DRAFT STATUTORY PROVISIONS & POLICY BRIEFING

Subject: Program Integrity, Fraud Safeguards, and Clinical Accountability in TRICARE Specialty Care

Purpose: Addressing Congressional Concerns Regarding Fraud Without Suppressing Prescribed Medical Care

STRATEGIC POLICY OVERVIEW

When lawmakers (such as Senator Eric Schmitt) express concern that converting temporary programs like the Autism Care Demonstration (ACD) into permanent medical benefits could invite billing fraud or provider abuse, the solution is not to deny care to military dependents.

The solution is to insert statutory Program Integrity and Anti-Fraud Safeguards directly into Title 10.

Commercial health insurance plans operate under federal market parity laws (MHPAEA) and prevent healthcare fraud using data analytics, credential audits, and third-party independent reviews, without imposing blanket non-clinical bans on essential medical care.

By inserting the statutory language below into the *Military Health Care Accountability and Parity Act*, Congress can give skeptical offices a **bulletproof anti-fraud package** that protects taxpayer dollars while guaranteeing evidence-based care for military families.

DRAFT LEGISLATIVE LANGUAGE FOR TITLE 10, U.S. CODE

Insert this section directly into the proposed legislation to establish statutory anti-fraud mechanisms:

SEC. 3. PROGRAM INTEGRITY AND FRAUD PREVENTION SAFEGUARDS FOR SPECIALTY MEDICAL AND BEHAVIORAL HEALTHCARE.
(a) IN GENERAL.—Section 1079 of title 10, United States Code, as amended by section 2, is further amended by adding at the end the following new subsection:
"(r) PROGRAM INTEGRITY AND SPECIALTY CARE FRAUD PREVENTION.—
"(1) DATA-DRIVEN FRAUD DETECTION MANDATE.—The Secretary of Defense, through the Defense Health Agency Office of the Inspector General and regional managed care support contractors, shall implement advanced claims analysis, predictive data modeling, and billing audit protocols to identify, investigate, and prevent fraudulent billing practices, unrendered service claims, and improper coding in specialized medical and behavioral health programs.
"(2) INDEPENDENT CLINICAL AUDITING.—
"(A) IN GENERAL.—The Secretary shall establish a neutral, third-party clinical auditing mechanism to review high-volume billing entities, unverified provider rosters, and pattern anomalies.
"(B) PROHIBITION ON PATIENT CARE SUPPRESSION.—Program integrity audits, fraud investigations, and administrative billing reviews conducted under this subsection shall target billing entities and individual providers suspected of improper conduct. Under no circumstances shall ongoing fraud investigations or administrative audit protocols be utilized by the Department of Defense or managed care support contractors as a

basis to issue blanket, non-clinical care denials, setting exclusions, or benefit suspensions for covered beneficiaries receiving medically necessary care authorized by a treating clinician.

"(3) MANDATORY PROVIDER ROSTER VERIFICATION.—To prevent the publication of fraudulent or inactive network directories ('ghost networks'), each managed care support contractor shall perform mandatory quarterly verification of all listed individual and corporate providers. Any provider confirmed to be non-practicing, retired, unreachable, or unwilling to accept covered beneficiaries shall be removed from public directories within 15 calendar days.

"(4) ANNUAL REPORT TO CONGRESS.—Not later than 180 days after the date of the enactment of this Act, and annually thereafter, the Director of the Defense Health Agency shall submit to the Congressional Defense Committees a report detailing:

"(A) the total number of specialty care fraud investigations initiated;

"(B) funds recovered through program integrity audits; and

"(C) systemic administrative improvements implemented to protect taxpayer funds while maintaining beneficiary access to medically necessary care."

COMPARISON MATRIX: CARE SUPPRESSION VS. STATUTORY PROGRAM INTEGRITY

This table demonstrates how statutory fraud safeguards protect taxpayer dollars without causing collateral damage to military families:

Policy Area	TRICARE's Current Approach (Care Suppression)	Statutory Solution (Program Integrity Safeguards)
Enforcement Mechanism	Imposes blanket, non-clinical bans on care settings (e.g., school bans, ADL exclusions).	Uses AI data modeling and post-payment claims audits to target suspicious billing patterns.
Impact on Beneficiaries	Denies prescribed care to 100% of compliant active-duty dependents to catch bad providers.	Isolates and penalizes fraudulent billing entities while keeping patient care uninterrupted.
Provider Directory Accuracy	Maintains "ghost networks" with 85%–97% failure rates to mask local provider deserts.	Mandates quarterly directory audits with statutory deadlines to eliminate ghost listings.
Adjudication Neutrality	Contractors act as their own judges, denying 100% of internal appeals.	Establishes neutral, third-party Independent External Reviews (standard in commercial plans).

Policy Area	TRICARE's Current Approach (Care Suppression)	Statutory Solution (Program Integrity Safeguards)
Fiscal Outcome	Drives mid-career warfighters out ($5.6M–$10M retraining cost per operator).	Recovers actual fraudulent dollars while retaining experienced military personnel.