



Department of Defense INSTRUCTION

NUMBER 5505.12

October 19, 2006

Incorporating Change 1, Effective October 3, 2013

USD(P&R)

SUBJECT: Anti-Fraud Program at Military Treatment Facilities (MTFs)

- References:
- (a) Section 3512 of title 31, United States Code
 - (b) DoD Directive 7050.05, "Coordination of Remedies for Fraud and Corruption Related to Procurement Activities," ~~June 7, 1989~~ June 4, 2008
 - (c) Section 2 of Public Law 97-255, "Federal Managers' Financial Integrity Act of 1982," September 8, 1982
 - (d) Office of Management and Budget Circular No. A-123, "Management's Responsibilities for Internal Control," August 5, 2005
 - (e) through (h), see Enclosure 1

1. PURPOSE

This Instruction implements policy, assigns responsibilities, and prescribes procedures under References (a) and (b) for preventing, detecting, reporting, and evaluating suspected fraud by contracted civilian healthcare providers at all DoD MTFs. This Anti-Fraud Program is part of the DoD management control program prescribed by References (c), (d), and DoD Instruction 5010.40 (Reference (e)).

2. APPLICABILITY

This Instruction applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as the "DoD Components").

3. POLICY

It is DoD policy pursuant to Reference (e) that DoD MTFs and responsible contracting activities of the Military Departments will exercise responsibility in establishing and implementing anti-fraud programs designed to ensure appropriate expenditure of financial resources in the delivery

of healthcare to entitled beneficiaries. Key to this oversight is the identification of possible erroneous and/or fraudulent billings which require investigation. The identification and investigation of fraud within DoD MTFs supports the Inspector General, DoD, mission to ensure integrity, accountability, and improvement of DoD personnel, programs, and operations and to serve the public interest.

4. RESPONSIBILITIES

4.1. The Assistant Secretary of Defense for Health Affairs (ASD(HA)), under the Under Secretary of Defense for Personnel and Readiness, shall:

4.1.1. Develop overall policy, establish procedures, and identify organizational units for preventing, detecting, developing, reporting, and evaluating suspected fraud and/or abuse cases.

4.1.2. Monitor compliance with this Instruction.

4.1.3. Modify or supplement this Instruction, as needed.

4.2. The Director of the ~~TRICARE Management Activity~~ Defense Health Agency (DHA), under the ASD(HA), shall:

4.2.1. Provide oversight support to monitor and evaluate suspected fraud cases identified by DoD MTFs.

4.2.2. Forward cases deemed questionable to investigative services for further action and potential litigation.

4.3. The Secretaries of the Military Departments shall ensure that the Surgeons General of the Military Departments and MTF Commanders of their respective Military Departments comply with, oversee, and implement the procedures outlined in this Instruction.

5. PROCEDURES

5.1. Each Military Department shall develop an anti-fraud program for implementation at MTFs that shall include the following elements:

5.1.1. Documentation of the roles and responsibilities addressing civilian contracts for civilian healthcare providers to deliver healthcare at Defense Health Program funded MTFs both *inside and outside of the continental United States*. A template for implementing an MTF anti-fraud program can be found on the ~~TRICARE Management Activity, Office of the Chief Financial Officer (Management Control & Financial Studies/Program Integrity (TMA/OCFO (MC&FS/PI) DHA's Program Integrity Office~~ Web site at <http://www.tricare.osd.mil/fraud/> <http://www.tricare.mil/fraud/>.¹ The Web site is periodically updated to reflect current anti-fraud

¹ Inquiries on the links should be referred to <http://www.tricare.osd.mil/WebsiteFeedback/>.

program improvements. Examples of MTF contractor fraud cases identified are also posted on the Web site.

5.1.2. An internal management control program that fosters oversight of contracted health care providers and local civilian entities the MTFs utilize to purchase blood products and supplies.

5.1.3. An anti-fraud training protocol for personnel. Educate personnel in the detection of potential fraud or abuse situations and how individuals may identify and report allegations according to DoD Directive 1322.18 (Reference (f)).

5.1.4. Standard operating procedures that utilize existing patient encounter databases (Standard Inpatient Data Record, Standard Ambulatory Data Record, TRICARE Electronic Data System) to monitor workload trends. Use data on workload trends to identify potential practice anomalies involving unusual patterns of care, overutilization of services, suspect billing practices, or other unusual practices.

5.1.5. A requirement that in cooperation with the MTFs, responsible contracting activities of the Military Departments shall ensure all personal services contracted providers are licensed in at least one state and non-personal service contract providers are licensed in the state in which the services are being provided and are not on the HHS-IG or TRICARE sanction/suspension list. Federal payment is prohibited for any provider who is under sanction by the Federal Government. The TRICARE list is under "sanctions" in the *TMA DHA* fraud Web page index; the HHS-IG database is identified under "links" in the *TMA DHA* fraud Web page index and is routinely made available by CD-ROM to the Surgeons General offices.

5.2. The Military Departments' Surgeons General offices shall ensure MTF compliance with the following Anti-Fraud Program reporting requirements.

5.2.1. Provide *TMA/OCFO (MC&FS/PI) DHA's Program Integrity Office* case referral information to include a copy of the audit and any documentation that supports the finding of suspected aberrant, abusive, or fraudulent billings for case development. A Case Referral letter for MTF use to request a review of suspected fraud cases is at Enclosure 2. The information obtained from the Case Referral letter will be utilized to determine what action is appropriate (further investigation, collection of additional information, or referral to law enforcement).

5.2.2. Furnish supporting documentation (e.g., medical records and clinic logs) upon request to substantiate allegations of healthcare fraud to *TMA/OCFO (MC&FS/PI) DHA's Program Integrity Office* and the appropriate Defense Criminal Investigative Organization(s) in accordance with DoD Instruction 5505.2 (Reference (g)).

6. INFORMATION REQUIREMENTS

The reporting requirements in this Instruction are exempt from licensing in accordance with paragraph C4.4.7. of DoD 8910.1-M (Reference (h)).

6. **RELEASABILITY. Unlimited.** This instruction is approved for public release and is available on the Internet from the DoD Issuances Website at <http://www.dtic.mil/whs/directives>.

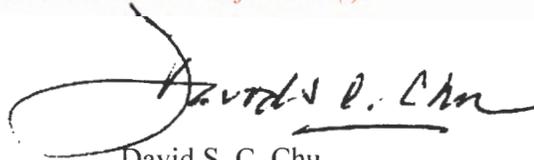
7. **EFFECTIVE DATE.** *This Instruction:*

~~This Instruction is effective immediately.~~

a. Is effective October 19, 2006.

b. Must be reissued, cancelled, or certified current within 5 years of its publication to be considered current in accordance with DoD Instruction 5025.01 (Reference (i)).

c. Will expire effective October 19, 2016 and be removed from the DoD Issuances Website if it hasn't been reissued or cancelled in accordance with Reference (i).



David S. C. Chu
Under Secretary of Defense for
Personnel and Readiness

Enclosures-2

- E1. Enclosures, continued
- E2. Sample MTF Case Referral

E1. ENCLOSURE 1

REFERENCES

- (e) DoD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," January 4, 2006
- (f) DoD Directive 1322.18, "Military Training," September 3, 2004
- (g) DoD Instruction 5505.2, "Criminal Investigations of Fraud Offenses," February 6, 2003
- (h) DoD 8910.1-M, "DoD Procedures for Management of Information Requirements," June 30, 1998
- (i) DoD Instruction 5025.01, "DoD Directives Program," September 26, 2012, *as amended*

E2. ENCLOSURE 2

SAMPLE REFERRAL LETTER TO TMA/PROGRAM INTEGRITY

SUBMISSION OF CASE REFERRAL SUPPORTING FINDINGS OF SUSPECTED
ABERRANT, ABUSIVE, OR FRAUDULENT BILLINGS FOR CASE DEVELOPMENT

REFERRAL OF FRAUD OR ABUSE ALLEGATION(S)
TO THE ~~TRICARE MANAGEMENT ACTIVITY~~ DEFENSE HEALTH AGENCY
PROGRAM INTEGRITY OFFICE

DATE:

CASE NAME: John Doe, M.D.

BRIEF DESCRIPTION OF THE ALLEGATION(S):

The allegation is that John Doe, M.D., is billing for services actually rendered by a military physician.

PERSON/COMPANY INVOLVED (e.g., Name, provider specialty, Tax ID #, address):

John Doe, M.D., Tax ID No. 123456789
[MTF Address & civilian address if known]

This provider has been a contracted provider since 01/01/04.

HOW ALLEGATION(S) WAS IDENTIFIED:

Beneficiary complaint, analysis of billing records, and/or review of provider's workload
NOTE: Provide details to allow TMA to appropriately assess and evaluate the case and its merits.

EVIDENCE (List all evidence included to support allegation):

Provide findings, copies of medical records, appointment logs, provider contract, etc. All relevant documentation that supports your referral and that will assist analysis of facts/findings.

**COMMANDING OFFICER COORDINATION (Identify date referral coordinated with
Commanding Officer):**

POINT OF CONTACT (Name, address, email, telephone #):

MAIL THIS DOCUMENT AND ATTACHMENTS TO:

~~TRICARE Management Activity~~ Defense Health Agency
Program Integrity Office
16401 East Centretex Parkway
Aurora, CO 80011-9066
FAX: (303) 676-3981