



July 2022

DEFENSE HEALTH CARE

Actions Needed to Improve Billing and Collection of Debt for Civilian Emergency Care

GAO Highlights

Highlights of [GAO-22-104770](#), a report to congressional committees

Why GAO Did This Study

DOD primarily provides medical care to servicemembers, their dependents, and retirees. In 2010, DOD became authorized to provide emergency care to civilians at MTFs. DOD is generally required to bill civilians for care provided at MTFs, but the cost of such care may create financial hardships for these civilian patients. When the debt becomes delinquent, DOD turns it over to Treasury for collection.

The National Defense Authorization Act for Fiscal Year 2021 contained a provision for GAO to assess DOD's efforts to bill and collect debts for civilian emergency care at MTFs, among other things. This report assesses the extent to which DOD (1) has identified benefits of providing emergency care to civilians, (2) oversees billing and debt collection for emergency care provided to civilians, and (3) uses and communicates options for financial relief to lessen the effect of the cost of care on civilian emergency patients.

GAO analyzed DOD and Treasury billing data for services provided from fiscal years 2016 through 2021; reviewed information related to benefits of providing care to civilians; and interviewed DOD and Treasury officials.

What GAO Recommends

GAO is recommending that DOD assess and monitor how providing civilian emergency care maintains medical readiness, issue guidance to update systems with complete collection information, track and monitor waiver requests, and communicate financial relief options. DOD did not provide comments on a draft of this report.

View [GAO-22-104770](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

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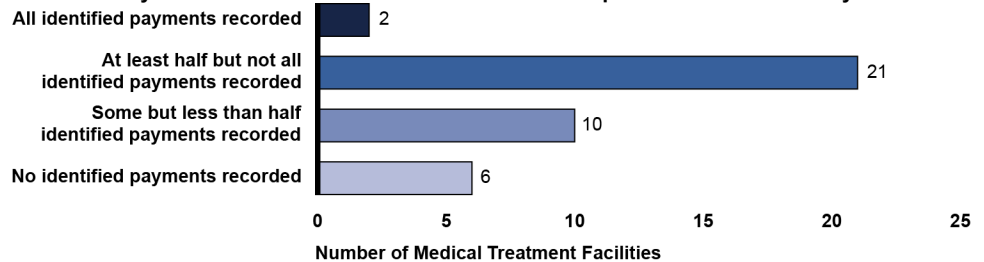
Actions Needed to Improve Billing and Collection of Debt for Civilian Emergency Care

What GAO Found

Department of Defense (DOD) documentation and officials have identified several benefits to providing care to civilian emergency patients at DOD medical treatment facilities (MTFs). For example, providing such care can promote the readiness of military health care providers because it increases the volume of patients they treat and allows them to treat a broader range of cases, including complex cases. However, DOD has not assessed and monitored the extent to which providing emergency medical care to civilians offers the relevant mix and volume of cases needed to maintain readiness. Doing so would better position DOD to determine if continuing or expanding this care maintains readiness.

DOD has limited oversight of billing and collection of debt for civilian emergency care patients. GAO found that MTFs do not always update DOD's billing system to reflect payments collected while debt was with the Department of the Treasury (see figure) because DOD has not issued guidance that clarifies the extent to which MTFs should do so. Without guidance to ensure accurate accounting of billing and collection efforts, DOD leaders risk being unable to account for potentially millions of dollars collected each year. DOD also risks making decisions about civilian care using incomplete information.

Extent to Which Medical Treatment Facilities Updated Department of Defense Billing System to Reflect Payments Collected While Debt Was with the Department of the Treasury



Source: GAO analysis of Department of Defense and Department of Treasury data. | [GAO-22-104770](#)

DOD does not consistently use or communicate options for financial relief for civilian emergency patients, according to GAO's analysis of DOD and Treasury data. Specifically, DOD

- rarely uses certain financial relief options—including waiving or settling medical debt for less than the full amount owed. For example, only the Navy confirmed approving waivers from fiscal years 2016 through 2021, and
- does not consistently inform civilian emergency patients about options to request financial relief, to include waivers or settling of medical debt.

By systematically tracking and monitoring the use of waivers, DOD may better understand the number of waiver requests it receives, the amount of debt it waives, and the circumstances under which it approves them to ensure timeliness and consistency. Additionally, by clearly communicating financial relief options, DOD could help civilian emergency patients better understand those options and pursue them in a timely manner.

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Abbreviations

ASD (HA)	Assistant Secretary of Defense for Health Affairs
CRS	Centralized Receivables Service
DAMP	Debt Adjudication Management Program
DFAS	Defense Finance and Accounting Service
DHA	Defense Health Agency
DOD	Department of Defense
FMR	Financial Management Regulation
MTF	medical treatment facility
NDAA	National Defense Authorization Act
RevX	Revenue Cycle Expansion
UBO	uniform business office
USD (P&R)	Under Secretary of Defense for Personnel and Readiness

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July 7, 2022

The Honorable Jack Reed
Chairman
The Honorable James M. Inhofe
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Adam Smith
Chairman
The Honorable Mike Rogers
Ranking Member
Committee on Armed Services
House of Representatives

The Department of Defense’s (DOD) Military Health System exists to ensure that military medical personnel are ready to provide medical care in support of missions that include operational, wartime, and mass casualty events. To that end, DOD’s clinics, hospitals, and medical centers—referred to collectively as medical treatment facilities (MTFs)—and the patients they treat are critical to maintaining the medical readiness of military servicemembers and the military readiness of medical personnel.¹

To maintain this readiness, MTFs provide care to beneficiaries, including servicemembers, their dependents, and retirees, among others.² In certain circumstances, non-beneficiaries, such as civilian emergency patients, may also receive care at MTFs. In such cases, DOD is generally

¹MTFs vary in size and capabilities, from small clinics to ambulatory surgery centers, hospitals, and medical centers. Clinics are the smallest of military facilities, offering no hospitalization services and a limited number of specialties. Military hospitals provide emergency medicine, inpatient care, and other specialty care services. With multiple specialties and sub-specialties, medical centers are the largest of military medical facilities. Forty-four of DOD’s MTFs are hospitals or medical centers that offer emergency care.

²DOD provided health care to over 9.6 million beneficiaries of the Military Health System in fiscal year 2020. Eligible beneficiaries include active duty personnel and their dependents (i.e., spouses, children), certain Reserve and National Guard personnel and their dependents, and retirees and their dependents and survivors.

required to bill them for their care.³ Collecting payment for the care of non-beneficiaries can be challenging when these patients do not have medical insurance, are underinsured, or collection of the debt imposes a financial burden, according to DOD officials.

In an emergency, any person is authorized care in MTFs to prevent undue suffering or loss of life or limb. In 2010, DOD became authorized to provide medical care to civilians at MTFs in specific circumstances, thereby broadening its authority to provide care to civilians.⁴ In 2016, the National Defense Authorization Act (NDAA) for Fiscal Year 2017 authorized DOD to provide medical care to civilians at MTFs in specific circumstances, including when such treatment is necessary to maintain providers' readiness.⁵ Under this authority, three MTFs (Naval Medical Center Camp Lejeune, Mike O'Callaghan Military Medical Center, and Womack Army Medical Center) provide medical care to civilians as of March 2022 through the Section 717 Pilot program. In 2021, the William M. (Mac) Thornberry NDAA for Fiscal Year 2021 authorized the Secretary of Defense to waive medical debt for care provided to a civilian when the civilian is unable to pay the costs of the care provided and such care

³A civilian emergency patient generally refers to an individual who is not a beneficiary of the Military Health System and not otherwise entitled to care at an MTF, but who arrives at an MTF for emergency treatment or for acute care.

⁴Section 108.4(h) of title 32, Code of Federal Regulations states that the Secretaries of the military departments and the Under Secretary of Defense for Personnel and Readiness (USD (P&R)) may designate emergency patients as eligible for emergency health care from MTFs in the United States pursuant to arrangements with local health authorities or in other appropriate circumstances.

⁵Section 717 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017 states that care may be provided to civilians if (1) the evaluation and treatment of the individual is necessary to attain the relevant mix and volume of medical casework required to maintain medical readiness skills and competencies of health care providers at the facility; (2) the health care providers at the facility have the competencies, skills, and abilities required to treat the individual; and (3) the facility has available space, equipment, and materials to treat the individual. Pub. L. No. 114-328, § 717 (2016), as amended by Pub. L. No. 115-91, § 712 (2017). For the purposes of this report we refer to DOD's implementation of section 717 as the Section 717 Pilot program.

enhances the knowledge, skills, and abilities of the military health care providers.⁶

Section 749 of the William M. (Mac) Thornberry NDAA for Fiscal Year 2021 included a provision for us to assess, among other things, the billing and collection of debts for emergency medical care provided to civilians who are not covered beneficiaries at MTFs. This report assesses the extent to which DOD (1) has identified benefits of providing emergency medical care to civilians at MTFs, (2) oversees billing and debt collection for emergency medical care provided to civilians at MTFs, and (3) uses and communicates options for financial relief to lessen the effect of the cost of care on civilian medical emergency patients.⁷

For each of our objectives, we interviewed officials from the Under Secretary of Defense for Personnel and Readiness (USD (P&R)), Assistant Secretary of Defense for Health Affairs (ASD (HA)), Defense Health Agency (DHA), each of the military departments, and eight selected MTFs.⁸ For our first objective, we reviewed relevant statutes and

⁶Section 702 of the William M. (Mac) Thornberry NDAA for Fiscal Year 2021 states that the Secretary of Defense may waive fees incurred by civilians for care provided at MTFs if (1) the civilian is unable to pay for the costs of the trauma or other medical care provided to the civilian; and (2) the provision of such care enhances the knowledge, skills, and abilities of health care providers, as determined by the Secretary. Pub. L. No. 116-283, § 702 (2021), codified at 10 U.S.C. § 1079b(b).

⁷Section 749 of the William M. (Mac) Thornberry NDAA for Fiscal Year 2021 states that we should include in our assessment the number of civilians receiving emergency care at MTFs from whom medical debt was collected who, at the time of such treatment earned less than the poverty line, as well as the number who collected Social Security benefits at the time of such treatment. We could not report on these topics because, according to DOD officials, such information was not collected at time of treatment. Moreover, information needed to determine this, such as Social Security numbers, was not always collected or reliable. Additionally, other factors, such as tax data used to determine income level, may not be a reflection of income at time of treatment and may limit our ability to assess the extent civilians were below the poverty line or received Social Security benefits at the time of treatment.

⁸We selected a non-probability sample of eight MTFs to obtain the perspectives of MTF officials on the benefits and challenges, if any, of providing care to civilian emergency patients. Our selection of MTFs was in part based on the MTF's department affiliation. Our selection included two Army MTFs (Brooke Army Medical Center and Madigan Army Medical Center), two Navy MTFs (Naval Medical Center Camp Lejeune and Naval Medical Center Portsmouth), two Air Force MTFs (Eglin Air Force Base and Mike O'Callaghan Military Medical Center) and two DHA MTFs (Womack Army Medical Center and Walter Reed National Military Medical Center). We selected these MTFs based on relevant characteristics, such as volume of civilian patients, trauma designation, and participation in a pilot program involving civilian emergencies.

DOD policies and guidance. We also reviewed other DOD documentation, including relevant studies conducted by MTFs, which included information on the benefits and challenges of providing civilian emergency medical care. Additionally, we interviewed DOD officials to obtain their perspectives on the benefits and challenges of providing civilian emergency medical care.

For our second objective, we reviewed and analyzed data from DOD and the Department of the Treasury for all 44 military hospitals and medical centers that offer emergency care for services performed from fiscal years 2016 through 2021.⁹ We chose fiscal year 2016 to determine trends over time and fiscal year 2021 because it was the last complete fiscal year with available data. We identified limitations to the DOD billing data and took steps in our analysis to mitigate these limitations in order to report on the number of civilian emergency patients receiving care and the minimum amounts collected for their care. DOD's financial audit report also identified limitations that affected our ability to assess the completeness and accuracy of the data entered into its systems.¹⁰ However, based on the steps taken using DOD and Treasury data in our analysis, we determined these data are sufficiently reliable to report on 1) the number of civilian emergencies receiving care and 2) the minimum amounts billed and collected for care provided to civilian emergencies for services performed from fiscal years 2016 through 2021.

For our third objective, we analyzed DOD and Treasury data and documentation on debt compromised (i.e., settled for less than the original amount owed) and waivers of the charges for services performed from fiscal years 2016 through 2021. We also reviewed a non-probability sample of invoices and related documentation from DHA and Army, Navy, and Air Force MTFs to understand what information about financial relief options is communicated to civilians. Additional information about our scope and methodology can be found in appendix I.

⁹There are 44 military hospitals and medical centers that offer emergency care. We included all 44 of these facilities in our analysis. Throughout our report, we refer to these 44 military hospitals and medical centers collectively as the MTFs included in our analysis. We refer to MTFs based on their military department affiliation throughout our report.

¹⁰DOD's fiscal year 2021 agency financial report noted that the annual financial statement audit resulted in a Disclaimer of Opinion and identified multiple material weaknesses. In March 2021, we continued to identify DOD's financial management area as a high risk area due to long-standing deficiencies in DOD's systems, processes, and internal controls. GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

We conducted this performance audit from January 2021 to July 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Civilian Emergency Patients at MTFs

In addition to providing care to servicemembers and beneficiaries, in specific circumstances MTFs may treat non-beneficiaries, such as civilian emergency patients. A civilian emergency patient generally refers to an individual who is not a beneficiary of the Military Health System and is not otherwise entitled to care at an MTF, but who arrives at an MTF for emergency treatment or for acute care. Patients may choose to go to an MTF or may be taken to one, such as by an ambulance, when it is the closest hospital with capabilities needed to treat the patient, according to DOD officials. As of February 2022, DOD has one Level I, four Level II, four Level III, and one Level IV trauma centers.¹¹

According to DOD officials, it has been DOD's policy that in an emergency, any person is authorized care in MTFs to prevent undue suffering or loss of life or limb. However, care is to be limited to that necessary only during the period of the emergency. As part of the Secretarial Designee Program, in 2010 DOD became authorized to provide emergency medical care to civilians at MTFs in specific circumstances, thereby broadening its authority to provide care to

¹¹Trauma centers across the United States vary in their specific capabilities and are identified by level designation, according to an article in the National Academies Press. A Level I trauma center has the highest level designation and must meet annual minimum volume requirements for evaluating and treating severely injured patients, including the most complex trauma patients. A Level II trauma center has clinical standards identical to Level I trauma centers, though a Level II trauma center either supports a Level I center or is the lead trauma center in the absence of a Level I center. Level III and Level IV trauma centers provide emergency assessment, resuscitation, and stabilization before possible transfer to a higher-level trauma center. National Academies of Sciences, Engineering, and Medicine, *A National Trauma Care System: Integrating Military and Civilian Trauma Systems to Achieve Zero Preventable Deaths After Injury* (Washington, D.C.: The National Academies Press, 2016).

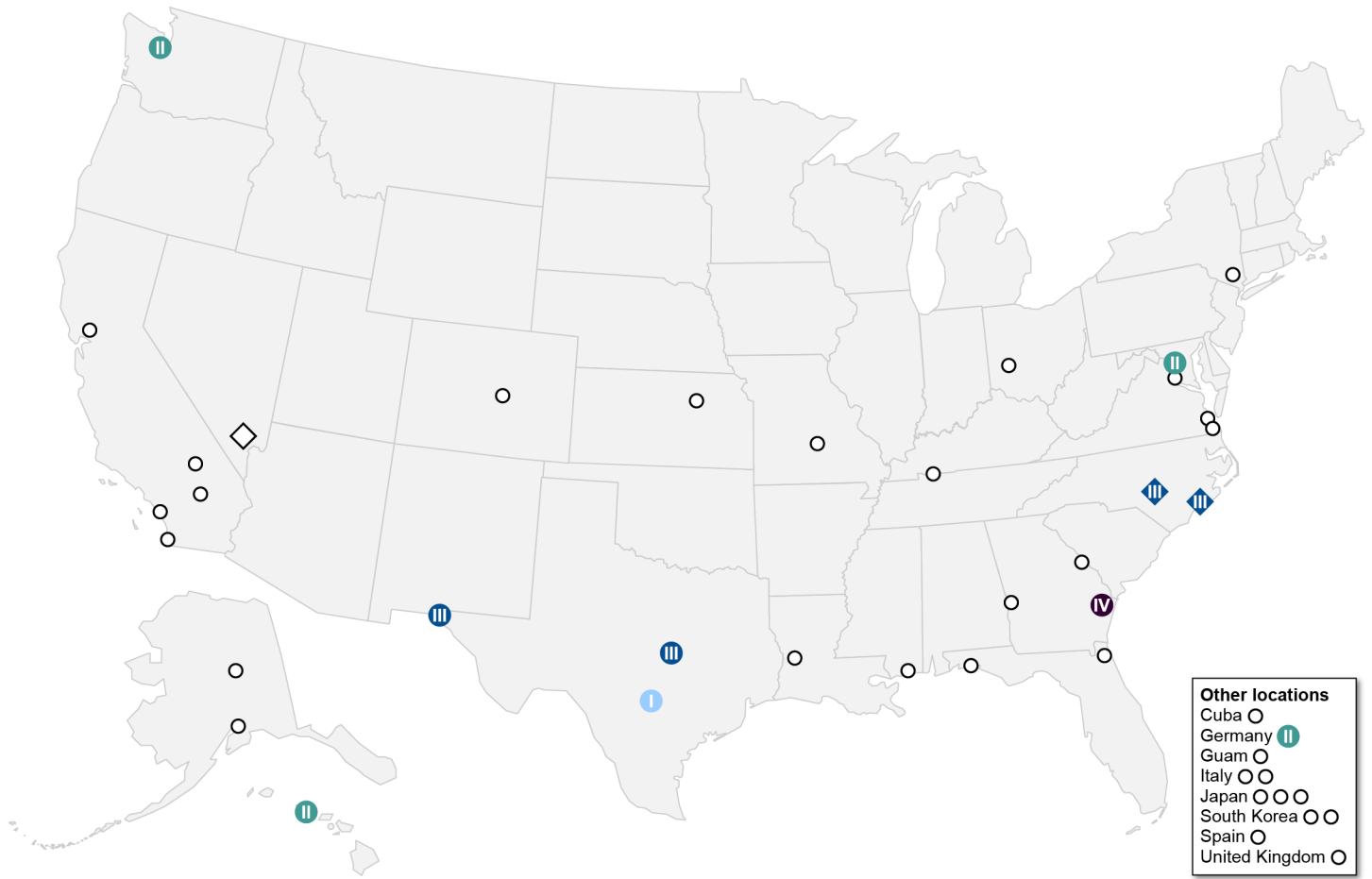
civilians.¹² The Secretarial Designee program allows DOD to establish health care eligibility for individuals who do not have a specific statutory entitlement or eligibility, such as civilian emergency patients. It is DOD policy that this authority shall be used very sparingly and only when it serves a compelling DOD mission interest. According to DOD officials, Brooke Army Medical Center in San Antonio, Texas is the only MTF that routinely uses Secretarial Designee authorities for civilian emergency patients. Specifically, Brooke Army Medical Center has an agreement with the Bexar County Hospital District that allows it to be part of the trauma network for Bexar County and surrounding areas. As a result, civilians in this area who need emergency medical treatment for burns and certain other traumas may be transported to Brooke.

In addition, section 717 of the NDAA for Fiscal Year 2017 authorized DOD, at DOD approved MTFs, to evaluate and treat non-beneficiaries whose care is necessary so that MTF medical personnel attain the relevant mix and volume of medical casework required to maintain medical readiness skills and competencies. DHA approved Naval Medical Center Camp Lejeune in March 2018, Mike O'Callaghan Military Medical Center in March 2020, and Womack Army Medical Center in July 2021 as Section 717 Pilot sites to treat civilian emergency and trauma patients.¹³ Figure 1 shows the location of the 44 MTFs that offer emergency care, including those that participate in the Section 717 Pilot or maintain a trauma center designation.

¹²Section 108.4(h) of title 32, Code of Federal Regulations states that the Secretaries of the military departments and the Under Secretary of Defense for Personnel and Readiness (USD (P&R)) may designate emergency patients as eligible for emergency health care from MTFs in the United States pursuant to arrangements with local health authorities or in other appropriate circumstances.

¹³Emergency and trauma injuries can be treated in a hospital emergency department. However, for severe physical injuries, emergency departments may not have the equipment or personnel resources necessary to effectively provide treatment, so severely injured patients may be transported directly to a trauma center or transferred to a trauma center by an emergency department. For purposes of this report, we do not distinguish between emergency and trauma patients.

Figure 1: Locations of the 44 Military Hospitals and Medical Centers Offering Emergency Care



Medical Treatment Facilities (MTF) with trauma center (TC) designations

- MTF without TC designation
- MTF with Level I TC
- MTF with Level II TC
- MTF with Level III TC
- MTF with Level IV TC
- ◇ MTF participating in the Section 717 Pilot

Source: GAO analysis based on Department of Defense information; Map Resources. | GAO-22-104770

Notes: Trauma centers across the United States vary in their specific capabilities and are identified by level designation, according to an article in the National Academies Press. Having the highest level designation, a Level I trauma center must meet annual minimum volume requirements for evaluating and treating severely injured patients including the most complex trauma patients. A Level II trauma center has clinical standards identical to Level I trauma centers. A Level II trauma center either supports Level I centers or is the lead trauma center in the absence of a Level I center. Level III and Level IV trauma centers provide emergency assessment, resuscitation, and stabilization before possible transfer to a higher-level trauma center. National Academies of Sciences, Engineering, and Medicine, *A National Trauma Care System: Integrating Military and Civilian Trauma Systems to Achieve Zero Preventable Deaths After Injury* (Washington, D.C.: The National Academies Press, 2016).

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the relevant mix and volume of medical casework required to maintain medical readiness skills and competencies of health care providers at the facility; (2) the health care providers at the facility have the competencies, skills, and abilities required to treat the individual; and (3) the facility has available space, equipment, and materials to treat the individual. Pub. L. No. 114-328, § 717 (2016), as amended by Pub. L. No. 115-91, § 712 (2017). We refer to DOD's implementation of section 717 as the Section 717 Pilot program.

Laws, Regulations, and Policies for Billing and Debt Collection

In general, DOD is required to bill civilian emergency patients for medical care provided at MTFs.¹⁴ DOD must provide debtors due process, such as providing them a written notice of the debt and an opportunity to dispute the debt.¹⁵ DOD will typically charge the full rate with a few exceptions:¹⁶

- Under the Secretarial Designee program, it is DOD policy that care provided should be on a reimbursable basis, unless non-reimbursable care is authorized or reimbursement is waived by the USD (P&R) or the Secretaries of the military departments when they are the approving authority.
- In December 2018, DHA issued a memorandum that prohibits balance billing for care authorized under section 717.¹⁷ Balance billing is when patients with insurance receive a bill for their health care services for any difference between the amount charged and the payment from the insurer for the covered service. As a result, patients with insurance who receive care at the Section 717 Pilot sites may not be responsible for the full rate and only responsible for the co-

¹⁴Pub. L. No. 114-328, § 717 (2016), as amended by Pub. L. No. 115-91, § 712 (2017); 32 C.F.R. § 108.4(h) (2010); Defense Health Agency Procedures Manual 6015.01, *Military Medical Treatment Facility (MTF) Uniform Business Office (UBO) Operations* (Oct. 24, 2017).

¹⁵Department of Defense Financial Management Regulation 7000.14-R, vol. 16, ch. 2, *General Instructions for Collection of Debt Owed to the Department of Defense (DOD)* (April 2021).

¹⁶The UBO billing rates are based on TRICARE allowable charges and are used to determine charges for services, including outpatient, inpatient, and pharmacy services. Outpatient rates are the charges for professional and institutional health care services provided by MTFs. Inpatient rates are used when billing for inpatient medical services at MTFs. Each MTF providing inpatient care has its own applied adjusted standardized amount. UBO rates differ slightly from the standard TRICARE rates since UBO rates include charges for additional services not reimbursed by TRICARE.

¹⁷Office of the Assistant Secretary of Defense for Health Affairs Memorandum, *Medical Billing for Civilian Non-Military Health System Beneficiaries Authorized to Receive Care at Department of Defense Medical Treatment Facilities under Section 717 of the National Defense Authorization Act* (Dec. 27, 2018).

payments, deductibles, and services not covered as identified by the patient's health plan.

- In September 2020, DHA issued a memorandum that prohibits balance billing Medicare beneficiaries.¹⁸ As a result, Medicare beneficiaries treated at any MTF—not just those at a Section 717 Pilot site—may not be responsible for the full rate and are only responsible for deductibles and co-insurance pursuant to 42 C.F.R. Part 489, Subpart C.

DOD is required to collect debts in accordance with a number of laws and regulations.¹⁹ These include the Debt Collection Improvement Act of 1996, the Debt Collection Act of 1982, and the Federal Claims Collection Standards, among others.²⁰ Further, as required by federal regulation and the Financial Management Regulation (FMR), DOD must “aggressively” collect all debts.²¹

DHA's Uniform Business Office (UBO) guidance states that every effort should be made to collect debts before they become delinquent.²²

According to DOD's FMR, debts are delinquent when not paid by the date specified in the initial written demand for payment unless other satisfactory payment arrangements have been made. Delinquent debt may incur interest, penalties, and administrative fees. DOD is required to refer debts that have been delinquent for certain periods of time to Treasury. Specifically:

¹⁸Defense Health Agency Financial Operations Directorate Memorandum, *Defense Health Agency Guidance for Billing Medicare for Emergency Services Provided by Military Treatment Facilities* (Sept. 24, 2020).

¹⁹DOD 7000.14-R, vol. 16, ch. 2.

²⁰Debt Collection Improvement Act of 1996, Pub. L. No. 104-134, 110 Stat. 1321-358 (1996); the Debt Collection Act of 1982, Pub. L. No. 97-365 (1982); and 32 C.F.R. Parts 900-904.

²¹31 C.F.R. § 901.1(a) (2000); DOD 7000.14-R, vol. 16, ch. 2.

²² Defense Health Agency Procedures Manual 6015.01.

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- According to the FMR, DOD must refer any debts that have been delinquent for more than 120 days to the Treasury Offset Program for recovery by centralized administrative offset.²³
 - The DCIA of 1996 requires that all federal agencies, including DOD, notify Treasury of federal nontax debt delinquent over 180 days, and refer such debt to Treasury for centralized collection action through the Cross-Servicing Program.²⁴

The Treasury Financial Manual states that unless otherwise prohibited or provided for by law, section 3717(e) of title 31, U.S. Code, requires creditor agencies to charge the debtor for the costs of processing and handling transferred debts, including fees charged by Treasury.

DOD and Treasury Roles and Responsibilities Related to Billing and Collections

DOD Roles and Responsibilities

DHA and the MTFs each have responsibilities for billing and collecting medical debt.²⁵ In December 2016, Congress expanded the role of DHA by directing the transfer of responsibility for the administration of each MTF from the military departments to DHA.²⁶ As of October 2021, the Director of DHA is responsible for the administration of each MTF, which includes responsibility for billing and collections.²⁷

²³The official term for withholding money from a payment is “offset” or “administrative offset.” Social Security benefits and other federal payments, such as federal tax refunds, are subject to offset.

²⁴According to an official from Treasury, agencies generally rely on the Cross-Servicing Program to refer debts to the Treasury Offset Program on their behalf, which means that agencies generally refer debts to Cross-Servicing by 120 days of delinquency.

²⁵The Director of the DHA manages, among other things, the execution of policies issued by ASD (HA) and manages and executes the Defense Health Program appropriation. Department of Defense Directive 5136.13, *Defense Health Agency (DHA)* (Sept. 30, 2013) (incorporating change 1, effective Mar. 2, 2022).

²⁶Initially, DOD was to transfer responsibility for the administration of the MTFs to the DHA by October 1, 2018. Pub. L. No. 114-328, § 702 (2016), codified as amended at 10 U.S.C. § 1073c. However, Congress in the NDAA for Fiscal Year 2019 amended the law to allow, among other things, DOD to complete the transfer by September 30, 2021.

²⁷10 U.S.C. § 1073c(a).

Officials from the DHA UBO stated that DHA sets policy on billing and collections for the department. Prior to the transition to DHA, DHA UBO set policy on billing and collections in coordination with the military departments, and the military departments managed their programs and implemented department-specific policies and processes, according to officials. At the MTFs, the following two main offices are responsible for the revenue cycle:

- **Patient Administration Division.** This office is responsible for the front end of the revenue cycle, including registering patients and collecting insurance information.
- **UBO.** This office focuses on identifying billable services; seeking payer information; generating accurate and complete claims; submitting and following up on insurance claims; and receiving appropriate collections.

Treasury Roles and Responsibilities

Treasury supports the billing and collection of medical debt owed to DOD. Treasury's Centralized Receivables Service (Treasury's CRS), a part of Treasury's Bureau of the Fiscal Service, manages pre-delinquent debt for federal agencies, including several DOD MTFs.²⁸ Treasury's CRS manages receivables from the point at which they are established in CRS by DOD until they are either paid, referred to the Treasury's Cross-Servicing Program for centralized debt collection, or are otherwise resolved. DOD's use of Treasury's CRS has varied. For example, all Navy MTFs have used Treasury's CRS for managing medical debt since fiscal year 2016, according to Navy officials.

In fiscal year 2021, DOD implemented a pilot that involves using Treasury's CRS, while complying with DOD's Financial Management Regulation, to provide additional debt resolution options for civilians to avoid financial hardship, according to DOD officials. MTFs in the pilot included Brooke Army Medical Center, Naval Medical Center Camp Lejeune, and Mike O'Callaghan Military Medical Center. The pilot ended

²⁸In 2012, Treasury developed the CRS to centralize and improve the efficiency of federal agencies' collections of accounts receivable. Pursuant to 12 U.S.C. § 90 and 12 U.S.C. § 265 and other authorities, Treasury's Fiscal Service has designated a financial institution as a financial agent of the United States, to assist the Fiscal Service with the operation management of the CRS. The CRS uses a financial agent to centralize receivables and collections services across agencies.

in December 2021 but DHA plans to expand the program to additional MTFs, according to a DHA official.

The Debt Collection Improvement Act of 1996 requires that all federal agencies, including DOD, notify Treasury of federal nontax debt delinquent over 180 days, and refer such debt to Treasury for centralized collection.²⁹ Treasury's Debt Management Services, a part of Treasury's Bureau of the Fiscal Service, manages the Cross-Servicing Program and the Treasury Offset Program. The Cross-Servicing Program collects delinquent federal nontax debt on behalf of federal agencies. It is a consolidated government-wide program that consists of collection tools that include Treasury demand letters, telephone calls to debtors, administrative wage garnishment, and the use of private collection agencies. According to Treasury officials, the Cross-Servicing Program relies on several private collection agencies, and any one of these agencies may be assigned to collect medical debt for DOD. The Treasury Offset Program was established to centralize the collection of federal nontax debt, including delinquent medical debt. Social Security benefits and other federal payments, such as federal tax refunds, may be held to pay delinquent debt.

Billing and Collections Process for Civilian Care at MTFs

When a civilian emergency patient arrives at an MTF, the Patient Administration Division staff typically provides the patient or responsible party a form that requires personal information, including name and insurance information. Using information collected, the Patient Administration Division staff enters the patient information into DOD's electronic health record system.³⁰ Providers and other medical personnel provide care to the civilian emergency patient and record the care provided in the electronic health record system, which in turn generates medical records. Using the medical records, the Medical Coding staff identifies and enters the corresponding medical codes. Once the medical

²⁹31 U.S.C. § 3711(g).

³⁰DHA is incrementally transitioning MTFs to a new electronic health record system, called MHS GENESIS, with estimated completion by December 2023. As of October 2021, DHA had completed implementation for seven of the 24 planned "waves," which represent groups of MTFs. As part of the transition to MHS GENESIS, DHA plans to integrate patient accounting, medical coding, and patient registration through a new component called Revenue Cycle Expansion (RevX). RevX will replace the current billing system, Armed Forces Billing and Collection Utilization Solution (ABACUS). DHA plans to begin the incremental process of bringing RevX online at MTFs in April 2022, with an estimated completion date of March 2024.

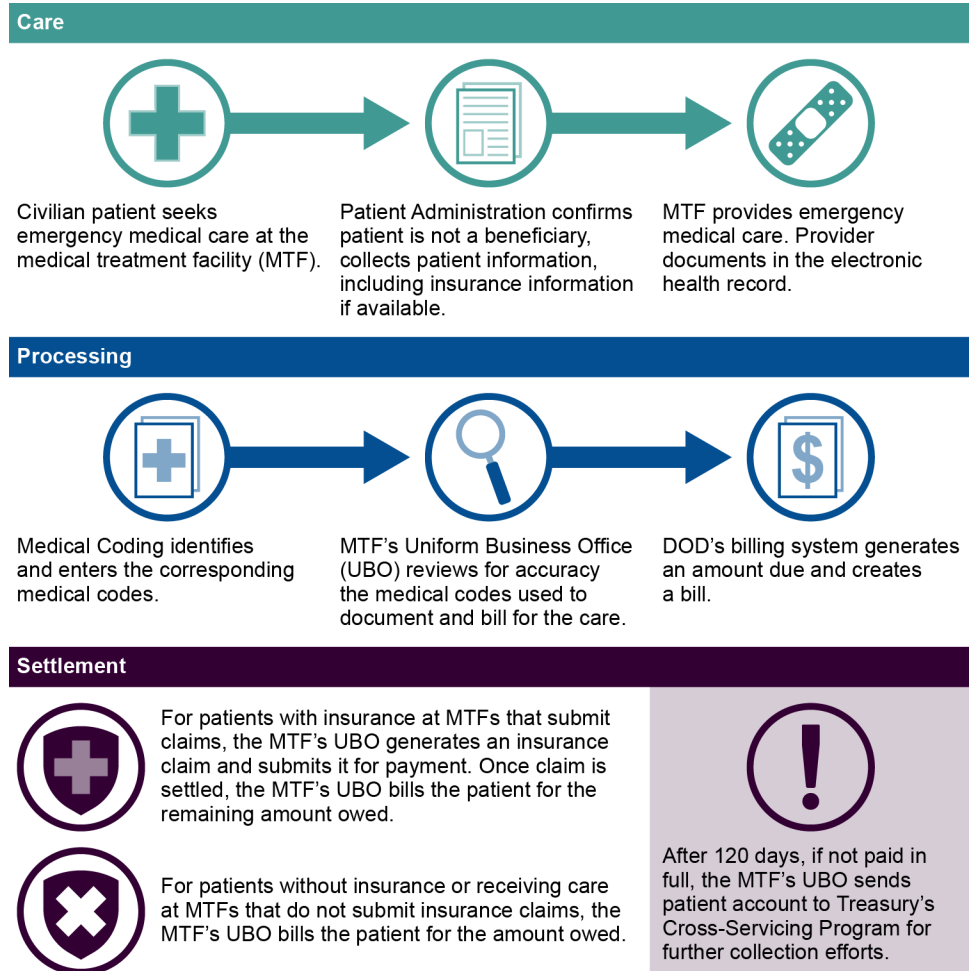
records are coded and complete, the UBO generates the medical claims, according to DOD officials.

Army, Air Force, and DHA MTFs will typically submit the claim to the patient's insurance company for payment, when applicable, according to DHA and service officials. Navy MTFs generally do not offer this service of filing insurance claims except for Camp Lejeune, which submits insurance claims as part of the Section 717 Pilot.³¹ The MTF UBO or Treasury's CRS (on behalf of the MTF) will invoice the patient for the amount owed.³² As required by law and DOD's FMR, DOD is required to refer debts that have been delinquent for certain periods of time to Treasury's Cross-Servicing Program (see fig. 2).

³¹See Department of the Navy Bureau of Medicine and Surgery, *Non-Beneficiary Billing Standard Operating Procedure* (Apr. 19, 2019).

³²As noted earlier, Navy MTFs and a few others use CRS to manage receivables from the point at which they are established in CRS by the DOD until they are either paid, referred to the Treasury's Cross-Servicing Program for centralized debt collection services, or otherwise resolved.

Figure 2: An Overview of Billing and Collections for Care Provided to Civilian Emergency Patients at Military Medical Treatment Facilities



Source: GAO analysis of Department of Defense and Department of Treasury interviews and documents. | GAO-22-104770

Note: This figure depicts the billing and collection process for MTFs that do not use the Department of the Treasury's Centralized Receivables Service (CRS). For MTFs that use CRS for accounts receivable, CRS, instead of the MTF UBO, manages receivables from the point at which they are established in CRS by DOD until they are either paid, referred to the Treasury's Cross-Servicing Program for centralized debt collection services, or otherwise resolved.

Existing Legal Authorities to Reduce Financial Risk

Unexpected medical expenses, such as for emergency care, can place a financial burden on individuals. Medical care provided at MTFs may present a financial risk to the civilian emergency patient because MTFs will typically charge the full rate and balance bill the patient for any

amount insurance will not cover.³³ Moreover, MTFs are unlike certain nonprofit civilian hospitals in that such civilian hospitals can provide charity care to patients in order to help obtain and maintain a nonprofit tax exemption status.³⁴

As noted earlier, DOD is required to “aggressively” collect all debts.³⁵ However, there are some authorities—such as waiver, compromise, or payment agreement—that DOD or Treasury may use that may lessen the financial impact of medical debt on civilians who receive medical emergency care at MTFs (see table 1).³⁶

Table 1: Existing Legal Authorities to Reduce Financial Impact of Emergency Care on Civilians at Military Medical Treatment Facilities

Authority	Description	Authorized to use	Legal authority
Waiver ^a	Removes the requirement for individuals to reimburse the government for some or all of the cost of their treatment, including fees.	Secretaries of the military departments or the Under Secretary of Defense for Personnel and Readiness	10 U.S.C. § 1074(c); 32 C.F.R. § 108.4(h)
Compromise	Allows individuals to settle their debt by paying less than the full amount. Compromises are limited to specific circumstances, such as if the debtor demonstrates an inability to pay the full amount. According to DOD officials, the amount compromised may be taxable.	DOD (up to \$100,000), Treasury (up to \$500,000), and the Department of Justice (\$100,000 or greater for debts not with Treasury, and all debts \$500,000 or greater) ^b	31 U.S.C. § 3711; 31 C.F.R. § 902: DOD Financial Management Regulation 7000.14-R, vol. 16, ch. 2

³³While most patients will be charged the full rate and balance billed for any amount the insurance will not cover, as noted earlier, in 2018 and 2020 DOD issued memorandums prohibiting balance billing for care provided under section 717 authority or to Medicare beneficiaries, respectively. As of March 2022, there are three MTFs participating in the Section 717 Pilot.

³⁴Charity care is when patient care is provided without charge or at rates below cost. Civilian hospitals are not required to provide charity care but, as we reported in September 2020, nonprofit hospitals must satisfy certain requirements to obtain and maintain a nonprofit tax exemption, such as providing community benefits. Further, as noted in our report, the Internal Revenue Service says that though a hospital is not required to provide charity care it considers doing so to be a significant factor indicating community benefit. See GAO, *Tax Administration: Opportunities Exist to Improve Oversight of Hospitals' Tax-Exempt Status*, [GAO-20-679](#) (Washington, D.C.: Sept. 17, 2020).

³⁵31 C.F.R. § 901.1(a) (2000); DOD 7000.14-R, vol. 16, ch. 2.

³⁶DOD, Treasury, and the Department of Justice may also suspend or terminate debt collection under certain circumstances. However, because civilians remain liable for the debt and agencies may still pursue passive debt collection, we did not include suspension or termination of debt collection in our review.

Authority	Description	Authorized to use	Legal authority
Payment Agreement	Allows individuals to make equal payments over a period of time, such as 36 months. According to the FMR, interest is assessed while the debt is being paid under a payment agreement, but the debt does not become delinquent.	DOD and Treasury	31 U.S.C. § 3716(a)(4); 31 U.S.C. § 3711(e)(1)(D); 31 C.F.R. § 901.8; DOD Financial Management Regulation 7000.14-R, vol. 16, ch. 2

Source: Applicable provisions of the U.S. Code and Code of Federal Regulations, Department of Defense Financial Management Regulation 7000.14-R, vol. 16, ch. 2, *General Instructions for Collection of Debt Owed to the Department of Defense* (DOD) (April 2021), and GAO analysis of Department of Treasury and DOD terms and definitions. | GAO-22-104770

Notes: DOD, Treasury, and the Department of Justice may also suspend or terminate collection activity under certain circumstances. Suspension and termination do not relieve the debtor of their liability. 31 U.S.C. § 3711; 31 C.F.R. § 903; DOD 7000.14-R, vol. 16, ch. 2.

^aSection 702 of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 also authorizes the Secretary of Defense to issue waivers when the civilian is unable to pay the costs and the provision of care enhances the knowledge, skills, and abilities of the health care providers. Our review does not include waivers under Section 702 as an implementing rule is still under development, according to DHA officials. For certain individuals, DOD may also waive interest, penalties, and administrative charges, in whole or in part, either based on a compromise or settlement agreement, or when the collection of interest, penalties, and administrative charges is against equity and good conscience or is not in the best interest of the United States. 31 U.S.C. § 3717(h); 31 C.F.R. § 901.9(g); DOD 7000.14-R, vol. 16, ch. 7.

^bThese threshold amounts are calculated based on the principal balance owed, excluding interest, penalties, or administrative costs.

DOD Cites Benefits of Civilian Emergency Care, but Extent of Benefit Is Unclear

Agency documentation and DOD officials identified several ways in which providing medical care to civilian emergency patients supports the medical readiness skills and competencies of medical personnel and provides other benefits to DOD. However, DOD also identified certain challenges to providing civilians emergency care and it does not know the extent to which civilian emergency care achieves medical readiness objectives.

DOD Cites Benefits and Challenges from Caring for Civilian Emergency Patients at MTFs

Providing emergency medical care to civilian patients in MTFs benefits DOD by supporting medical personnel readiness, among other benefits, according to officials. Our analysis of agency documentation and interviews with officials from the DHA, military departments, and eight MTFs found that expanding emergency care to civilians benefits DOD by increasing the number, complexity, and diversity of cases that military medical providers treat. It also provides opportunities for MTF staff to train as a team and for MTFs to foster relationships with their community, and can also facilitate an MTF's designation as a trauma center. Specifically, these benefits included:

Providing emergency care for civilians at Brooke Army Medical Center increased patient volume and provided opportunities for more complex and diverse cases.



Brooke Army Medical Center provides emergency care to civilians that helps maintain its Level I trauma center status. Brooke provides care to civilians using Secretarial Designee authority—including advanced extracorporeal membrane oxygen therapy—that supports clinical readiness. Brooke also coordinates with the Air Force’s 59th Medical Wing Transport Team. In 2020, the Army reported that Secretarial Designee patients accounted for over 1.2 million individual inpatient encounters, with over 90 percent for the treatment of trauma—many of whom were civilian emergency patients.

Source: GAO analysis of interviews with DOD officials (text); U.S. Army/Robert Whetstone (image). | GAO-22-104770

- **Increased medical readiness opportunities through increased patient volume.** According to DOD officials, expanding care to civilian emergency patients increases patient volume, which creates the opportunity for more encounters for medical personnel, including military surgeons. The Army, in its annual report on Brooke Army Medical Center’s provision of medical care to civilian emergency patients, stated that the additional volume of emergency patients gives MTF personnel more trauma experience.

According to our analysis of DOD data, Brooke Army Medical Center provided medical care for about 5,100 civilian emergency patients annually from fiscal years 2016 through 2021. According to Brooke Army Medical Center’s Secretarial Designee 2020 annual report, almost all of its Secretarial Designee patients were there for trauma or burns. Further, the report notes that the readiness and training effects of the Secretarial Designee program is “invaluable” to Brooke Army Medical Center. For example, civilian patients are important to its orthopedic surgery program, as they account for about one-third of the cases treated in its orthopedic surgery residency program according to the report. In addition, civilian patients account for an estimated 75 percent of the orthopedic damage control procedures at Brooke Army Medical Center and 25 percent of them across the entire Military Health System.

- **Increased medical readiness opportunities through more complex and diverse cases.** Civilian encounters are typically more complex than encounters with the DOD beneficiary population, providing opportunities that align with a deployed setting, according to DOD officials. Officials at an MTF stated that becoming a trauma center and treating civilians would likely allow them to annually treat hundreds of penetrating trauma cases—such as gunshot or stab wounds. Such cases are particularly useful for training purposes as they more closely approximate battlefield injuries than non-penetrating trauma cases like automobile accidents.³⁷

³⁷Institute for Defense Analyses, *Medical Readiness within Inpatient Platforms* (Alexandria, VA, 2017).

Providing emergency care for civilians at Naval Medical Center Camp Lejeune provided opportunities for team training.



Civilian emergency patients can arrive at military medical treatment facilities (MTFs) through the emergency medical system to receive critical care at the MTF. According to officials at Naval Medical Center Camp Lejeune, civilian patients provide readiness training opportunities for corpsmen, paramedics, and critical care nurses to practice their en route care and evacuation capabilities. The Onslow County – Camp Lejeune Triage and Destination Plan provides civilians access to emergency care given Camp Lejeune’s Level III trauma designation.

Source: GAO analysis of interviews with DOD officials (text); U.S. Navy/Naval Medical Center Camp Lejeune (image). | GAO-22-104770

- **Increased medical readiness training through team training.** Expanding emergency care to civilians at MTFs allows staff to train as a team on a variety of tasks, to include patient movement and care coordination, according to DOD officials. DOD officials cited this team training as an advantage of treating civilians at MTFs rather than sending selected medical providers to civilian facilities for training opportunities through civilian-military partnerships.³⁸ Team training may be especially valuable for enlisted medical personnel. We reported in June 2021 that licensing requirements and other issues present challenges to establishing and operationalizing civilian partnerships for such personnel.³⁹ We made 30 related recommendations, including that DHA develop metrics to assess the contributions of MTF workload to sustaining wartime medical skills that include the medical care provided by enlisted medical personnel. DOD concurred with our recommendations; however, as of April 2022, had not yet taken sufficient actions to implement them.

³⁸MTF officials agreed that providing care to civilians at the MTF is an advantage over typical civilian-military partnerships. However, officials at Nellis Air Force Base’s Mike O’Callaghan Military Medical Center noted that due to their unique partnership with the state of Nevada, they are able to train as a unit in civilian hospitals.

³⁹GAO, *Defense Health Care: Actions Needed to Define and Sustain Wartime Medical Skills for Enlisted Personnel*, [GAO-21-337](#) (Washington, D.C.: June 17, 2021).

Providing emergency care for civilians at Madigan Army Medical Center enhanced relationships with nearby communities.



At Madigan Army Medical Center, civilian emergency patients are evaluated and treated for injuries sustained during a train derailment in 2017. According to Madigan officials, military medical personnel at the MTF provide sub-specialty coverage throughout the region as a Level II trauma center, including providing care to civilian patients during the COVID-19 pandemic.

Source: GAO analysis of interviews with DOD officials (text); U.S. Army/John Wayne Liston (image). | GAO-22-104770

- **Enhanced relationships with communities near military bases.** DOD officials said that providing care to civilian patients is helpful to the community and fosters continued relationships. For example, officials at Madigan Army Medical Center noted that the MTF received overflow trauma patients from the community when hospitals were overwhelmed during the COVID-19 pandemic, and they were able to treat a facial reconstruction patient following a train derailment when nearby hospitals were unable to. The provision of emergency care at MTFs can promote access to care, especially in areas that are medically underserved. For example, officials at Mike O’Callaghan Military Medical Center noted that the MTF is located in an area with a growing population where the nearest trauma center is over 10 miles away.
- **Facilitated pathway to designation as a trauma center.** The increase in patient volume and complexity can assist MTFs in obtaining or sustaining trauma center designation. For example, an MTF official said that the increase in volume and acuity from treating civilian patients will allow them to demonstrate a need for additional specialties, such as neurosurgery or thoracic care. These capabilities are needed for the MTF to increase its trauma center designation. Similarly, the Army’s report on the Brooke Army Medical Center’s Secretarial Designee program notes that treating civilians is critical for maintaining accreditation for graduate medical education programs and supports research. Providing graduate medical education and conducting research are requirements for Level I trauma centers like Brooke Army Medical Center.

Despite these noted benefits, our analysis of agency documentation and interviews with officials found that there are several challenges that may limit DOD’s expansion of the Section 717 Pilot to additional MTFs. These challenges include financial risks to civilians, limited ability to bill Medicare and Medicaid, and security concerns related to base access.

- **Financial risks to civilians.** Emergency care at MTFs can create financial hardships for civilian patients. Officials at one MTF, for example, said that the community around the base is low-income and that patients are often uninsured. Payment agreements may provide insufficient relief for patients who are low-income, according to officials at one MTF. A DHA presentation on the Secretarial Designee and Section 717 Pilot programs notes that billing and collection challenges cause financial harm to all categories of non-eligible patients, including civilian patients. It also notes that there is a misconception that care provided under Secretarial Designee

authority is free. However, as noted earlier, DOD is required to collect on the medical debt, and while there are options available for financial relief, they are seldom used, as discussed later in this report.

- **Limited ability to bill Medicare and Medicaid.** MTFs have encountered challenges billing Medicare and Medicaid for civilian emergency care. Specifically, the Centers for Medicare and Medicaid Services deny Medicare claims because they are statutorily prohibited from paying other federal providers, including DOD, for medical services rendered to a Medicare beneficiary unless the care qualifies for an exception.⁴⁰ To help resolve this issue for billing Medicare beneficiaries, DHA has enrolled MTFs as non-participating providers with the Centers for Medicare and Medicaid Services. As non-participating providers under Centers for Medicare and Medicaid Service, MTFs are able to bill Medicare for emergency services. In September 2020, DHA issued a memorandum providing guidance to MTFs regarding submitting claims to Medicare.⁴¹ However, despite this, officials at three MTFs stated in 2021 that they are not authorized to bill Medicare and that Medicare has frequently rejected claims for insufficient evidence that services provided were emergency services. Subsequently, DHA issued updated guidance in October 2021 with additional detail on billing Medicare.⁴²

Officials at four MTFs said that they have encountered issues billing or are currently unable to bill Medicaid. DHA officials said that Medicaid is more complex than Medicare because it has been implemented differently across individual states and that this variation will likely prevent a standardized solution for Medicaid billing across MTFs.

- **Security concerns related to base access.** Civilian patients can present security concerns with initial treatment and administrative burdens for follow-up care, according to officials. Specifically, patients

⁴⁰42 U.S.C. § 1395f(c); 42 C.F.R. § 411.6 (2012). Exceptions to the general prohibition on the Centers for Medicare and Medicaid Services paying another federal agency or federal provider of services includes payments for emergency hospital services in accordance with 42 U.S.C. § 1395f(d) or 42 C.F.R. § 411.6(b)(1), among others.

⁴¹Defense Health Agency Financial Operations Directorate Memorandum, *Defense Health Agency Guidance for Billing Medicare for Emergency Services Provided by Military Treatment Facilities* (Sept. 24, 2020).

⁴²Defense Health Agency Financial Operations Directorate Memorandum, *Defense Health Agency Guidance for Billing Medicare for Emergency Services Provided by Military Treatment Facilities* (Oct. 14, 2021).

arriving via ambulance are not screened by security due to the need for timely care, according to an MTF official. Officials at two MTFs, for example, noted instances where they treated patients with felony warrants or had to remove firearms from the patient. MTF officials said that civilian patients must go through a background check and normal security measures to access the base for follow-up care.⁴³

DOD Does Not Know the Extent to Which Civilian Emergency Care Achieves Readiness Objectives

DOD does not objectively know the extent to which providing emergency medical care to civilians benefits MTFs and the Military Health System as a whole. As we noted above, DOD officials within the military departments, DHA, and selected MTFs stated that providing emergency medical care to civilians was beneficial to military readiness because doing so increased MTF case volume and diversity of cases. DOD has some examples of specific MTF information on the benefits of treating civilians. For example, Brooke Army Medical Center issues an annual report that includes information regarding the center's Secretarial Designee patients, including the number of trauma operative procedures, number of patients by category of care, and billing and collections information, among other things. This report, according to Brooke Army Medical Center officials, allows them to assess how well their Secretarial Designee program is performing.

DOD has efforts underway to address one key challenge the department faces in determining the extent to which emergency medical treatment of civilians improves readiness. Specifically, we found DOD is unable to reliably identify the volume and type of civilian emergency cases treated at MTFs, which is essential to determining the effect treating civilian patients has on increasing medical readiness. DOD's electronic health record systems use the patient category codes to identify a patient by beneficiary type for billing purposes, including a designation for civilian emergency patients.⁴⁴ MTF patient registration staff assign a patient category code when they register a patient. Once the account is sent to be billed, staff select the line of business, which determines how the bill will be processed. Based on our analysis of DOD billing data, which includes the patient category code and line of business, we found that

⁴³MTFs may provide civilian emergency patients limited follow-up care. For example, the Surgeon General of the Army authorized Brooke Army Medical Center in 2020 to provide care to civilian burn patients as Secretarial designees for up to 6 months without additional approval.

⁴⁴Patient category is a classification that tells whether a patient is billable or not billable, and if billable, the appropriate payment method and rates to apply.

patient category codes, which DOD uses to identify civilian emergencies, are not always correct.⁴⁵ For example, based on our analysis of DOD billing data for services provided from fiscal years 2016 through 2021 at the 44 MTFs that offer emergency care, we found that at least 23 percent of patients were assigned an incorrect patient category code during the initial encounter, as indicated by the line of business in DOD’s billing system.⁴⁶ (See fig. 3).

Figure 3: Number of Civilian Emergencies at Military Medical Treatment Facilities Identified by Line of Business, Patient Category Code, or Both



Source: GAO analysis of Department of Defense data. | GAO-22-104770

Note: We included patients if the patient was assigned a civilian emergency patient category code or billed under a civilian emergency line of business for one or more billing transactions.

According to DOD officials, the limitation of DOD’s electronic health record systems exists in part because its current systems were designed for beneficiaries and not civilians. Moreover, in March 2022, we reported that DOD’s current electronic health system has various information

⁴⁵Civilian emergency patients are assigned to one of several lines of business types used for civilian emergency billing. Typically the patient category code identifies line of business type that will be used, but if an incorrect patient category code was assigned, staff are able to assign the appropriate line of business to ensure the patient is properly billed, according to DHA officials. We determined the patient category code was not correctly assigned to a civilian emergency patient when the patient was not assigned one of several patient category codes used for civilian emergency or Secretarial Designee patients but instead was assigned to a line of business used for civilian emergencies or Secretarial Designee patients.

⁴⁶Typically, the line of business is aligned with the patient category code, according to DHA officials. For example, if at time of encounter the patient is determined to be a civilian emergency patient, then a civilian emergency patient category code would be assigned and the patient would be billed under a civilian emergency line of business. However, if it is determined that the patient category code is incorrect, DOD’s billing office will use the correct line of business, according to DOD officials. Our analysis included all records where either the line of business or the patient category code indicated the patient was a civilian emergency.

technology issues, including issues related to patient category codes, according to MTF officials.⁴⁷ According to DHA officials, the new electronic health system, MHS GENESIS, along with the new billing solution, Revenue Cycle Expansion (RevX), will eliminate the need to choose patient categories because it will use patient profiles. Specifically, during registration for each appointment, patient registration staff will select a patient profile that includes information such as eligibility, reason for visit, and current health plan(s). Officials said this revision will be easier for patient registration staff and less prone to billing errors. For example, reducing number of patient profile options from over 400 to under 80 will make it easier for Patient Administration staff to select the correct patient profile, according to DHA officials. Further, officials noted that changes can be made to correct the patient profile or health plan if needed. Once DOD fully implements MHS GENESIS and RevX, DOD will be better positioned to consistently identify civilian emergency patients in its systems, according to DHA officials.

While DOD's technology solutions offer a positive initial step by helping the department to reliably identifying how many civilian emergency patients were treated in its MTFs, DOD does not have any department-wide assessments of the benefits of emergency treatment of civilians. Both the Secretarial Designee program and DOD's pilot program for providing civilian emergency treatment serve to improve medical readiness. For example, the regulations establishing the Secretarial Designee program state that DOD shall use this authority to provide health care to non-beneficiaries very sparingly, and only when it serves a compelling DOD mission interest—such as providing medical readiness.⁴⁸ For the Section 717 Pilot program, the NDAA for Fiscal Year 2017 allows the Secretary of Defense to authorize civilians to be treated at MTFs if the Secretary determines that “the evaluation and treatment of the individual is necessary to attain the relevant mix and volume of medical casework required to maintain medical readiness skills and competencies of health care providers at the facility.”⁴⁹

However, DOD does not know the extent to which civilian emergency care can benefit medical readiness because DOD does not assess and

⁴⁷GAO, Defense Health Care: DOD Expects New IT System Capabilities to Improve Other Health Insurance Processing, [GAO-22-105131](#) (Washington, D.C.: Mar. 29, 2022).

⁴⁸32 C.F.R. § 108.4(a) (2010).

⁴⁹Pub. L. No. 114-328, § 717 (2016), as amended by Pub. L. No. 115-91, § 712 (2017).

monitor such care. DOD has established some measures of clinical readiness—such as knowledge, skills, and abilities (KSAs)—for medical providers. However, such measures are not used to assess the extent to which the treatment of civilian emergency patients achieves objectives related to the mix of medical complexity, patient volume, and training needed to support clinical readiness.⁵⁰ Moreover, we have previously found limitations in these measures. Specifically, in February 2019, we reported that DOD’s methodology for determining KSAs did not use accurate, consistent, and complete data.⁵¹

Assessing and monitoring the extent to which medical care for the civilian emergency patient population provides the relevant mix and volume of medical casework required to support the readiness of medical personnel will better position DOD to determine the way forward for its Secretarial Designee and Section 717 Pilot programs.

MTFs Not Consistently Updating Information in Billing System Limits Oversight

DOD’s oversight into amounts billed, collected, and outstanding for care provided to civilian emergency patients at MTFs is limited. DOD relies on information in its billing system to determine the amounts billed, collected, adjusted, and transferred to Treasury, according to DHA officials.⁵² However, our review of DOD’s billing data found that MTFs did not consistently update their billing system with payments collected while the debt was with Treasury.

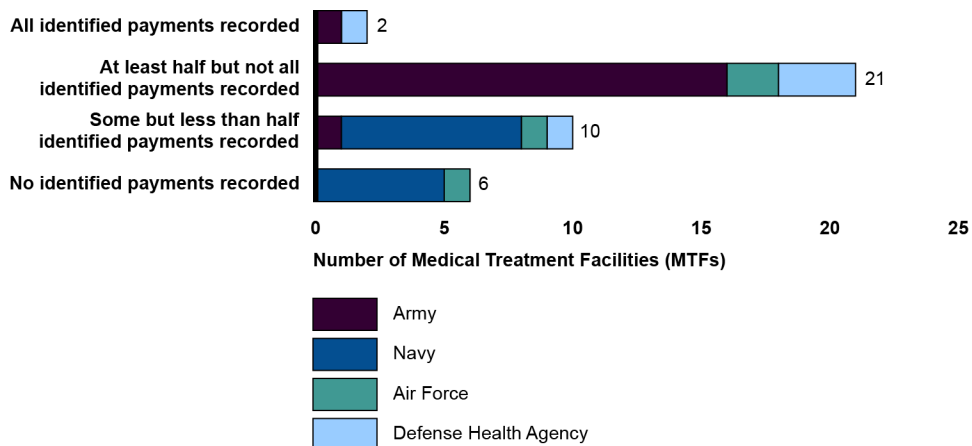
⁵⁰Clinical readiness within DOD refers to providers’ knowledge, skills, and abilities (KSA) needed in an expeditionary environment that may include combat or other deployments. DOD’s clinical readiness metric is a point score derived from the procedure codes that providers record in their assigned MTF over a period of time. Our focus in this report is not on KSAs or the specifics of readiness measures, but on their application to civilian emergency patients. GAO has issued previous work on clinical readiness in DOD. See, for example, *Defense Health Care: Actions Needed to Determine the Required Size and Readiness of Operational Medical and Dental Forces*, [GAO-19-206](#) (Washington, D.C.: Feb. 21, 2019) and *Defense Health Care: Actions Needed to Define and Sustain Wartime Medical Skills for Enlisted Personnel*, [GAO-21-337](#) (Washington, D.C.: June 17, 2021)

⁵¹See [GAO-19-206](#). We reported that DOD relied on data that were of questionable reliability and accuracy. In that report, we recommended that DOD identify and mitigate limitations in the clinical readiness metric, such as data reliability, a lack of complete information on reserve component providers and patient care workload performed outside of MTFs, and the lack of linkage between the metric and patient care and retention outcomes. DOD concurred with this recommendation but has not provided documentation supporting that it has been fully implemented.

⁵²RevX will replace the current billing system, Armed Forces Billing and Collection Utilization Solution (ABACUS). DHA plans to begin the incremental process of bringing RevX online at MTFs in April 2022, with an estimated completion date of March 2024.

We found that DOD’s billing system does not contain complete information about total amounts collected, impeding officials’ ability to accurately monitor billing and collections for civilian patients. Specifically, based on our review of DOD’s and Treasury’s systems used to manage billing and collections, we found that Treasury collected civilian debt payments for 39 of the 44 MTFs we reviewed for services provided from fiscal years 2016 through 2021. Further analysis of these data revealed that 37 of these MTFs did not consistently update their billing system to accurately reflect payments received. Figure 4 reflects the extent to which MTFs have updated DOD’s billing system to reflect payments collected while the debt was with Treasury.

Figure 4: Extent to Which MTFs Updated the DOD Billing System with Payments Collected While Debt Was With Treasury for Services Provided to Civilian Emergency Patients, Fiscal Years 2016–2021, by Affiliation



Source: GAO analysis of Department of Defense (DOD) and Department of the Treasury data. | GAO-22-104770

Note: Our review includes the 44 MTFs that offer emergency care. Air Force was affiliated with nine MTFs, however, we did not identify payments in Treasury’s systems for five of those MTFs.

Given the limitation of DOD’s systems to reliably identify civilian emergency patients, as we previously noted, and limitations of cross-referencing DOD to Treasury data, we took steps in our analysis to mitigate these limitations in order to report on the minimum amounts collected for care provided to civilian emergency patients.⁵³ Due to the inability to find a match using available information, our estimate of total payments collected may not include all accounts transferred to Treasury. Based on our analysis of DOD’s and Treasury’s billing and collection

⁵³See appendix I for additional information about our scope and methodology.

data, DOD and Treasury collected over \$383.7 million, or about 35 percent, of the over \$1 billion billed for services provided to the over 60,800 civilians for emergency medical treatment from fiscal years 2016 to 2021. DOD accounted for about \$376.8 million of these payments and, based on our analysis of Treasury data, we identified an additional \$6.9 million collected by Treasury that was not identified in DOD's system. See appendix II for more information about total amounts billed and collected for care provided to civilian emergency patients.

DHA is responsible for overseeing MTF billing, according to DHA officials. DHA officials stated that they rely on information in its billing system to determine the amounts billed, collected, adjusted, and transferred to Treasury; and that the billing system should be updated to accurately reflect collection efforts. MTFs have implemented DHA and DOD guidance on maintaining records of debt differently. Specifically, DHA guidance directs MTFs to review accounts to ensure patient identification data is complete, charges are accurate, and past collection efforts are fully documented when transferring delinquent debt to Defense Finance and Accounting Service or to Treasury.⁵⁴ DOD's Financial Management Regulation requires MTFs to maintain debtor records while debt is with Cross-Servicing.⁵⁵ Navy relies on Treasury's CRS and Cross-Servicing Programs to ensure they have accurate and complete records of collection efforts in Treasury's systems, in accordance with previous Navy guidance.⁵⁶ According to Army and Air Force MTFs officials, they make an effort to ensure their systems are updated with information from Treasury's collection efforts. However, as noted earlier, we found that the majority of the MTFs we reviewed are not consistently updating DOD's billing system.

DOD Directive 5124.02 states that USD (P&R) shall ensure that its policies and programs are designed and managed to improve standards of performance, economy, and efficiency.⁵⁷ Furthermore, the directive provides that USD (P&R) shall ensure that the Defense Agencies under

⁵⁴Defense Health Agency Procedures Manual 6015.01.

⁵⁵DOD 7000.14-R, vol. 16, ch. 2.

⁵⁶Department of the Navy Bureau of Medicine and Surgery Memorandum, *NAVAUDSVC Draft Audit Report "Policy Compliance for Reimbursable Encounters at Selected Military Treatment Facilities' Uniform Business Offices" (Audit Report 2016-090) dated 22 August 2017* (Sept. 25, 2017).

⁵⁷Department of Defense Directive 5124.02, *Under Secretary of Defense for Personnel and Readiness (USD (P&R))* (June 23, 2008).

its authority, direction, and control, such as DHA, are attentive and responsive to the requirements of their organizational customers, both internal and external to DOD.

MTFs are not consistently updating DOD's billing system because DHA has not issued guidance that clarifies the extent to which the billing system should be updated. DHA officials acknowledged the inconsistent implementation of current guidance and agreed that there is a need to issue clarifying guidance regarding what MTFs should update in the billing system. With the potential for the expansion of the Section 717 Pilot program, DOD may have even more MTFs billing and collecting payments for treatment of civilian emergency patients. Without issuing and implementing guidance for MTFs to update DOD's billing system, senior leadership, management, and other stakeholders risk continuing to not account for potentially millions of dollars collected each year and make decisions about civilian emergency care using incomplete information.

DOD Does Not Consistently Use or Communicate to Patients Options for Financial Relief

Based on our analysis of DOD and Treasury data, civilian emergency patients receiving emergency care at MTFs rarely have their medical debt compromised or waived, though information on waivers is limited. Moreover, we found that DOD does not consistently communicate information about certain financial relief options—specifically waivers and compromises—to patients, either through invoices or other documentation.

Information about Waivers Is Limited but Waivers and Compromises of Medical Debt Are Rare

Information about Waivers Is Limited, but Analysis Shows They Are Rare

Information about the extent to which waivers were requested and approved is limited because the military departments and DHA do not systematically track and monitor waivers. Although DOD does not systematically track or monitor the amount of debt waived, we analyzed available DOD data and documentation on waivers provided for services performed from fiscal years 2016 through 2021 and found that civilian emergency patients rarely received waivers of medical debt. A DHA official noted that waivers may be rarely used because DOD is required to “aggressively” collect debt.⁵⁸ According to DOD officials and

⁵⁸31 C.F.R. § 901.1(a) (2000); DOD 7000.14-R, vol. 16, ch. 2.

documentation, the Army has not issued waivers, the Navy has issued some waivers but could not confirm all were tracked in its system, the Air Force could not confirm whether they issued waivers, and DHA could not confirm whether USD (P&R) issued waivers. Specifically,

- **The Army has not waived debt.** Army officials said that the Army did not grant civilian emergency patients waivers from fiscal years 2016 through 2021. According to an Army memo regarding a waiver request we reviewed, waivers must be approved prior to a bill being generated. Army officials indicated that the Army's authority to waive debt is limited to \$100,000—the same limit that applies to compromises.⁵⁹
- **The Navy has waived some debt.** The Navy has granted financial relief in the form of waivers to a limited number of civilian emergency patients for care at Navy MTFs. According to Navy officials, they track waiver requests in the Department of Navy tasking system, however, they could not confirm that all requests for waiving medical debt for services provided from fiscal years 2016 through 2021 were in the system.⁶⁰ Our analysis identified 57 civilians for whom the Navy approved a waiver for some or all of their medical debt—this is approximately 0.5 percent of the over 11,200 civilian emergency patients treated at Navy MTFs from fiscal years 2016 through 2021. The total amount waived for these civilians was at least \$485,000.⁶¹

⁵⁹While DOJ or Treasury have authority to compromise debts exceeding \$100,000, DOD can only compromise debt up to \$100,000. 31 U.S.C. § 3711(a)(2); 31 C.F.R. § 902.1(a); DOD 7000.14-R, vol. 16, ch. 2.

⁶⁰The office of the Assistant Secretary of the Navy for Manpower and Reserve Affairs receives waiver requests, gathers additional information about the case, then makes a decision to approve or deny the request. Staff use the Navy's tasking system to process waiver requests, according to Navy officials. Navy officials said that while this tasking system cannot generate reports or metrics to monitor the use of waivers, staff review recent waiver requests to ensure consistency across their recommendations and that the tasking system is the official source for information regarding waiver requests. The Navy provided a list of waiver requests for services provided at 18 Navy MTFs, covering requests received from approximately June 2014 through January 2022, as well as the decision letters from the Navy's tasking system for these requests. We cross-referenced these waiver requests with DOD billing information to identify waivers approved for civilians treated at the MTFs offering emergency care for services performed from fiscal years 2016 through 2021.

⁶¹We identified an additional 18 civilian emergency patients who received waivers of some or all of their medical debt totaling at least \$225,000 as indicated by the decision letters from the Navy's tasking system. However, we were unable to confirm whether these waivers were for services provided from fiscal years 2016 through 2021.

We also reviewed the decision letters for these cases to identify why the Navy approved a waiver. While not all letters specified the reason for approving a waiver, examples include (1) the value of training provided by treating the patient, (2) administrative mistakes by MTF staff, and (3) the circumstances of the patient's admission to the MTF. In addition, we identified 10 civilians with service dates from fiscal years 2016 through 2021 for whom the Navy denied a waiver for the debt itself but waived interest, penalties, or administrative fees that had accrued on the debt. Since the transition of the management of MTFs to DHA, the Navy only considers limited waiver requests and forwards the others to DHA for USD (P&R)'s consideration.⁶²

- **The Air Force could not confirm whether it has granted waivers.** Air Force officials could not confirm whether the Air Force had granted waivers from fiscal years 2016 through 2020, citing internal control issues identified as part of the Defense Health Program financial statement audit.
- **DHA could not confirm whether USD (P&R) has granted waivers.** DHA UBO officials said that they became involved in the waiver process in November 2020 after the transition of MTF management to DHA. DHA staff receive waiver requests, gather information on the debts from MTFs, and prepare packages for USD (P&R) to make a decision on the requests. According to a DHA dashboard that tracks waiver requests from receipt through submission to USD (P&R), DHA received 12 waiver requests between November 2020 and September 2021. DHA officials were unable to confirm as of January 2022 whether these requests were ultimately approved or denied.

DHA and the military departments have not tracked or monitored waivers systematically because DHA has not issued guidance to do so. DHA officials stated that DHA has not yet issued guidance to track and monitor waivers because it only became involved with waivers in

⁶²Navy officials told us that the Navy only considers waiver requests for services performed prior to DHA having administrative control of Navy MTFs, which occurred on October 25, 2019 for Navy MTFs in the continental United States, and on February 2022 for those outside the continental United States.

November 2020. DHA officials told us they are working to clarify waiver processes.⁶³

The FMR states that decisions to waive the accrual of interest, penalties, and administrative charges must be documented.⁶⁴ It further states that documentation must include an explanation of the reasons for the waiver and be retained as part of the official debt file. While this chapter of the FMR is not directly applicable to waivers for civilian emergency patients, such documentation would assist DOD in tracking waivers and monitoring its use of waivers.

Without issuing guidance to systematically track and monitor waivers, DOD lacks information on the use of waivers across the military departments and the DHA, such as the number of requests received, the amount of debt that has been waived, and the circumstances in which waivers were approved. Such information could help DOD ensure decisions on waivers are timely and consistent.

Treasury Rarely Compromises Medical Debt for Civilian Emergency Patients

Our analysis of Treasury data found that civilian emergency patients rarely received compromises of their medical debt from fiscal years 2016 through 2021. For accounts that have been transferred to Treasury, DHA relies on Treasury to compromise debt, according to DOD officials. This is done after Treasury assesses the individual's ability to pay. Based on our review of Treasury cross-servicing data, we identified 26,696 cases for services provided to civilian emergency patients from fiscal years 2016 through 2021. Of these cases, Treasury reported an amount of compromised debt on 32 of them, or 0.1 percent.⁶⁵ For these cases, the difference between the total owed and the amount accepted as payment in full (i.e., the amount that was compromised) totaled just over \$1.4

⁶³As of October 2021, the agency was working on a procedural instruction on the debt waiver process, according to DHA officials. In addition, DHA officials said that the DHA is working on the implementing rule for section 702 of the NDAA for FY 2021, which allows the Secretary of Defense to issue waivers when a civilian is unable to pay the costs and the provision of care enhances the knowledge, skills, and abilities of the health care providers.

⁶⁴DOD 7000.14-R, vol. 16, ch. 7.

⁶⁵One of the services CRS provides is the ability to compromise debt. To determine the number of compromises approved for civilians, we used cross-servicing data provided by Treasury. This data covers all MTFs, as they are required to refer delinquent debts to Treasury for cross-servicing. We cross-referenced the data from Treasury with DOD billing information to identify compromises approved for civilians treated at the 44 MTFs that offer emergency care for services performed from fiscal years 2016 through 2021.

million. According to DHA officials, the low number of compromises may be the result of not many patients requesting them or a limited number of them being eligible.

While compromises were rarely used from fiscal years 2016 through 2021, an ongoing DHA-Treasury collaboration could affect the number of compromises approved in the future. This collaboration effort involves MTFs transferring medical debt to Treasury's CRS.⁶⁶ DHA officials stated that such collaboration with CRS is helpful, as DHA lacks the capabilities to assess inability to pay, which is one of the reasons to compromise debt. DHA officials noted that compromising debt based on ability to pay is challenging because it requires an assessment of a number of factors in determining the patient's ability to pay.⁶⁷ MTF officials said that CRS may also offer extended payment agreements. As of January 2022, there were six compromises and 30 payment agreements approved as part of the Debt Adjudication Management Program pilot, according to Treasury officials.

DOD Does Not Consistently Communicate Information about Financial Relief Options

Based on our review of invoices and related documentation, we found that DHA and the military departments do not consistently communicate financial relief options to civilians.⁶⁸ We reviewed a non-probability sample of 19 documents from eight MTFs and found that they did not

⁶⁶The Debt Adjudication Management Program (DAMP) pilot started in October 2020 and concluded on December 31, 2021, according to DHA officials. The three MTFs participating in DAMP were Brooke Army Medical Center, Naval Medical Center Camp Lejeune, and Mike O'Callaghan Military Medical Center. According to a DHA official, DAMP will expand to more MTFs with a high volume of civilian patients later in 2022.

⁶⁷DOD's FMR lists the following factors for determining a debtor's ability to pay the full amount of debt: (1) current financial statement from the debtor, executed under penalty of perjury pursuant to 31 C.F.R. § 902.2; (2) credit reports and other financial information; (3) debtor's age and health; (4) debtor's present and potential income; (5) debtor's inheritance prospects; (6) the possibility that assets have been concealed or improperly transferred by the debtor; and (7) the availability of assets or income that may be realized by enforced collection proceedings.

⁶⁸We reviewed a non-probability sample of invoices and related documentation (such as demand letters) received from MTFs, DHA, and Treasury to determine whether they included information about waivers, compromises, or payment agreements. These documents may not be limited to civilian emergency patients, so we confirmed with officials why information about waivers would not be included. We also reviewed additional examples accessed through Treasury's CRS database. Patients may also learn about waivers when their debt is transferred to Treasury for cross-servicing or if they send a letter to Congress, according to DHA officials.

consistently include information on waivers and compromises. Specifically:⁶⁹

- The Army and Air Force documents did not include information on waivers and Navy and DHA documents inconsistently included information on waivers.⁷⁰
- The Air Force and DHA documents did not include information on compromises, and Army and Navy documents inconsistently included information on compromises.⁷¹
- Documents for Army, Navy, Air Force, and DHA MTFs typically did include information on payment agreements.⁷²

See table 2 for examples of the wording about waivers, compromises, and payment agreements included in some of the invoices we reviewed. We provide examples of invoices and demand letters in appendix III.

⁶⁹Our non-probability sample included a total of 19 documents from one Army MTF, three Navy MTFs, two Air Force MTFs, and two DHA MTFs. Additional information about the sample is included in appendix I.

⁷⁰We found that seven of the 10 Navy documents and two of the three DHA documents included information on waivers. Navy officials told us that all invoices from Navy MTFs included information on waivers prior to the transfer of administration to DHA. According to Treasury officials, invoices from CRS include information on waivers for all Navy MTFs except Naval Medical Center Camp Lejeune. Naval Medical Center Camp Lejeune is participating in the Section 717 Pilot, which requires MTFs to seek reimbursement from civilians treated as part of the pilot; these civilians are not eligible to receive waivers, according to DOD officials.

⁷¹We found that three of the four Army documents and three of the 10 Navy documents included information on compromises.

⁷²Invoices were generally consistent with DHA's guidance, which advises MTFs to include the following suggested text: "If you are unable to pay the debt in full by the date shown, please contact the UBO to discuss any possible payment agreement options." Defense Health Agency Procedures Manual 6015.01. However, one Army document—a 2018 demand letter—did not include information on payment agreements. DHA officials told us that the MTF was in a pilot program at the time that has since been discontinued.

Table 2: Examples of Wording about Financial Relief Options in Reviewed Patient Invoices and Related Documentation

Waiver	<p><u>Reimbursement Waiver for Services Provided:</u> In accordance with the provisions of 32 CFR 108, you have the right to request waiver from the requirement to reimburse the U.S. Government for services provided at an MTF. Reimbursement waivers may only be approved by the concerned Military Department Secretary or the Under Secretary of Defense (Personnel and Readiness) (USD (P&R)); neither CRS nor MTFs have the authority to approve waivers. If you wish to request a waiver, contact USD (P&R) at 4000 Defense Pentagon, Washington DC 20301-4000. When submitting a waiver request, cite 32 CFR 108.4 as the basis for your request. Requesting a waiver does not allow us to halt collection actions on this invoice; however, if you receive a waiver, contact us so that we can take appropriate actions to refund any excess collections to you.</p> <p><i>Invoice from Naval Medical Center Portsmouth, July 2021</i></p>
Compromise	<p><u>If You Do Not Have the Ability to Pay:</u> You may be eligible for a compromise, or lower the amount you owe on your bill, if your income and assets meets certain thresholds. To discuss your eligibility for a reduction in the amount you owe, you must call CRS at 1-855-649-8912. In order to evaluate your eligibility to pay a lesser amount, you must complete the Financial Statement of Debtor form located at: https://www.fiscal.treasury.gov/crs/resources-for-payers.html#financial-statement-of-debtor. It is important that you complete this form as soon as you can to allow CRS to evaluate your ability to pay your bill.</p> <p><i>Invoice from Brooke Army Medical Center, June 2021</i></p>
Payment Agreement	<p>If you are unable to pay the debt in full by the date shown, please contact the UBO to discuss any possible payment agreement options.</p> <p><i>Invoices from Mike O’Callaghan Military Medical Center, October 2016 and Womack Army Medical Center, October 2020</i></p> <p><u>Payment Agreement:</u> If you are unable to pay the total amount due in full on or before the due date, you have the right to enter into a reasonable payment agreement that is acceptable to the agency. Please contact CRS at the number listed in this notice to arrange payments in installments. You may be able to avoid additional fees and charges by entering into an agreement and making timely payments in accordance with the terms of the agreement.</p> <p><i>Invoice from Naval Medical Center Portsmouth, July 2021</i></p>

Source: GAO analysis of DOD documents. | GAO-22-104770

Moreover, we found that some information available to civilians may lead them to believe waivers are not available. For example:

- The sample delinquent letter in DHA guidance notes “Neither the UBO nor the Military Treatment Facility where you received your services has the authority to grant a waiver to collect the charges related to these services.”⁷³
- An Air Force final notice letter from 2016 included the same information as the sample delinquent letter above and added “The UBO cannot assist you in obtaining a waiver and your debt cannot be placed on hold while you seek a waiver.”
- A brochure for Brooke Army Medical Center entitled “Understanding Your BAMC Bill” states that “As a military treatment facility, BAMC

⁷³Defense Health Agency Procedures Manual 6015.01.

does not have the authority to compromise, waiver, settle, or suspend a debt.”

While correctly stating that the MTFs do not have these authorities, these documents do not inform civilians about alternative options for financial relief, such as how to request waivers from the Secretaries of the military departments or USD (P&R).

DOD’s guidance for the Secretarial Designee program says that the USD (P&R) shall evaluate requests for and, where appropriate, grant exceptions to policy, including waiver of reimbursement, to the extent allowed by law.⁷⁴ Additionally, DOD’s FMR states that debt notification letters should include, when applicable for individual debtors, a statement regarding the right to request a waiver or remission of the indebtedness in accordance with applicable statutory authority for waiving or remitting a debt.⁷⁵ Further, the Federal Claims Collection Standards state that demand letters should include, depending on applicable statutory authority, the debtor’s entitlement to consideration of a waiver.⁷⁶

DOD has guidance for UBOs to inform patients about payment agreements and, based on our review, documentation provided to patients typically communicates this option. However, DHA does not have clear guidance to inform MTFs about what other financial relief options are available to civilian emergency patients, including waivers and compromises, and how to communicate them. In the absence of clear guidance, invoices do not always include all options.

Clear guidance is also needed because the options for financial relief can vary across MTFs. For example, MTFs participating in the Section 717 Pilot are required to seek reimbursement from civilians treated in the Pilot, and these civilians are not eligible to receive a waiver, according to DOD officials. A DHA official noted that while Treasury determines what information is included, DOD works with Treasury to add or adjust language in invoices sent by Treasury’s CRS. Specifically, DOD completes an agency profile for each MTF that includes financial relief

⁷⁴Department of Defense Instruction 6025.23, *Health Care Eligibility Under the Secretarial Designee (SECDES) Program and Related Special Authorities* (Sept. 16, 2011) (incorporating change 2, effective May 28, 2020).

⁷⁵DOD 7000.14-R, vol. 16, ch. 2.

⁷⁶31 C.F.R. § 901.2(d) (2000).

options, among other information; Treasury's CRS then reviews this information for inclusion in the invoice sent to patients. As of April 2022, invoices sent by Treasury's CRS include information about either (1) waivers and payment agreements or (2) compromises and payment agreements.⁷⁷ Clear guidance from DHA could help ensure that options are communicated consistently and help inform its collaboration with Treasury and other stakeholders, such as congressional offices.

By issuing and implementing clear guidance for MTFs about available financial relief options and how to communicate them, such as by including information on how to request available financial options on invoices, DHA could increase consistency in communication and help civilian emergency patients pursue these options in a timely manner. Prompt resolution of medical debt could also reduce the level of resources DOD and Treasury must expend to collect debt. Moreover, consistent communication could help inform other stakeholders, such as congressional offices, about all available options for financial relief.

Conclusions

Providing emergency care to civilian patients at MTFs can help medical providers maintain their medical readiness skills and competencies, but it can also leave patients with significant medical debt. DHA has implemented pilot programs at selected MTFs both to expand civilians' access to emergency care and to address the related financial hardships. However, it lacks quality information about certain key aspects of civilian emergency care. For example, DHA does not reliably identify civilian emergency patients in its systems and use this information to measure the extent to which such care helps maintain readiness.

Moreover, MTFs do not consistently update DHA's billing system with payments received by Treasury, which potentially leaves DHA without up-to-date information that is needed to make decisions about civilian emergency care and determine the true cost of providing such care. While DOD has options to provide financial relief to civilian emergency patients, it does not consistently inform patients about them, rarely uses them, and does not monitor their use. By addressing these issues, DOD could better ensure that civilian emergency care helps promote readiness objectives without placing an undue financial burden on patients and

⁷⁷For example, the invoices Treasury's CRS sends for Naval Medical Center Camp Lejeune include information on payment agreements and compromises, and the invoices it sends for other Navy MTFs include information about payment agreements and waivers.

reduce the level of resources DOD and Treasury must expend to collect debt.

Recommendations for Executive Action

We are making the following four recommendations to DOD:

The Secretary of Defense should ensure that the Director of the Defense Health Agency assesses and monitors the extent to which medical care provided to civilian emergency patients offers the relevant mix and volume of medical casework required to maintain medical readiness skills and competencies. (Recommendation 1)

The Secretary of Defense should ensure that the Director of the Defense Health Agency issues and implements guidance for MTFs to update their billing systems to ensure the systems contain complete and accurate billing and collection information. (Recommendation 2)

The Secretary of Defense should ensure that the Under Secretary of Defense for Personnel and Readiness, in coordination with the Director of the Defense Health Agency and the Secretaries of the military departments, issues and implements guidance to systematically track and monitor waiver requests from and waivers for civilian emergency patients. (Recommendation 3)

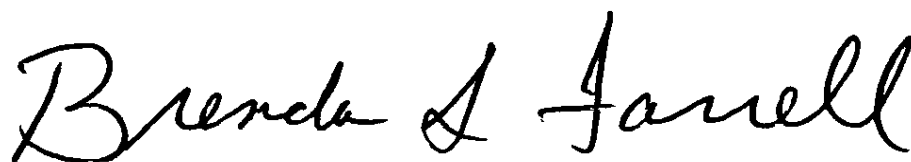
The Secretary of Defense should ensure that the Under Secretary of Defense for Personnel and Readiness and the Director of the Defense Health Agency issue and implement guidance for MTFs that clarifies what financial relief options are available to civilian emergency patients and how such information should be communicated to them, such as by including information in patient invoices about how to request applicable forms of financial relief. (Recommendation 4)

Agency Comments

We provided a draft of this report to DOD and Treasury for review and comment. DOD did not provide comments, and Treasury informed us that it did not have any comments.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, the Under Secretary of Defense for Personnel and Readiness, the Director of the Defense Health Agency, the Secretary of the Treasury, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3604 or farrellb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.

A handwritten signature in black ink that reads "Brenda S. Farrell". The signature is written in a cursive style with a large, prominent 'B' and 'F'.

Brenda S. Farrell
Director, Defense Capabilities and Management

Appendix I: Scope and Methodology

To evaluate the extent to which DOD has identified benefits of providing emergency medical care to civilians at MTFs, we reviewed DOD documentation, including relevant studies conducted by MTFs, which included information about the benefits and challenges of providing civilian emergency medical care. Additionally, we interviewed DOD officials, including from the Under Secretary of Defense for Personnel and Readiness (USD (P&R)), Assistant Secretary of Defense for Health Affairs, Defense Health Agency (DHA), each of the military departments, and MTF officials, to get their perspective on the benefits and challenges of providing civilian emergency medical care.

We selected a non-probability sample of eight MTFs to obtain the perspectives of MTF officials on the benefits and challenges, if any, of providing care to civilian emergency patients. Our selection of MTFs was in part based on each MTF's department affiliation. Our selection included two Army MTFs (Brooke Army Medical Center and Madigan Army Medical Center), two Navy MTFs (Naval Medical Center Camp Lejeune and Naval Medical Center Portsmouth), two Air Force MTFs (Eglin Air Force Base and Mike O'Callaghan Military Medical Center) and two DHA MTFs (Womack Army Medical Center and Walter Reed National Military Medical Center). We selected these MTFs based on relevant characteristics, such as high volume of civilian patients, trauma designation, and participation in a pilot program involving civilian emergencies.¹

We reviewed relevant statutes and DOD policies and guidance and compared DOD's assessment of the benefits of providing emergency medical care to its Section 717 Pilot program goals, including providing

¹We refer to MTFs based on their military department affiliation throughout our report. We selected the MTFs with the highest volume of civilian emergency patients that received services between fiscal years 2016 and 2021 for each military department and DHA. Five of the eight MTFs selected have a trauma designation. Three of the MTFs we selected are participating in a pilot program involving civilian emergencies.

care to civilians at MTFs when such treatment is necessary to maintain providers' readiness.²

To evaluate the extent DOD monitors billing and debt collection for emergency medical care provided to civilians at MTFs, we reviewed and analyzed data from DOD and the Department of the Treasury for all 44 military hospitals and medical centers that offer emergency care. We chose fiscal year 2016 to determine trends over time and fiscal year 2021 because it was the last complete fiscal year with available data. We reviewed requirements for maintaining billing and collection records as identified in DOD and DHA policy and guidance and DOD's Financial Management Regulation.

To identify the total billed, collected, and outstanding for care provided to civilian emergencies from fiscal years 2016 through 2021, we reviewed billing data from DOD's Armed Forces Billing and Collection Utilization Solution and collections data from Treasury's Centralized Receivables Service (CRS) and Cross-Servicing Program data repositories. We reviewed data for services performed from fiscal years 2016 through 2021 as identified in DOD's system. We assessed the reliability of DOD and Treasury data by (1) performing electronic testing for errors, such as missing or invalid data, (2) comparing them against other data sources where possible, (3) interviewing agency officials knowledgeable about the data, and (4) reviewing existing information about the data and the system that produced them.

Additionally, we discussed the reliability of the data with DOD and Treasury officials. We identified limitations to the DOD billing data and took steps in our analysis to mitigate these limitations in order to report on the number of civilian emergency patients receiving care and the minimum amounts collected for care provided to civilian emergency patients. Specifically:

²Section 717 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017 states that care may be provided to civilians if (1) the evaluation and treatment of the individual is necessary to attain the relevant mix and volume of medical casework required to maintain medical readiness skills and competencies of health care providers at the facility; (2) the health care providers at the facility have the competencies, skills, and abilities required to treat the individual; and (3) the facility has available space, equipment, and materials to treat the individual. Pub. L. No. 114-328, § 717 (2016), as amended by Pub. L. No. 115-91, § 712 (2017).

- Patient category codes in DOD's billing system does not reliably identify civilian emergencies. According to DHA officials, the line of business code is more reliable than patient category codes for the purpose of identifying civilian emergency patients, so we relied on the line of business coding to identify civilian emergency patients.³ We also included those with both a line of business code that indicates the patient was a Secretarial Designee and a patient category code that indicates the patient was a civilian emergency patient or Secretarial Designee because civilian emergencies may be seen under the Secretarial Designee authority.⁴
- DOD's billing system contains records where an adjustment was made in DOD's system using a code that indicates the bill was in error and the total amount was adjusted to zero; however, in some instances the same account records were transferred to Treasury and payments were made. To include all identifiable payments received, we included cases like this in our analysis. However, if no payments were made and the total amount owed was adjusted due to a billing error, we excluded the transaction from our analysis of total billed.
- DOD's billing system does not report complete payment collection information, so Treasury data must also be used to identify all payments collected for services provided to civilian emergencies. Moreover, Treasury data cannot always be linked to DOD billing records due to name changes or lack of other identifying information.⁵ To ensure we identified payments collected by Treasury while also not including payments made to non-civilian emergency accounts, we excluded amounts that were identified in DOD's billing system from the amount identified in Treasury's systems.

DOD's financial audit report also identified limitations that affected our ability to assess the completeness and accuracy of the data entered into

³According to DHA officials, civilian emergency patients can be identified in DOD's billing system using the line of business code, which indicates how the bill will be processed. Certain lines of business codes are designated for civilian emergency patients.

⁴The Secretarial Designee program established eligibility for health care services in MTFs for individuals who had no such eligibility, such as civilian emergency patients.

⁵We used available information in DOD and Treasury's systems to identify matches, including first and last name; Social Security number; DOD's billing system identifier numbers such as the patient ID, control number, or invoice number; and amounts billed. Moreover, we excluded records where total amounts invoiced did not equal the total billed or transferred. Due to the inability to find a match using available information, our estimate may not include all amounts collected.

its systems.⁶ However, based on the steps taken using DOD and Treasury data in our analysis, we determined these data are sufficiently reliable to report on (1) the number of civilian emergencies receiving care, and (2) the minimum amounts billed and collected for care provided to civilian emergencies for services performed from fiscal years 2016 through 2021.

For our third objective, we reviewed a non-probability sample of invoices and related documentation from DHA and Army, Navy, and Air Force MTFs to understand what information about financial relief options is communicated to civilians. We could not confirm whether the documents provided were limited to civilian emergency patients, so when our review indicated that some did not include information about waivers, we confirmed with DOD officials why financial relief options would not be included. We also reviewed invoices accessed through Treasury's CRS database. Our review included a total of 19 documents from one Army MTF, three Navy MTFs, two Air Force MTFs, and two DHA MTFs.⁷

To determine how often debt is waived for civilian emergency patients and the amount waived, we analyzed waiver letters provided by the Navy that cover June 2014 through January 2022 for the 13 Navy MTF military hospitals and medical centers that offer emergency care.⁸ Our analysis focused on the Navy because only Navy officials confirmed providing waivers to civilian emergency patients. The office of the Assistant Secretary of the Navy for Manpower and Reserve Affairs receives waiver requests, gathers additional information about the case, then makes a decision to approve or deny the request. The waiver letters we reviewed document the Navy's decisions on waiver requests, such as approvals,

⁶DOD's fiscal year 2021 agency financial report noted that the annual financial statement audit resulted in a Disclaimer of Opinion and identified multiple material weaknesses. In March 2021, we continued to identify DOD's financial management area as a high-risk area due to long-standing deficiencies in DOD's systems, processes, and internal controls. GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

⁷For the Army, we reviewed four documents from Brooke Army Medical Center. For the Navy, we reviewed six documents from Naval Medical Center Camp Lejeune, three from Naval Medical Center Portsmouth, and one from Naval Hospital Guantanamo Bay. For the Air Force, we reviewed one document each from Eglin Air Force Base and Mike O'Callaghan Military Medical Center. For DHA, we reviewed two from Walter Reed National Military Medical Center and one from Womack Army Medical Center.

⁸While Naval Hospital Jacksonville transitioned from the Navy to DHA in October 2018, we include it in this analysis because the Navy had processed waiver requests for civilian emergency patients treated there.

partial approvals, and denials. Staff use the Navy's tasking system—Department of the Navy Tasking, Records, and Consolidated Knowledge Enterprise Repository (DON TRACKER)—to process waiver requests, including storing the waiver letters.

We assessed the reliability of this data by (1) interviewing agency officials knowledgeable about the data, (2) reviewing existing information about DON TRACKER, and (3) manually testing the data. We excluded waiver requests where the date of service, when included in the letter, was outside our scope of fiscal years 2016 through 2021. We included waiver requests where any of the service dates were within our scope. We used the amount waived as reported in the letter when available.

To limit the waivers to civilian emergency patients, we cross-referenced the list against the civilian emergency patients we identified from DOD billing data. We identified some limitations with the data. First, because the letters do not always list the amount waived or specify whether the amount waived is inclusive of interest, penalties, or fees, we report a minimum amount waived. Second, not all waiver letters specify the date of service, so we report separately on those that we cannot confirm as waiving debt for services provided from fiscal years 2016 through 2021. Finally, we cannot independently confirm the completeness of the waiver letters stored in and retrieved from DON TRACKER. We determined that the data were sufficiently reliable to report a minimum number of waivers approved and a minimum amount of debt waived by the Navy for civilian emergency patients.

To understand how often debt was compromised for civilian emergency patients from fiscal years 2016 through 2021, we analyzed Treasury's Cross-Servicing data. To assess the reliability of this data, we (1) interviewed agency officials knowledgeable about the data and (2) conducted electronic testing of the data. We cross-referenced this data with DOD billing data to limit it to civilian emergency patients. We determined that the data were sufficiently reliable to report a minimum number of cases receiving compromises and a minimum amount compromised.

In addition to our review of documentation and data analysis, we interviewed officials from the military services, the DHA, and DOD. We compared use and communication of financial relief options against regulations and DOD guidance.

We conducted this performance audit from January 2021 to July 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Analysis of Billing Civilian Emergency Patients at Military Hospitals

Thousands of Civilians Received Emergency Treatment at Military Hospitals Each Year

Given the limitation of the Department of Defense's (DOD) systems to reliably identify civilian emergency patients, we defined civilian emergency patients to be those patients billed as a civilian emergency in DOD's billing system.¹ Furthermore, we identified limitations to the DOD billing data and took steps in our analysis to mitigate these limitations in order to report on the number of civilian emergency patients receiving care and the minimum amounts collected for care provided to civilian emergency patients. Additional information about the steps taken can be found in appendix I.

Based on our analysis of DOD data, we identified over 60,800 civilian emergency patients that received care at the 44 Medical Treatment Facility (MTF) hospitals and medical centers that offer emergency care for services performed from fiscal years 2016 to 2021. On average, about 11,000 patients were seen each year between fiscal years 2016 and 2021. Brooke Army Medical Center cared for almost half—over 5,000 patients per year on average—of all civilian emergency patients treated at MTFs. The MTF with the next largest volume of civilian emergency patients overall is Naval Medical Center Camp Lejeune, which saw almost 500 patients on average per year. Since becoming a Section 717 Pilot site, Camp Lejeune has seen an increasing number of civilian emergency patients.² Specifically, it went from seeing less than 300 civilian emergency patients in fiscal year 2017, to about 450 civilians in

¹Given the limitation of DOD's systems to identify civilian emergency patients, we defined civilian emergency patients to be those patients associated with a civilian emergency line of business (MSA11, MSA12, MSA13, or MSA14) in DOD's billing system. We also included patients associated with both a Secretarial Designee line of business (MSA44 and MSA48) and a civilian emergency patient or Secretarial Designee patient category code (K82, K85, K91, K92, K93, K94, K95, or K99). Using this definition, we identified over 67,800 patients as civilian emergency patients. However, about 7,000 of these patients had their bills adjusted to zero with a corresponding adjustment description that indicated the bill was in error and no payments were made. We excluded these 7,000 patients from our analysis.

²Section 717 of the National Defense Authorization Act (NDAA) for Fiscal Year 2017 states that care may be provided to civilians if (1) the evaluation and treatment of the individual is necessary to attain the relevant mix and volume of medical casework required to maintain medical readiness skills and competencies of health care providers at the facility; (2) the health care providers at the facility have the competencies, skills, and abilities required to treat the individual; and (3) the facility has available space, equipment, and materials to treat the individual. Pub. L. No. 114-328, § 717 (2016), as amended by Pub. L. No. 115-91, § 712 (2017). Under this authority, three MTFs (Naval Medical Center Camp Lejeune, Mike O'Callaghan Military Medical Center, and Womack Army Medical Center) provide medical care to civilians as of March 2022 through the Section 717 Pilot program.

**Appendix II: Analysis of Billing Civilian
Emergency Patients at Military Hospitals**

fiscal year 2018, and to almost 700 civilians per year on average between fiscal years 2019 and 2021.

We grouped the MTFs based on a range of civilian emergency patient volume. Specifically, on average per year one MTF treated more than 500 civilian emergency patients, 10 MTFs treated 250 to 499 patients, eight MTFs treated 100 to 249 patients, 11 MTFs treated 50 to 99 patients, and 14 MTFs treated up to 49 patients. See table 3 for a list of the 44 MTFs and the range of civilian emergency patients they care for on average per year.

Table 3: Locations and Average Number of Civilian Emergency Patients Per Fiscal Year at the 44 Military Medical Treatment Facility (MTF) Hospitals and Medical Centers Offering Emergency Care, by Affiliation

Average number of patients per fiscal year	Army MTFs and locations	Navy MTFs and locations	Air Force MTFs and locations	DHA MTFs and locations
Over 500+ patients	<ul style="list-style-type: none"> Brooke Army Medical Center (AMC), Fort Sam Houston, Texas 	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> n/a
250 to 500 patients	<ul style="list-style-type: none"> Blanchfield Army Community Hospital (ACH), Fort Campbell, Kentucky Carl R. Darnall AMC, Fort Hood, Texas Landstuhl Regional Medical Center, Germany Madigan AMC, Fort Lewis, Washington 	<ul style="list-style-type: none"> Naval Hospital (NH) Guam, Guam Naval Medical Center (NMC) Camp Lejeune, North Carolina NH Guantanamo Bay, Cuba NMC Portsmouth, Virginia NMC San Diego, California 	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Womack AMC, Fort Bragg, North Carolina
100 to 249 patients	<ul style="list-style-type: none"> Dwight D. Eisenhower AMC, Fort Gordon, Georgia General Leonard Wood ACH, Fort Leonard Wood, Missouri Martin ACH, Fort Benning, Georgia Tripler AMC, Fort Shafter, Hawaii Weed ACH, Fort Irwin, California William Beaumont AMC, Fort Bliss, Texas 	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Fort Belvoir Community Hospital, Virginia Walter Reed National Military Medical Center, Maryland

**Appendix II: Analysis of Billing Civilian
Emergency Patients at Military Hospitals**

Average number of patients per fiscal year	Army MTFs and locations	Navy MTFs and locations	Air Force MTFs and locations	DHA MTFs and locations
50 to 99 patients	<ul style="list-style-type: none"> • Bayne-Jones ACH, Fort Polk, Louisiana • Evans ACH, Fort Carson, Colorado • Irwin ACH, Fort Riley, Kansas • Keller ACH, West Point, New York • Winn ACH, Fort Stewart, Georgia 	<ul style="list-style-type: none"> • NH Camp Pendleton, California • NH Okinawa, Japan • NH Yokosuka, Japan 	<ul style="list-style-type: none"> • 60th Medical Group (MG), David Grant Air Force Medical Center, Travis AFB, California • 96th MG, Eglin AFB, Florida 	<ul style="list-style-type: none"> • NH Jacksonville, Florida
1 to 49 patients	<ul style="list-style-type: none"> • Bassett ACH, Fort Wainwright, Alaska • Brian D. Allgood ACH, Camp Humphreys, South Korea 	<ul style="list-style-type: none"> • NH Naples, Italy • NH Rota, Spain • NH Sigonella, Italy • NH Twentynine Palms, California 	<ul style="list-style-type: none"> • 35th MG, Misawa AFB Medical Facility, Japan • 48th MG, Royal Air Force Lakenheath, United Kingdom • 51st MG, Osan Medical Facility, South Korea • 673rd MG, Joint-Base Elmendorf-Richardson, Alaska • 88th MG, Wright Patterson AFB Medical Center, Ohio • 99th MG, Mike O'Callaghan Military Medical Center, Nellis AFB, Nevada • 633rd MG, Langley AFB Facility, Virginia 	<ul style="list-style-type: none"> • 81st MG, Keesler AFB, Mississippi

Legend: n/a = not applicable

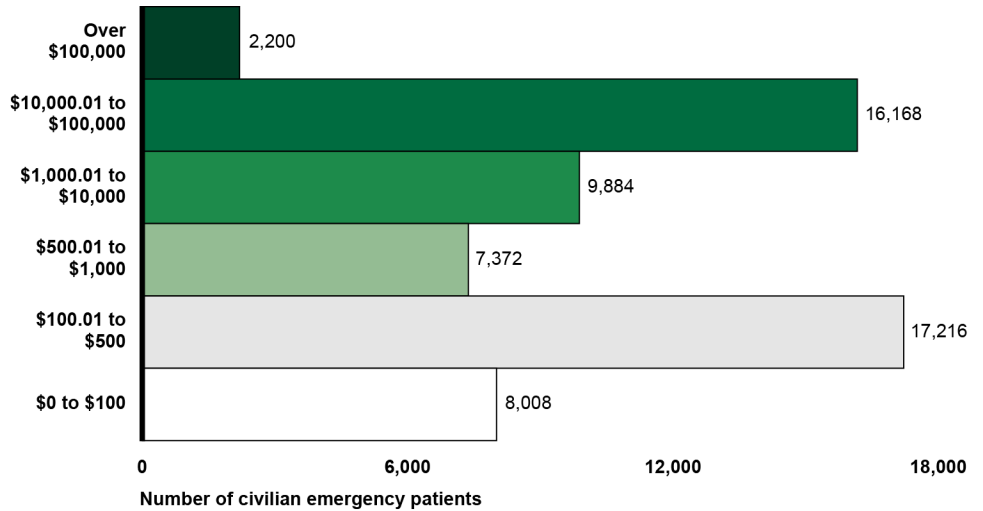
Source: GAO analysis of DOD's data. | GAO-22-104770

Note: Given the limitation of the Department of Defense's (DOD) systems to identify civilian emergency patients, we defined civilian emergency patients to be those patients billed as a civilian emergency in DOD's billing system. Specifically, we defined civilian emergency patients to be those patients associated with a civilian emergency line of business (MSA11, MSA12, MSA13, or MSA14) in DOD's billing system. We also included patients associated with both a Secretarial Designee line of business (MSA44 and MSA48) and a civilian emergency patient or Secretarial Designee patient category code (K82, K85, K91, K92, K93, K94, K95, or K99).

Over One Billion Dollars Billed for Care Provided to Civilians at MTFs with More Than a Third Collected

Based on our analysis of DOD's billing data, DOD billed over \$1 billion to the over 60,800 civilian emergency patients for services provided from fiscal years 2016 through 2021 at the 44 MTFs we reviewed. The median total amount billed per patient was about \$800, though amounts billed ranged from under \$100 to over \$100,000 per patient (see fig. 5).

Figure 5: Number of Civilian Emergency Patients at 44 Military Medical Treatment Facilities Offering Emergency Care for Services Provided from Fiscal Years 2016–2021, by Total Amount Billed



Source: GAO analysis of Department of Defense data. | GAO-22-104770

Note: Given the limitation of the Department of Defense’s systems to identify civilian emergency patients, we defined civilian emergency patients to be those patients billed as a civilian emergency in the department’s billing system.

As we found in this report, MTFs do not always update DOD’s billing system with payments collected while the debt is with the Department of the Treasury. Therefore, in order to determine the total payments received for care provided to civilian emergency patients, we reviewed DOD’s billing system to identify civilian emergency patients and matched these patients to accounts found in Treasury’s Centralized Receivables Service and Cross-Servicing systems to identify Treasury accounts associated with civilian emergency patients.³ We then identified payments that were not recorded in DOD’s billing system but were in Treasury’s systems.

Based on our analysis of DOD and Treasury data, DOD and Treasury collected over \$383.7 million, or about 35 percent of the over \$1 billion

³We used available information in DOD and Treasury’s systems to identify potential matches, including first and last name; Social Security number; and DOD’s billing system identifier numbers such as the patient ID, control number, or invoice number. We considered accounts to match if one or more of these elements aligned. Moreover, we excluded records where total amounts invoiced did not equal the total billed or transferred. Due to the inability to find a match using available information in some cases, our estimate may not include all amounts collected.

billed for services provided to civilians for emergency medical treatment. DOD accounted for about \$376.8 million of these payments and, based on our analysis of Treasury data, we identified an additional \$6.9 million collected by Treasury that was not identified in DOD's system.

DOD receives payments from a variety of sources, including insurance companies, law firms, and individuals. Based on our analysis of payments recorded by DOD in its billing system, about 88 percent of the amount collected in DOD's billing system was identified as being paid by an insurance company; another 5 percent was identified by other third-party payer, such as a law firm or federal agency.⁴ About 3 percent of total payments were identified as being paid by the individual. The remaining 4 percent was identified to be from Treasury, however, it cannot be determined if these amounts collected were from an individual or a third party.

While the majority of payments collected are from insurance companies, based on our analysis of the line of business, which identifies how the bill will be processed, and the source of payments received, 67 percent of civilian emergency patients were identified as not having insurance.⁵ DOD collected about \$16 million (about 3 percent) of the roughly \$510 million billed to uninsured patients. For insured patients, DOD collected about \$361 million (about 61 percent) of the \$588 million billed.

⁴Treasury data did not distinguish if payment was from a third-party payer or from an individual and therefore we could not determine the source of payments recorded by Treasury that were not recorded in DOD's billing system. DOD's system accounts for about \$376.8 million of the \$383.7 million payments identified. There were about \$-9.3 million of payments that did not have a payer source in DOD's system. In order to estimate total amounts by payer source, using the information identified from the known payer source, we distributed these unknown payer source amounts across the other known payer source categories.

⁵We identified the patient as having insurance if a patient's line of business was MSA11 (civilian emergency with insurance), MSA13 (civilian emergency-Medicare), MSA14 (civilian emergency-Medicaid), or MSA48 (Secretarial Designee with insurance), or if the patient payer source indicated insurance made a payment for one or more encounters.

Thousands of Civilians
Have Been Referred to
Treasury for Delinquent
Debt Collection

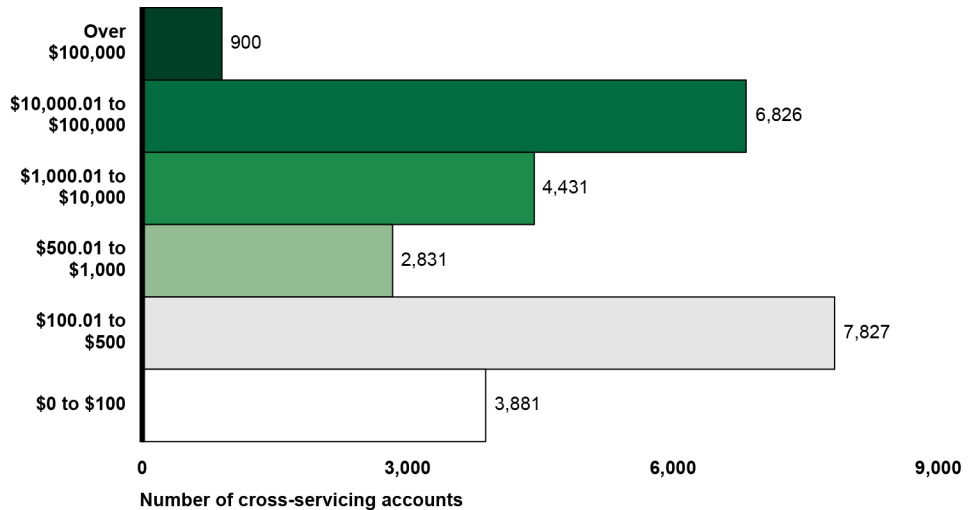
Treasury data cannot always be linked to DOD billing records on account of name changes or lack of other identifying information.⁶ Because of this challenge in finding a match using available information, our estimate may not include all accounts transferred to Treasury. We identified at least 26,696 cases involving at least 20,949 civilian emergency patients who had their medical debt for services provided between fiscal years 2016 through 2021 referred to Treasury's Cross-Servicing Program.⁷ Of these patients, about 75 percent were identified as uninsured. The total amounts of debt transferred per case varied, ranging from under \$100 to over \$100,000.⁸ Of the 26,696 cases, about 46 percent had debts of over \$1,000 and about 29 percent had debts of over \$10,000 transferred (see fig. 6).

⁶We used available information in DOD and Treasury's systems to identify those civilian emergencies found in DOD's billing system in Treasury's system, including first and last name; Social Security number; DOD's billing system identifier numbers such as the patient ID, control number, or invoice number; and amounts billed.

⁷We excluded cases identified from our analysis where the amounts billed or transferred in DOD's billing system did not match amounts billed in Treasury's systems.

⁸For purposes of identifying the total amount of Treasury cross-servicing cases, we used the amounts that were identified in Treasury's system that involved at least one civilian emergency encounter for services provided from fiscal years 2016 through 2021.

Figure 6: Cross-Servicing Accounts for Civilian Emergency Patients Referred to Treasury’s Cross-Servicing Program for Services Provided by 44 Military Medical Treatment Facilities Offering Emergency Care, Fiscal Years 2016–2021, by Amount Transferred per Account



Source: GAO analysis of Department of Defense and Department of the Treasury data. | GAO-22-104770

Note: Given the limitation of the Department of Defense’s (DOD) systems to identify civilian emergency patients, we defined civilian emergency patients to be those patients billed as a civilian emergency in DOD’s billing system. Moreover, Treasury data cannot always be linked to DOD billing records due to name changes or lack of other identifying information. We used available information in DOD and Treasury’s systems to identify those civilian emergencies found in DOD’s billing system in Treasury’s system, including first and last name; Social Security number; DOD’s billing system identifier numbers such as the patient ID, control number, or invoice number. Moreover, we excluded records where total amounts invoiced did not equal the total billed or transferred. Due to the inability to find a match using available information, our estimate may not include all accounts transferred to Treasury.

In addition to collecting amounts to pay off the principal debt, Treasury collects amounts that go to fees, penalties, and interest. Based on our analysis of Treasury’s Cross-Servicing Program data for the 44 MTFs we reviewed for billing of services performed from fiscal years 2016 to 2021, Treasury’s Cross-Servicing Program collected at least \$35.1 million for accounts associated with civilian emergency patients, with \$21.4 million going towards principal and the remaining \$13.7 million (39 percent) applied to interest, fees, and penalties.

Treasury has a number of methods to collect payments, including administrative wage garnishment and withholdings through the Treasury Offset Program. Of the \$35.1 million collected through Treasury’s Cross-Servicing Program, about \$2.3 million was collected by garnishment of wages from over 1,180 civilian emergency patients. Moreover,

**Appendix II: Analysis of Billing Civilian
Emergency Patients at Military Hospitals**

approximately \$12.1 million—from over 6,800 civilian emergency patients—was collected by offset through the Treasury Offset Program. This program withholds money from payments, such as Social Security benefits or tax refunds, to collect delinquent debts. Based on our analysis, we estimate about \$9.3 million was withheld from federal tax refunds, about \$2.2 million withheld from Social Security benefits, and the remaining amounts of about \$600,000 withheld from other types of payments, such as federal civilian retirement and annuities.⁹

⁹For all MTFs in our review, Treasury provided amounts withheld by type of offset (i.e., federal tax refunds, Social Security benefits) by the Treasury Offset Program for cross-servicing accounts. Using this information, we calculated the percentage withheld by type of offset. Using these percentages and the approximately \$12.1 million we found that was collected by offset through the Treasury Offset Program for civilian emergency patients, we estimated the amount of Social Security benefits, federal tax refunds, and other types of payments withheld.

Appendix III: Examples of Invoices and Demand Letters

In general, the Department of Defense (DOD) is required to bill civilian emergency patients for medical care provided at military medical treatment facilities (MTFs).¹ DOD must provide debtors due process, such as providing them a written notice of the debt and an opportunity to dispute the debt.² However, as we discussed earlier in this report, the information about financial relief options included in invoices and related documents varies. This appendix includes three examples of how financial relief options are described in invoices and related documents.

Figure 7: Example of a Demand Letter and Invoice for Brooke Army Medical Center

The image shows a screenshot of a demand letter and invoice from Brooke Army Medical Center. The document includes the following information:

- Header:** U.S. Department of Defense, Defense Health Agency (DHA), Civilian Emergency Billing - Brooke Army Medical Center (BAMC), P.O. Box 970014, St. Louis, MO 63197-0014.
- Invoice Details:** INVOICE, Centralized Receivables Service, INVOICE DATE: 05/25/2021.
- Table:**

DESCRIPTION	AMOUNT
Charges are owed as a result of medical treatment you received by the Department of Defense per 10 USC 1079b. See Additional Notification Section for information on options to pay your bill, payment plans, and your eligibility to reduce this amount.	\$9,464.98
TOTAL AMOUNT DUE (USD) ON OR BEFORE 6/24/2021	\$9,464.98
- Callout Boxes:**
 - Top Callout:** You have the right to inspect and copy records related to this invoice and request a review of the determination of the amount due. You also have the right to enter into a reasonable repayment agreement that is acceptable to the agency.
 - Middle Callout:** If you have any questions concerning this invoice, if you don't have the ability to pay this amount, or if you need a payment plan, contact the Centralized Receivables Service (CRS) at 1-855-649-8912 to discuss your options. It is important that you pay this bill or contact CRS as soon as possible to discuss any alternative payment options that may be available to you.
 - Bottom Callout:** **If You Do Not Have the Ability to Pay:** You may be eligible for a compromise, or lower the amount you owe on your bill, if your income and assets meets certain thresholds. To discuss your eligibility for a reduction in the amount you owe, you must call CRS at 1-855-649-8912. In order to evaluate your eligibility to pay a lesser amount, you must complete the Financial Statement of Debtor form located at: <https://www.fiscal.treasury.gov/crs/resources-for-payers.html#financial-statement-of-debtor>. It is important that you complete this form as soon as you can to allow CRS to evaluate your ability to pay your bill.
 - Payment Agreement Callout:** **Payment Agreement:** If you do not meet the eligibility requirements for a reduction in the amount you owe but will have difficulty in paying the full amount at one time on the due date, you have the right to enter into a reasonable payment agreement that is acceptable to the agency. Please contact CRS at 1-855-649-8912 to arrange payments in installments. You may be able to avoid additional fees and charges by entering into an agreement and making timely payments in accordance with the terms of the agreement.

Source: GAO analysis of Army invoice. | GAO-22-104770


¹Pub. L. No. 114-328, § 717 (2016), as amended by Pub. L. No. 115-91, § 712 (2017); 32 C.F.R. § 108.4(h) (2010); Defense Health Agency Procedures Manual 6015.01, *Military Medical Treatment Facility (MTF) Uniform Business Office (UBO) Operations* (Oct. 24, 2017).

²Department of Defense Financial Management Regulation 7000.14-R, vol. 16, ch. 2, *General Instructions for Collection of Debt Owed to the Department of Defense (DOD)* (April 2021).

Appendix III: Examples of Invoices and Demand Letters

Figure 8: Example of a Demand Letter and Invoice for Naval Medical Center Portsmouth

U.S. Department of Defense
Navy Bureau of Medicine and Surgery (BUMED)
Naval Medical Center Portsmouth
P.O. Box 2411
Oakhurst, WI 54903



INVOICE
Centralized Receivables Service
INVOICE DATE: 01/24/2018

DESCRIPTION	AMOUNT
Charges are owed to the Department of Defense (DoD) Medical Treatment Facilities (MTFs) for services provided to you or a person under your sponsorship. Per 10 USC 1079b and 32 CFR 108, DoD must bill for the costs of healthcare provided in DoD MTFs. The hospital invoices are for the services received at the Naval Medical Center Portsmouth.	\$823.65
TOTAL AMOUNT DUE ON OR BEFORE 2/23/2018	\$823.65

Payment in full is due now. If you have any questions concerning this invoice, contact the Centralized Receivables Service at 1-855-549-2684. The Centralized Receivables Service is a service provided by the U.S. Department of the Treasury to Federal agencies to assist in the management of account receivables.

Federal agencies are generally required to assess interest, administrative costs and penalties on past due amounts. Interest accrues at the annual rate of 1% on any amount outstanding from the Invoice Date. Administrative costs include processing and handling of unpaid balances. A penalty will be assessed at the annual rate of 6% on any amount outstanding after 90 days from the Invoice Date. You can avoid assessment of any charges, if we receive payment for the above amount on or before 02/23/2018.

If you fail to pay the full amount within 60 days from the date of this invoice, the Centralized Receivables Service will refer your debt(s) to the U.S. Department of the Treasury's Debt Management Service (DMS) for collection, at which time additional administrative fees of up to 30% will be added to your debt(s). In addition, DMS may take any or all of the following actions:

- Reduce any eligible Federal and State payments due to you.
- Refer your debt(s) to a private collection agency, which could result in increased costs to you.
- Refer your debt(s) to the U.S. Department of Justice to initiate litigation.
- Report the indebtedness to national credit bureaus.
- Report your debt(s) to the IRS as potential income.

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You have the right to inspect and copy records related to this invoice and request a review of the determination of the amount due. You also have the right to enter into a reasonable repayment agreement that is acceptable to the agency.

Payment Agreement: If you are unable to pay the total amount due in full on or before the due date, you have the right to enter into a reasonable payment agreement that is acceptable to the agency. Please contact CRS at the number listed in this notice to arrange payments in installments. You may be able to avoid additional fees and charges by entering into an agreement and making timely payments in accordance with the terms of the agreement.

Reimbursement Waiver for Services Provided: In accordance with the provisions of 32 CFR 108, you have the right to request waiver from the requirement to reimburse the U.S. Government for services provided at an MTF. Reimbursement waivers may only be approved by the concerned Military Department Secretary or the Under Secretary of Defense (Personnel and Readiness) (USD (P&R)); neither CRS nor MTFs have the authority to approve waivers. If you wish to request a waiver, contact either USD (P&R) at 4000 Defense Pentagon, Washington DC 20301-4000, or SecNav at 1000 Navy Pentagon, Washington DC 20350-1000. When submitting a waiver request, cite 32 CFR 108.4 as the basis for your request. Requesting a waiver does not allow us to halt collection actions on this invoice; however, if you receive a waiver, contact us so that we can take appropriate actions to refund any excess collections to you.

Source: GAO analysis of Navy invoice. | GAO-22-104770

Appendix III: Examples of Invoices and Demand Letters

Figure 9: Example of an Invoice for Mike O'Callaghan Military Medical Center

UNIFORM BUSINESS OFFICE REPRINT

99TH MDG-O'CALLAGHAN HOSP
4700 N LAS VEGAS BLVD
NELLIS AFB NV 89191
702-653-3589
NPI: 1154393759 Tax ID: 68-0060272 I&R # G6079-11 Date: 11/20/2016

Invoice & Receipt

Payment Remittance Address	99TH MEDICAL GROUP - MIKE O'CALLAGHAN HOSP 4700 N LAS VEGAS BLVD BLDG 1300 NELLIS AFB NV 89191
----------------------------	---

Patient IEN: XXXXX
FMP/Patient Name: 30 / PATIENT NAME

Date of Service	Description	Qty	Charges	Payment/Adjustment Date	Payment/Adjustments	Running Balance
04/18/2016	99TH MDG-O'CALLAGHAN HOSP INPATIENT SERVICES	2	36.00			36.00
Balance Due: 11/20/2016						\$36.00

According to our records, you, or a person assigned under your sponsorship, received health care services as listed above. Payment of this invoice is due upon receipt. If you or your family member has health insurance or information concerning a third party payer of your services, please complete DD Form 2589 (https://www.dtic.mil/odt/odt/forms/odtforms/odt2589.pdf) and submit it to the Uniform Business Office (UBO) within 10 business days. If you were admitted to the hospital and you are an Active Duty Family Member not enrolled in TRICARE Prime, or you are a Retired Family Member, your charges represent the inpatient Family Member Rate (FMR), which is a Per Diem charge and is not reimbursed by TRICARE or a Third Party Payer.

You have the right to inspect and copy government records related to these charges and request a review of how we determined your charges, however this request does not alter your financial responsibility. CFR, Title 45, Part 164 permits the use and disclosure of Protected Health Information (PHI) to carry out treatment, payment, or health care operations. The Military Health System (MHS) Notice of Privacy Practices (NoPP) can be found at: https://www.health.mil/Military-Health-Operations-and-Support/Informational/Compliance-with-the-Notice-of-Privacy-Practices. Your Personally Identifiable Information (PII) is protected under the U.S. Code (50 USC, Title 5, Section 552). If you make or provide any knowingly false or frivolous statements, misrepresentations, or evidence, you may be liable for penalties under the False Claims Act, USC, Title 31, Sections 3293-3297 and criminal penalties under USC, Title 18, Sections 286-287B, 1001-1002, and/or other applicable statutes.

In accordance with the Debt Collection Improvement Act (DCIA) of 1996 and U.S. Code of Federal Regulation (CFR), Title 31, Part 901, the Department of Defense (DoD) Military Treatment Facility (MTF) UBO is required to promptly collect any debt owed to the United States. Any unpaid balances are subject to referral to a higher authority for collection action; in order to avoid interest, penalty and administrative fees, this invoice must be paid in full no later than the date listed above. If you are unable to pay the debt in full by the date shown, please contact the UBO to discuss any possible payment agreement options.

Payment Options for the UBO are listed below:
 1. Check - please make checks payable to DEFENSE ACCOUNTING OFFICE and mail to the remittance address above.
 2. Exact Cash - down to the cent (we are unable to return change & hold party cash) only in person not through the mail.
 3. Pay.gov - Visit an agency's Defense (DCO) Pay Force - Nellis AFB 89th Medical Group - Continue to Item 1 Fill out and submit.
 4. Credit / Debit Cards - please call 702-653-2558

ABACUS version of AF Form 1127/DA Form 3154/NAVMED Form 7270
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Page 1 of 1

In accordance with the Debt Collection Improvement Act (DCIA) of 1996 and U.S. Code of Federal Regulation (CFR), Title 31, Part 901, the Department of Defense (DoD) Military Treatment Facility (MTF) UBO is required to promptly collect any debt owed to the United States. Any unpaid balances are subject to referral to a higher authority for collection action; in order to avoid interest, penalty and administrative fees, this invoice must be paid in full no later than the date listed above. If you are unable to pay the debt in full by the date shown, please contact the UBO to discuss any possible payment agreement options.

Source: GAO analysis of Air Force invoice. | GAO-22-104770

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Brenda S. Farrell, (202) 512-3604 or farrellb@gao.gov

Staff Acknowledgments

In addition to the contact named above, Lori Atkinson (Assistant Director), Stephanie Santoso (Analyst in Charge), Stephen Brown, Brad Crofford, Andrew Duggan, Christopher Gezon, Alexandra Gonzalez, Joyce Harvey, Ronald La Due Lake, Carol Peterson, Lillian Moyano Yob, and Jackson Young made key contributions to this report.

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