resources in their communities.

As part of our provider outreach efforts, we have implemented continuing education seminars on post-deployment behavioral health issues. With program support from the University of North Texas, TriWest has organized and hosted a series of seminars for both primary care and behavioral health providers focused on combat stress, PTSD, and other related post-deployment behavioral health concerns. Last year, we conducted over 800 seminars throughout our region, as well as an all-day summit in Alaska in conjunction with the Alaska Veterans Affairs department.

Because, as with any medical condition, behavioral health concerns do not confine themselves to a “nine-to-five” timeframe, our initiatives have also included the launch of a 24/7 Behavioral Health Contact Center to serve as a first-line intervention in directing appropriate referrals to callers in crisis, providing sound clinical guidance and suicide prevention. Staffed by service representatives and licensed mental health clinicians, the Contact Center (available by calling 1-866-284-3743 or 1-888-TRIWEST) receives an average of 750 calls each month.

Another initiative spearheaded by TriWest in response to customer needs, rather than contractual requirements, was the development of our “Getting Home... All the Way Home” readjustment/reintegration DVD designed to assist Service members and their families following military deployment. The DVD is distributed to Reserve Component members during their demobilizations, as well as available via www.triwest.com. This DVD has proven immensely effective in disseminating important information about behavioral health issues, resources and associated TRICARE coverage. Since the beginning of production, we have provided 105,000 DVDs to Service members, their families and military and family support organizations across the West Region. Currently, a successor DVD is in production for military families that discusses deployment and reunion experiences, with a special focus on maintaining family life. To make access to this information more convenient, Web-enabled downloads of the successor DVD will be available at www.triwest.com.

To address the specific behavioral health needs of our youngest constituents—the children of active and deployed Service members—TriWest has also partnered with the National Military Family Association (NMFA) to sponsor 26 “Operation Purple” camps in the West Region for more than 1,000 children. In addition to our sponsorship, TriWest’s Behavioral Health department provided NMFA with program development support and coordinated behavioral health providers as consultants for camp staff.

At TriWest, when we see a need going unmet—or under-met—it is in our nature to step up services to alleviate the deficit. We believe that is exactly what our behavioral health initiatives and pilots are doing. Above and beyond our contract requirements, we have dedicated approximately 6,500 hours of staff time, involving five departments, and committed \$2.5 million to developing and implementing these “Help from Home” projects and pilots. At this time in history, when our Service members and their families are facing unprecedented challenges associated with lengthy deployments and devastating emotional and physical warfare, we feel it’s the least we can do.

Maximizing Services, Minimizing Costs: The Promise of TriWest's JSOPP Program

We have one program of which we are particularly proud that has realized a projected purchased-care cost reduction of over \$15 million to date.

TriWest is an organization that prides itself on developing proactive, inventive and effective solutions to health care delivery challenges that present themselves in this business of TRICARE. Because our organizational philosophy is that collaboration is the cornerstone of successful solutions, we focus our initiatives on leveraging the strengths of our counterparts within the West Region to optimize service for our joint customers: America's military families. Among the most successful of these initiatives has been our Joint Strategic and Operational Planning Process, otherwise known as JSOPP.

JSOPP's goal is to optimize MTF care delivery by addressing demand and capacity and, with the MTF's input, formulating a plan to fix identified gaps in services and/or identify better ways to deliver services at the best value to the government. Direct and purchased care data is mined and then presented to MTF Commanders in the form of information for decision-making. Targeted, actionable and measurable optimization projects are then presented for potential implementation.

To date, TriWest's JSOPP team (made up of former MTF Commanders, deputy commanders, physicians, and medical service corps officers) has provided optimization consultations for 96 percent of the West Region's 45 targeted MTFs, and has visited with all Multi-Service Market offices, Intermediate Commands, and the Surgeons General offices. Of the MTFs assisted, 78 percent have requested 138 targeted data analyses for decision support. The team has also forecast the effects of troop repositioning and Base Realignment and Closure on MTF capacity and network capability and costs for nine Army MTFs and the Office of the Surgeon General. Similarly, at the request of Navy Medicine West, the cost and network impact of the deployment of the USNS Mercy was analyzed using JSOPP and submitted to BUMED.

Among the most notable of 16 projects through which JSOPP found ways to save costs and maximize care delivery were the expansion of the NICU at Naval Medical Center, San Diego; re-establishment of the CT surgery program and retention of interventional cardiology at William Beaumont Army Medical Center at Ft. Bliss; and nine Joint Incentive Fund projects with the Veterans Administration (VA) for sleep labs, MRIs and behavioral health services. The VA is expected to reduce its purchased care costs by \$3 million through these projects.

Though these achievements are exceptional, there are a few road blocks in the way of JSOPP performing optimally—which we hope can be alleviated in time to allow this program to realize its full potential and, in doing so, save the government even more unnecessary expenditures while ensuring adequate access to care. These roadblocks include TriWest not having access to important clinical and business data integral to proper planning, execution and evaluation; the absence of a Resource Sharing program at MTFs; general MTF staffing gaps and contracting challenges; MTF concern that

adequate resources will not be available in the long term; and TMA purchased care cost management not accounting for purchased care costs at the local MTF level.

We are extraordinarily proud of the work of our JSOPP team, and have received government and military kudos for this proactive planning initiative.

Making a Good Program Better: Addressing System-wide Challenges

While we at TriWest have labored for many years to continually improve upon the delivery of health care to our Service members and their families, there have traditionally been challenges associated with enterprise-wide health plan management. Our focus has been, and continues to be, collaboration with our MTF and TRO-West partners to creatively and collectively affect change in key areas. I would like to share with you some of the challenges we've encountered while working within the system of the TRICARE program so that you can fully understand the issues that are currently facing our men and women protecting this great nation.

The first area where we've come across concerns has been in the psychiatric services offered to our active and deployed Service members. While we've made great progress through implementing our "Help from Home" projects and pilots which I previously discussed, there are systemic issues that continue to counteract these efforts.

In the 1990s, a rate adjustment policy was implemented in an effort to bring TRICARE rates in line with Medicare rates. When the Medicare rates were cut by nearly 8 percent earlier this year, TRICARE rates were also impacted on average with a 5.8 percent decrease in the behavioral health reimbursement rates in the West Region. Today's rate cuts come at a time when there is a marked increase in the behavioral health needs of soldiers returning from war. Lower reimbursement rates pose a major challenge to TriWest's ability to provide access to quality, best-value mental health services for our TRICARE beneficiaries because it makes it difficult to contract with quality mental health practitioners. The recent reduction has made it particularly challenging to recruit specific types of providers, namely child psychiatrists, psychiatrists and psychologists, into our network. While there are not currently any gaps or service shortcomings resulting directly from this rate decrease, the impact on our ability to provide access to the best care possible for our beneficiaries has certainly been felt.

I would like to take a moment to elaborate on how the linkage of TRICARE reimbursement rates to the Medicare rates impacts not only our behavioral health program, but the system as a whole. As you know, the recent cut in Medicare rates resulted in a subsequent decrease in the TRICARE reimbursement rate. On average, Medicare pays between one-fourth to one-third less than commercial rates—and TRICARE rates are even lower than Medicare rates. While many providers consider it their civic duty to support military beneficiaries and their dependents despite the low reimbursement rate, it only goes so far before providers decide not to renew contracts or contract at all with a TRICARE contract. Not only are the contractors asking providers to accept lower rates by participating in TRICARE, but they're asking providers to take on

the additional administrative duties that are unique to the TRICARE program. Ladies and gentlemen, I ask you to consider these points when deciding on future changes to the reimbursement rates.

To date, there has been little discussion on revising TRICARE's behavioral health benefits. There are likely several reasons for this including TriWest's proactive efforts to address the needs of our beneficiaries, and the fact that the TRICARE benefit is broadly more generous than many commercially managed mental health plans. Currently, Commander DiMartino at the TMA has formed a workgroup to address and review the current benefit and provide recommended changes for improvement. As an organization, we continue to actively support his workgroup and other initiatives designed to improve the behavioral health benefit for all TRICARE beneficiaries, but we need the additional help of Congress.

There are several opportunities to enrich the TRICARE behavioral health benefits and our recommendations for improvement include incorporating a variety of intensive outpatient services into the program which would be designed to support patients in their home environment rather than in an institutional setting. Specific services could include recognizing outpatient clinics as appropriate for treatment for chemical dependency and detoxification, allowing nutritional counseling for patients with eating disorder diagnosis, and allowing behavioral health counselors the ability to see patients without a doctor's referral. Your help in supporting these ideas would allow all TRICARE contractors, including TriWest, to be as flexible as possible to respond to the continually evolving needs of our beneficiaries, and ensure that force readiness and retention are not pressing issues now, nor in the years to come.

The second area which impacts our ability to fully support our beneficiaries is the changes in command at our MTFs and within the MHS leadership every few years. While change is inevitable, it can have negative results in our ability to follow-through and complete projects and address ongoing budget initiatives. Constant command change also results in the inability to truly optimize MTF resources; a goal which TriWest works hard to achieve. Those in the TRICARE system have done a fine job in focusing on the short-term planning required to meet the immediate needs. However, this has created a culture which does not allow much time to think critically about the future and address long-term goals and clinical outcomes. Ideally, the best long-term solutions should be determined and attained through the collaborative input of the MTFs, TRO-West and contractors like TriWest to ensure that all parties are unified in their approach to providing access to best-value health care.

Another issue TriWest has come across has been when a beneficiary's primary care manager (PCM) is changed frequently if he or she is faced with a deployment or a provider is reassigned. Obviously, this causes frustration, customer dissatisfaction, and additional costs. TriWest conducts monthly beneficiary satisfaction surveys, randomly sampling call records from our contact center. As part of the survey analysis, we found that PCM changes are a large disatisfier for our customers. It can slow down the enrollment process and takes an estimated 5.4 full time equivalents (FTE) at TriWest to

perform the tasks associated with a PCM change at the MTF level. In former managed care contracts, beneficiaries were enrolled directly to an MTF—not a specific doctor within the MTF. We are now considering if we can find a middle ground with our government partners to still assign to a specific provider, but enroll our beneficiaries to a group or clinic and therefore not require all the enrollment changes when a provider deploys. We also want to give our customers the option to change their PCM online through a self-service option. We continue to seek opportunities such as these to expand upon the already innovative solutions that we are discovering to continually increase our service to those who have sacrificed so much already.

I would now like to take a moment to specifically discuss certain system issues that have been impacting the Guard and Reserve community in our region. Despite the fact that deployments have been decreasing over the last 12 months, these deployments still have lasting and complex effects. Many of our beneficiaries are spread out and not in close proximity to the MTFs where they can receive immediate care. Their deployments are also impacted when providers outside the MTFs are not available or accept TRICARE. I am pleased to share with you that TriWest has undertaken a network expansion project to contract in these areas where there are gaps and expand the network for our Guard and Reserve. We've recently distributed 1,278 contract packets to cover an estimated 5,207 providers; and our hope is that we receive at least 50 percent of the contracts back. We will strive to complete this contracting effort and work as long as it takes to ensure that TRICARE providers are accessible to all eligible Guard and Reserve beneficiaries under our care.

In order to effectively impact many of the challenges I've summarized for you, it is our duty to operate with a cooperative approach in managing our contract with one of our greatest partners—the TRO-West. I view our collaboration a prospect to impact some of the negative perceptions which have often permeated this TRICARE contract—that the TRICARE Regional Offices are only responsible for oversight and not the business aspect of health care. While this is not the case, there is an opportunity to clearly define the role of the TRICARE Regional Offices, as well as their functions, limits and expectations within and beyond contract management responsibilities. This would be particularly beneficial for our MTFs, as it would provide clarification and also insight into how MTFs and the TRO-West could partner further. It is our vision that joint efforts with the MSMOs and other intra-regional efforts would improve relations and serve to support the over-arching goals of the MHS. Additionally, we need to consider breaking the boundaries of the TRICARE regions and share clinical or operational best practices which could potentially result in increased collaboration and potential improvements system-wide.

Utilizing Government-Wide Resources: Our Growing Partnership with the VA

Finally, ladies and gentlemen, I would like to discuss our partnership with the Department of Veterans Affairs (VA)—another important entity with which we strive to collaborate. Historically, there has been a lack of care coordination and case management within the Services and in dealing with the VA. There are multiple systems of care and

no single DoD office to coordinate transition among the multiple programs that may be working in parallel tracks. Traditionally, there have been issues with coordinating medical care and benefits during the transition from active duty to veteran status.

One solution that has been implemented at some West Region locations is the use of a VA representative who is assigned to the DoD Soldier Readiness Processing site. If there is an indication that the soldier may want care after he or she returns home, the soldier will already be entered into the system by the VA representative. There are also VA/DoD liaisons who collaborate with the MTF staff to coordinate transfers to VA. Social workers are also present in VA facilities to work with patients and families before leaving the MTF and assist with case management. An interdisciplinary team collaborates for treatment planning at the VA. The social workers assist in obtaining records from the MTF as care continues at the VA. One single DoD office for coordinated transition would also provide policy guidance and a more cohesive system to provide care for our customers.

A partial solution for sharing of data between the VA and DoD is the use of a bi-directional health information exchange. Over the past couple years, the VA and DoD have collaborated on a software package to allow the VA and DoD to track certain types of clinical data, and is a real-time sharing of information on patients who are currently receiving care in both DoD and VA facilities. I am delighted that innovation solutions such as this are being considered. As of October 2006, the DoD transmitted data to the VA on 3.6 million patients, which is an impressive improvement to address the care coordination issues that have historically faced this sector of the retired military population.

Concluding Remarks

At TriWest, we believe the key to successful delivery of services is a cooperative approach—a joint effort among all stakeholders in the TRICARE paradigm: our organization, our owners, our TRO-West leaders, our civilian and military medical partners and you. By working together, with our beneficiaries' best interests in mind, we can make this program work effectively now, and we can make it make it function even more soundly in the years to come.

Indeed, the foundation of TriWest's business model is partnership... and we believe this is precisely what the TRICARE program—in the West Region and around the world—needs to remain robust and responsive for our nation's active and retired Service members and their dedicated families.

Before I conclude, allow me to pause for just one moment to mention MG Elder Granger, Deputy Director and Program Executive Officer of the TMA, Office of the Assistant Secretary of Defense (Health Affairs). I was fortunate to have a chance two years ago in Iraq to meet with then BG Granger, and I was incredibly impressed with both his knowledge, his systematic approach, and caring manner for his troops as he briefed me and the rest of the visiting party on what was happening with health care and his

soldiers. He was impressive then; he is impressive now. The system and the beneficiaries could not be better served. He is a soldier, a physician, and a leader whose untiring days are focused on the care of his troops and their families, and I wanted to take a moment to publicly thank him for his leadership within the MHS.

Finally, in conclusion, I appreciate the opportunity to speak before you today, and to share with you the progress we are making in the West Region to improve and enhance services and service delivery to our deserving beneficiaries. At TriWest, our motto is “Whatever It Takes.” And, we are truly dedicated to upholding that motto in everything we do. The way we see it, these men, women and families have given their lives in service to this nation. It is our honor, our privilege and our responsibility to do “Whatever It Takes” to give back.

Again, thank you for this opportunity. I hope that I have provided you and your colleagues with an adequate sense of how things are progressing in the West Region. I look forward to continued collaboration with this Committee, and with the entire MHS team, to optimize the TRICARE program for our beneficiaries. They deserve nothing less.

I would now be happy to address any questions or concerns.