



April 2025

DEFENSE HEALTH CARE

Key Characteristics of TRICARE Contracts

GAO Highlights

Highlights of [GAO-25-107370](#), a report to congressional committees

Why GAO Did This Study

DOD offers health care services to over 9 million eligible beneficiaries through its TRICARE program. TRICARE beneficiaries may obtain care through either military medical treatment facilities, including medical centers, hospitals, and clinics or through the private sector care system of civilian providers. Within DOD, DHA is responsible for TRICARE, including the award, administration, and oversight of 13 health, dental, and pharmacy contracts used to provide care and services through civilian providers. As of September 30, 2024, these current contracts were collectively valued at about \$168 billion.

The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 includes a provision for GAO to report on key characteristics of certain contracts related to the TRICARE program. Some of these key characteristics include total contract values, the products or services procured, and health care or service delivery time frames. Among other things, this report describes changes in the key characteristics between the current and prior TRICARE health, dental, and pharmacy contracts.

GAO analyzed DHA documentation for the current and prior TRICARE contracts for health, dental, and pharmacy benefits. In addition, GAO reviewed data from the Federal Procurement Data System. GAO also interviewed DHA officials responsible for each of the TRICARE contracts.

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April 2025








DEFENSE HEALTH CARE

Key Characteristics of TRICARE Contracts

What GAO Found

The Department of Defense's (DOD) Defense Health Agency (DHA) has 13 contracts with private sector companies to provide TRICARE health, dental, and pharmacy benefits generally through networks of civilian providers.

Current TRICARE Contracts for Health, Dental, and Pharmacy Benefits

Contract name and N° of contracts	Overall purpose and time frames with contract options
 TRICARE Managed Care Support	2 Manages private sector health care in the U.S. <i>January 1, 2024 - December 31, 2032</i>
 TRICARE Overseas Program	1 Manages private sector health care outside the U.S. <i>September 1, 2020 - August 31, 2028</i>
 TRICARE Medicare Eligible Program	1 Provides claims processing and customer support for the TRICARE for Life plan. <i>May 1, 2021 - April 30, 2028</i>
 US Family Health Plan	6 Manages specific health and pharmacy benefits in six locations. <i>October 1, 2023 - September 30, 2033</i>
 Active Duty Dental Program	1 Manages civilian dental care for active-duty service members. <i>May 1, 2021 - April 30, 2029</i>
 TRICARE Dental Program	1 Manages civilian dental care primarily for active-duty dependents. <i>December 1, 2023 - February 28, 2030</i>
 TRICARE Pharmacy Program	1 Administers the TRICARE Pharmacy Program. <i>September 23, 2021 - December 31, 2029</i>

Source: GAO analysis of Defense Health Agency documents; GAO and RaulAlmu/stock.adobe.com (illustration). | GAO-25-107370

GAO identified changes in the key characteristics of these current contracts compared with the prior version of these contracts that had recently ended. For example, 11 of the 13 current contracts had an increase in their total contract value at the time of award (i.e., the sum value of the contract's base period including all option years). GAO found various reasons that contributed to the higher award values, including changes in geographic service areas and longer periods of performance. DHA officials also told GAO that health care costs have increased significantly over the last 10 years due to inflation and the COVID-19 pandemic.

GAO also found that seven of the 13 TRICARE contracts were competitively awarded and of those, four received fewer bids for the current contracts compared with the prior contracts. The remaining three competitively awarded contracts received the same number of bids for the current and prior contracts, with one contract receiving a single bid each time. In addition, DHA awarded six of the seven contracts to the incumbent contractors.

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Abbreviations

DHA	Defense Health Agency
DOD	Department of Defense

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April 24, 2025

The Honorable Roger Wicker
Chairman
The Honorable Jack Reed
Ranking Member
Committee on Armed Services
United States Senate

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

The Department of Defense (DOD) offers health care services to over 9 million eligible beneficiaries, including active-duty service members, retirees, and their family members, through TRICARE. These beneficiaries may obtain care through DOD’s direct care system of military hospitals, medical centers, and clinics, referred to as military medical treatment facilities, or from its private sector care system of civilian providers.

Within DOD, the Defense Health Agency (DHA) is responsible for the administration of the TRICARE program. DHA’s responsibilities include the award, administration, and oversight of TRICARE contracts with private sector companies to provide health, dental, and pharmacy benefits through civilian providers.¹ These contracts include 10 health benefit contracts, consisting of eight regional and location-specific contracts, an overseas contract, and a fiscal intermediary contract that processes claims when TRICARE is a secondary payer to Medicare. In addition, DHA has two dental contracts and a pharmacy contract.

As of September 30, 2024, the current generation of these contracts was estimated to be collectively valued at about \$168 billion, which represents the total contract value including all options and any changes made to the

¹For the purposes of our report, we define contract oversight as encompassing contractor performance monitoring and assessment activities.

contracts as of that date.² In this report we refer to the contracts that have current delivery of health, dental, or pharmacy services on March 1, 2025, as the current generation contracts and the ones that most recently ended as the prior generation contracts.

The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 includes a provision for us to report on certain contracts related to the TRICARE program and DHA's oversight of these contracts.³ For this report, we reviewed the current and most recent prior generation of TRICARE health, dental, and pharmacy contracts that provide direct services or benefits to the eligible population. We describe

1. the changes in key characteristics between the current generation and prior generation of selected TRICARE contracts;
2. the DHA offices and staff that are responsible for awarding, administering, and overseeing these contracts; and
3. the training and certification requirements for the DHA staff responsible for awarding, administering, and overseeing the TRICARE contracts.

To describe the changes in key characteristics between the current and prior generation of selected TRICARE contracts, we identified 13 TRICARE contracts that provide health, dental, or pharmacy benefits that met specific criteria. These criteria included contracts that provided health care or services to beneficiaries, delivered health, dental, or pharmacy services on March 1, 2025; and had a total contract value of greater than \$500 million for either the prior or current generation.⁴ We identified 10 health benefit contracts, two dental contracts, and one pharmacy

²Older generations of contracts, except for the one prior generation, are not part of our scope. Total contract value represents the mutually agreed upon total contract value including all options, if any.

³Pub. L. No. 117-263, Div. A, tit. VII, § 708, 136 Stat. 2395, 2654-55 (2022).

⁴Section 708 of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 specifies that GAO should conduct a study on certain TRICARE contracts, specifically those where the value is greater than \$500 million. See Pub. L. No. 117-263, § 708, 136 Stat. at 2654.

contract.⁵ We reviewed and analyzed DHA documentation on key characteristics for the current and prior generation of these contracts. We defined key characteristics as (1) the products or services procured, (2) contract pricing types used, (3) aspects of the competition, (4) health care and service delivery periods, (5) number of bid protests and their outcomes, (6) total contract values, and (7) amounts obligated by fiscal year.

The current generation of each of these contracts started health care or service delivery between September 2021 and March 2025. The previous generation of these contracts started health care or service delivery between October 2013 and January 2018. We analyzed data from the Federal Procurement Data System to determine total contract values and information on competition and contract modifications. We also analyzed data from the Federal Procurement Data System on contract obligations for each of the prior and current generation TRICARE contracts. For related obligations on these contracts and orders, we inflation-adjusted the data to fiscal year 2023 dollars using the Gross Domestic Product Price Index. See appendix I for our analysis of obligations for these contracts.

We took steps to assess the reliability of Federal Procurement Data System data reported by DOD by conducting electronic testing of the data and reviewing relevant documentation. We also interviewed DHA officials, including the TRICARE contracting officers and contracting officer's representatives, about changes in the contracts' key characteristics and the reasons for those changes. We determined that the data were sufficiently reliable for our audit objective.

To describe the DHA offices and staff responsible for awarding, administering, and overseeing these 13 TRICARE contracts, we obtained and reviewed relevant DHA organizational charts. We also obtained and reviewed documentation about the roles and responsibilities of the offices and staff that work on these contracts, including position descriptions, contract documents such as Quality Assurance Surveillance Plans, and departmental documents. We interviewed the DHA officials responsible for awarding, administering, and overseeing each of the contracts to

⁵There are four TRICARE contracts that did not meet the criteria for inclusion. The TRICARE Claims Review Services contract and the TRICARE Quality Monitoring contract did not meet the mandated threshold of \$500 million. Additionally, the Competitive Plan Demonstration contract for Atlanta, Georgia and the Competitive Plan Demonstration contract for Tampa, Florida do not begin health care delivery until January 2026.

obtain information about offices and staff responsible for them, as well as the offices and staff that provide additional contract support.

To describe the training and certification requirements for the DHA staff responsible for awarding, administering, and overseeing the TRICARE contracts, we obtained and analyzed DOD and Defense Acquisition University documentation describing the certification and training requirements for specific staff responsible for the contracts, descriptions of required coursework, and DHA documentation that these staff completed required certification and training.⁶ We also interviewed DHA officials to understand the staff certification and training requirements associated with these positions.

We conducted this performance audit from January 2024 to April 2025 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

TRICARE Contracts

DHA has 13 TRICARE contracts that provide health, dental, and pharmacy benefits through the private sector. See table 1.

⁶In 1990, Congress enacted the Defense Acquisition Workforce Improvement Act as part of the National Defense Authorization Act for Fiscal Year 1991. See Pub. L. No. 101-510, Div. A, tit. XII, §§ 1201-1211, 104 Stat. 1485, 1638-1668 (1990) (codified, as amended, at 10 U.S.C. § 1701-1764). Among other things, this Act directed the Secretary of Defense to establish and maintain a Defense Acquisition University structure to provide for (1) the professional educational development and training of the acquisition workforce; and (2) research and analysis of defense acquisition policy issues from an academic perspective. See Pub. L. No. 101-510, § 1202(a) (codified, as amended, at 10 U.S.C. § 1746). See also DOD Instruction 5000.57, Defense Acquisition University (Dec. 18, 2013) (Effective January 11, 2024).

Table 1: TRICARE Contracts for Health, Dental, and Pharmacy Benefits

Contract name	Number of contracts	Overall purpose
Health benefit contracts		
Managed Care Support	2	Manages TRICARE's private sector health care in two regions within the United States.
TRICARE Overseas Program	1	Manages TRICARE private sector health care outside of the United States. ^a
TRICARE Medicare Eligible Program ^b	1	Provides claims processing and customer support for the TRICARE for Life plan.
US Family Health Plan	6	Manages specific health and pharmacy benefits in six locations.
Dental and pharmacy benefit contracts		
Active Duty Dental Program	1	Manages civilian dental care for active-duty service members.
TRICARE Dental Program	1	Manages civilian dental care for active-duty dependents and other eligible beneficiaries. ^c
TRICARE Pharmacy Program	1	Administers the TRICARE Pharmacy Program.

Source: GAO analysis of Defense Health Agency documents. | GAO-25-107370

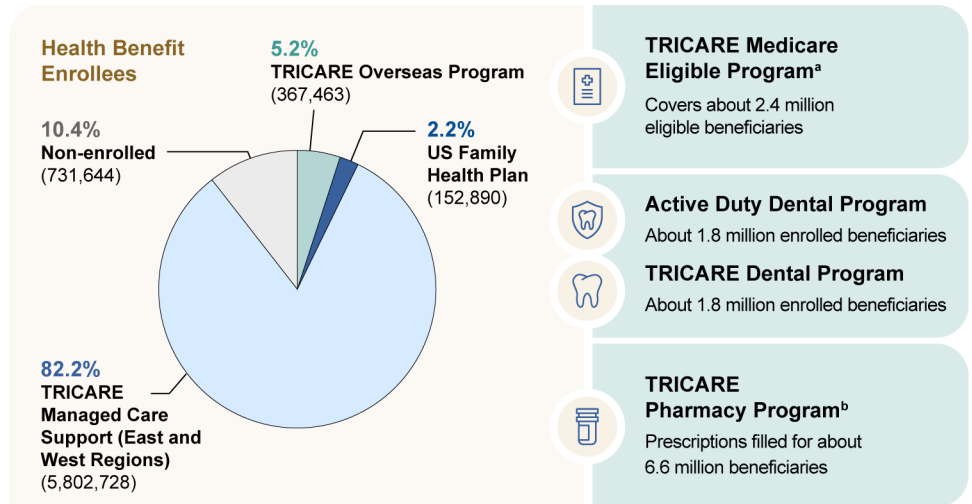
^aThe overseas region consists of countries outside the U.S. and includes the U.S. territories of American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

^bThe TRICARE Medicare Eligible Program contract was previously referred to as the TRICARE Dual Eligible Fiscal Intermediary contract.

^cOther eligible beneficiaries include those in the National Guard and Reserve and not on active duty.

In fiscal year 2023, about 9.4 million eligible beneficiaries were covered by one of DOD's TRICARE health plans. Some of these beneficiaries were also enrolled in one of the dental plans and used benefits managed by other TRICARE contractors, such as pharmacy benefits, depending on their eligibility for these benefits. See figure 1.

Figure 1: Number of Beneficiaries Who Enrolled in or Used Benefits Offered by TRICARE Health, Dental, and Pharmacy Programs for Fiscal Year 2023



Source: GAO analysis of Defense Health Agency data; RaulAlmu/stock.adobe.com (illustrations). | GAO-25-107370

Note: In fiscal year 2023, over 89 percent of eligible TRICARE beneficiaries were covered by one of the TRICARE contracts providing health benefits that require enrollment. Active-duty service members are required to enroll in TRICARE Prime. Active-duty family members can enroll in the TRICARE Dental Program, if eligible.

^aThe TRICARE Medicare Eligible contract manages the TRICARE for Life benefit. TRICARE beneficiaries who have Medicare Parts A and B automatically receive coverage from TRICARE for Life and do not have to enroll in the program.

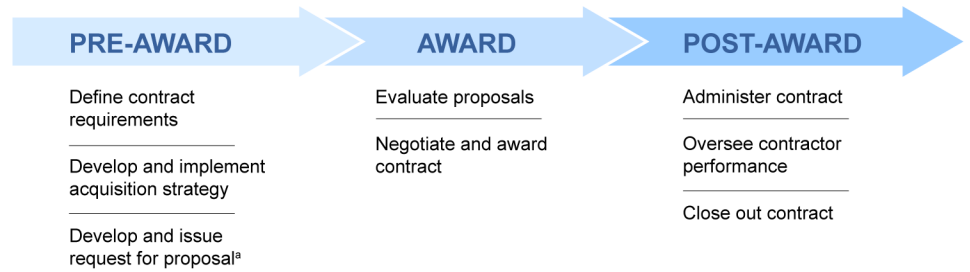
^bTRICARE beneficiaries do not enroll in the TRICARE Pharmacy Program. Rather, the TRICARE Pharmacy Program fills prescriptions for eligible beneficiaries.

Overview of DOD’s Contracting Process

DOD’s contracting process can be described as consisting of three phases: (1) pre-award, (2) award, and (3) post-award.⁷ See figure 2.

⁷There are federal- and department-level requirements that govern each phase of the acquisition process. The regulatory policies and procedures for DOD acquisitions are outlined in the Federal Acquisition Regulation and the Defense Federal Acquisition Regulation Supplement. In general, agencies may grant deviations from the Federal Acquisition Regulation when necessary to meet the specific needs and requirements of each agency, unless precluded by law, executive order, or regulation. For a full definition of “deviation,” see 48 C.F.R. § 1.401. In addition, DOD issues other guidance documents, such as the DOD Instruction 5000.74, *Defense Acquisition of Services* (Incorporating Change 2, Aug. 31, 2018), to assist in the acquisition process.

Figure 2: Phases and Activities in the Defense Health Agency’s Contracting Process



Source: GAO and analysis of Department of Defense documentation. | GAO-25-107370

^aThe request for proposal is a document used to communicate government requirements to prospective contractors and to solicit proposals.

Federal Acquisition Regulation and Relevant Supplement

The Federal Acquisition Regulation defines uniform policies and procedures for the acquisition of supplies and services for executive agencies. It is codified in title 48 of the Code of Federal Regulations. The Defense Federal Acquisition Regulation Supplement defines uniform policies and procedures for the acquisition of supplies and services for the Department of Defense that supplement the Federal Acquisition Regulation and delegates authorities for deviations from the Federal Acquisitions Regulation requirements.

Source: General Services Administration and Department of Defense. | GAO-25-107370

In the pre-award phase, DOD defines contract requirements and develops the acquisition strategy. After these steps are finalized, DHA develops and issues the request for proposal. Once proposals from bidding contractors are received, DOD evaluates the proposals and selects, to the maximum extent, the proposal that is the best value to the government in accordance with evaluation criteria defined in the request for proposal.

DHA used a competitive process to award seven of the 13 TRICARE contracts in our review.⁸ In a competitive process more than one contractor is sought to bid on a contract, and the winner is selected based on criteria specific to the solicitation’s requirements. In some cases, the companies that were not selected challenged the award of the contracts through a bid protest.⁹ For the six US Family Health Plan contracts, DHA is required to use sole source acquisition.¹⁰ This means that DHA must

⁸The six remaining contracts were awarded on a sole source basis as required by statute as part of the US Family Health Plan.

⁹A bid protest is a challenge to the terms of a solicitation or the award of a federal contract. A bid protest against federal contracts can be filed with the involved agency, GAO, or the U.S. Court of Federal Claims. Protests filed at GAO are adjudicated by GAO’s General Counsel, Procurement Law Division. See GAO, *Bid Protests at GAO: A Descriptive Guide*, GAO-18-510SP (Washington, D.C.: May 2018).

¹⁰The National Defense Authorization Act for Fiscal Year 1997 mandated a number of key aspects of the US Family Health Plan including a requirement for DOD to enter into sole source contracts with the contractors—referred to as designated providers—to administer the US Family Health Plan. Pub. L. No. 104-201, Div. A, tit. VII, § 722(b)(2), 110 Stat. 2433, 2593 (1996).

negotiate and enter into an agreement with only one contractor for each of the six US Family Health Plan contracts.

Each of the contracts in our review was awarded for an initial base period and a number of additional option years that DHA can exercise to extend the length of the contract if it chooses. According to a DHA contracting official, the base period for the contracts included in our review typically serves as a transition-in period. The period of service delivery for the prior generation contract typically will overlap with the transition-in period for the current generation contract. DHA generally schedules the start date for service delivery for the current contract after the completion of its transition-in period.

TRICARE Manuals

The Defense Health Agency (DHA) has defined its operational, policy, and systems requirements and guidance for TRICARE through its manuals, which include the TRICARE Operations Manual, the TRICARE Policy Manual, the TRICARE Reimbursement Manual, and the TRICARE Systems Manual. These manuals are incorporated into the TRICARE contracts as applicable. According to DHA officials, the manuals provide implementing instructions for administering TRICARE programs. Additionally, DHA officials told us that these manuals outline aspects of DHA's oversight of the contractors' performance and are used to guide contract oversight activities.

Source: GAO and DHA. | GAO-25-107370

DHA begins administration and oversight activities after the award of the TRICARE contracts. Contract administration activities include all dealings between the government and the contractor from the time of award up until the work is completed and the contract is closed out. A key element of contract oversight is monitoring contractor performance to ensure compliance with the contract terms and conditions. According to DHA officials and agency documentation, oversight activities of the TRICARE contracts are guided by Quality Assurance Surveillance Plans that are used to assess performance of contract requirements as well as the program requirements outlined in the TRICARE manuals that are applicable to each contract.¹¹

TRICARE Contract Pricing and Award Types

TRICARE contracts have a combination of different pricing and award types. Contract pricing types used in the TRICARE contracts we reviewed can be grouped into two broad categories.¹² They are

- (1) fixed-price contracts in which the government pays a fixed price for a good or service and
- (2) cost-reimbursement contracts in which the government pays allowable costs incurred by the contractor.

¹¹Quality Assurance Surveillance Plans are government-developed documents that specify the methods by which the government will monitor contractor performance.

¹²Other contract types include time and materials and labor-hour, but we did not identify any instances of these contract types in the TRICARE contracts included in our review.

Within these two categories, there are a range of different contract types, each with different levels of risk divided between the government and the contractor. For example, in firm-fixed-price contracts the government pays the contractor a set price, and the contractor assumes full responsibility for the performance costs and resulting profits or losses. Alternatively, in cost-plus-fixed-fee contracts, the contractor has minimal responsibility for the performance costs, and the government pays the contractor's allowable costs, to the extent prescribed by the contract, and a negotiated fee (i.e., profit). Furthermore, some contracts may use a combination of different contract types, with both fixed-price and cost-reimbursement line items, unless otherwise prohibited. For example, a firm-fixed-price contract may have cost-reimbursement line items, such as a line item for travel. See table 2.

Table 2: Current Generation TRICARE Contracts by Contract Type

Contract type^a	Current generation TRICARE contracts
Fixed-price	TRICARE Medicare Eligible Program US Family Health Plan (six contracts) TRICARE Pharmacy Program TRICARE Overseas Program
Combination of fixed-price and cost-reimbursement	Managed Care Support (two contracts) Active Duty Dental Program TRICARE Dental Program

Source: GAO analysis of Defense Health Agency contracts. | GAO-25-107370

^aContract types are grouped into two broad categories: (1) fixed-price contracts in which the government pays a fixed price and (2) cost-reimbursement contracts in which the government pays allowable costs incurred by the contractor.

Along with different types of pricing, TRICARE contracts may use different types of contracting approaches. Specifically, the current generation of TRICARE contracts we reviewed used one of two contracting approaches—*indefinite-delivery indefinite-quantity* or *definitive*.¹³ *Indefinite-delivery indefinite-quantity* contracts provide for an indefinite quantity, within stated limits, of products or services during a fixed time period. This type of contract is used when the government does not know the exact quantity of a good or service it needs in advance. The government uses individual delivery orders or task orders under the contract to obtain the goods or services being procured. *Definitive*

¹³This list only includes contracting approach types used by the current generation of TRICARE contracts and is not a complete list of all contracting approach types. *Indefinite-delivery indefinite-quantity* is a type of indefinite delivery contract.

contracts are categorized for Federal Procurement Data System reporting as any contract other than an indefinite delivery contract vehicle.¹⁴ Of the 13 current generation contracts we reviewed, the TRICARE Overseas Program and the TRICARE Dental Program are indefinite-delivery indefinite-quantity contracts and the 11 other contracts are definitive.¹⁵

Additionally, all of the current generation TRICARE contracts we reviewed with the exception of the US Family Health Plan include financial incentives. These incentives provide the contractors with an opportunity to earn fees or profits based on their performance. For example, a contractor could earn financial incentives based on specific cost savings identified in the contract.

Changes to the TRICARE Contracts

When developing requirements for a new generation of TRICARE contracts, DHA evaluates whether any changes to program requirements are needed that may differ from the last generation of contracts already in place. This could include changes in benefits, geographic coverage, and period of performance, which may affect the total contract value of the new contracts.¹⁶

After a TRICARE contract is awarded, as with any contract, DHA may change its term (e.g., requirements or in-scope modifications) by issuing written contract modifications.¹⁷ For example, DHA uses contract modifications to incorporate, as needed, congressionally mandated

¹⁴Per Federal Acquisition Regulation 4.601, this definition is only relevant for purposes of Federal Procurement Data System reporting and is not intended to apply to part 16 of the Federal Acquisition Regulation, which describes the types of contracts that may be used in acquisitions.

¹⁵In the prior generation, the Active Duty Dental Program, TRICARE Pharmacy Program, TRICARE Dual Eligible Fiscal Intermediary, TRICARE Overseas Program, and TRICARE Dental Plan contracts were all indefinite delivery contracts. The other eight contracts were definitive.

¹⁶The total contract value represents the total award value for the base contract including all option years. For the indefinite-delivery indefinite-quantity contracts, total contract value is the mutually agreed upon total contract value including all options and the estimated value of all potential orders. For this review, we describe two time periods for total contract value – total contract value at award and total contract value as of September 30, 2024. The total contract value as of September 30, 2024, reflects any changes (positive or negative) made through contract modifications through that date.

¹⁷Contract modifications may be either unilateral or bilateral. Unilateral contract modifications are official upon signature by the contracting officer and do not require the contractor's signature or agreement. Bilateral contract modifications are signed by both the contractor and the contracting officer and reflects mutual agreements that modify the terms and conditions of the contract.

program changes, such as the implementation of new benefits or other changes to the administration of the program. DHA officials told us that such changes may be made to the relevant TRICARE manuals, which are then incorporated into the contracts through contract modifications. For example, DHA issued a contract modification to incorporate changes to its manuals related to the implementation of TRICARE Select (i.e., a self-managed, preferred provider organization benefit option) as mandated by the National Defense Authorization Act for Fiscal Year 2017.¹⁸

Contract modifications can cause an increase or decrease in the total value of a contract, obligation or de-obligation of funds for the contract, or a change that has no effect on the contract's total value or obligations.¹⁹ See table 3 for more information on modifications to the prior generation of the TRICARE health, dental, and pharmacy benefits base contracts.²⁰

Table 3: Modifications to Prior Generation of TRICARE Health, Dental, and Pharmacy Benefits Base Contracts

	Number of contract modifications			Total contract modifications	Net effect of contract modifications on overall contract value
	No value change	Value decreased	Value increased		
Managed Care Support East	394	57	216	667	Increase
Managed Care Support West	379	64	239	682	Increase
TRICARE Overseas Program	231	42	98	371	Increase
TRICARE Medicare Eligible Program ^a	242	4	66	312	Increase
US Family Health Plan					
<i>Johns Hopkins Medical Services, Corp.</i>	71	14	26	111	Decrease

¹⁸See National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114-328, Div. A, tit. VII, § 701(a)(1), 130 Stat. 2000, 2180 (2016), codified, as amended, at 10 U.S.C. § 1075.

¹⁹An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States. A de-obligation is the cancellation or downward adjustment of previously incurred obligations. See GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: Sept. 1, 2005).

²⁰We do not include changes placing individual task or delivery orders against indefinite delivery contracts in the table.

	Number of contract modifications			Total contract modifications	Net effect of contract modifications on overall contract value
	No value change	Value decreased	Value increased		
<i>Brighton Marine Inc.</i>	71	17	24	112	Decrease
<i>Martin's Point Health Care Inc.</i>	74	12	27	113	Increase
<i>CHRISTUS Health</i>	72	16	22	110	Decrease
<i>PACMED Clinics</i>	70	17	24	111	Decrease
<i>Saint Vincent's Catholic Medical Centers</i>	70	17	28	115	Decrease
Active Duty Dental Program	174	0	11	185	Increase
TRICARE Dental Program	42	2	27	71	Increase
TRICARE Pharmacy	210	32	115	357	Increase

Source: GAO analysis of Federal Procurement Data System data. | GAO-25-107370

Note: This table only includes modifications to the base contracts included in our review for the prior generation TRICARE contracts. We do not include changes placing individual task orders against indefinite delivery contracts in the table.

^aThe TRICARE Medicare Eligible Program contract was previously referred to as the TRICARE Dual Eligible Fiscal Intermediary contract.

Most Current TRICARE Contracts Increased in Value and Had Changes to Key Characteristics

We found that most of the current generation of TRICARE health, dental, and pharmacy contracts increased in value when compared with the prior generation contracts. Specifically, when we analyzed the contracts' key characteristics, we identified two overall changes for the 13 current TRICARE contracts.

- We found that the current generation of 11 of the 13 TRICARE contracts had an increase in their total contract value at the time of award compared with the prior generation. Based on our analysis and interviews with DHA officials, we found that these values increased for a variety of reasons, including longer periods of performance, changes in geographic coverage, additional program requirements, and changes in premium sharing amounts. In addition, according to DHA officials, health care costs increased significantly over the last 10 years due to inflation and the COVID-19 pandemic.
- We also found that competition decreased for most of the seven TRICARE contracts that were competitively awarded. Specifically, for the current generation of these contracts, four solicitations received fewer bids than the prior generation, and three solicitations received the same number of bids as the prior generation. In addition, DHA awarded six of the seven competitively awarded contracts to the incumbent contractors.

Changes to these and other key characteristics for the prior and current generations of the TRICARE health, dental, and pharmacy contracts are outlined below.

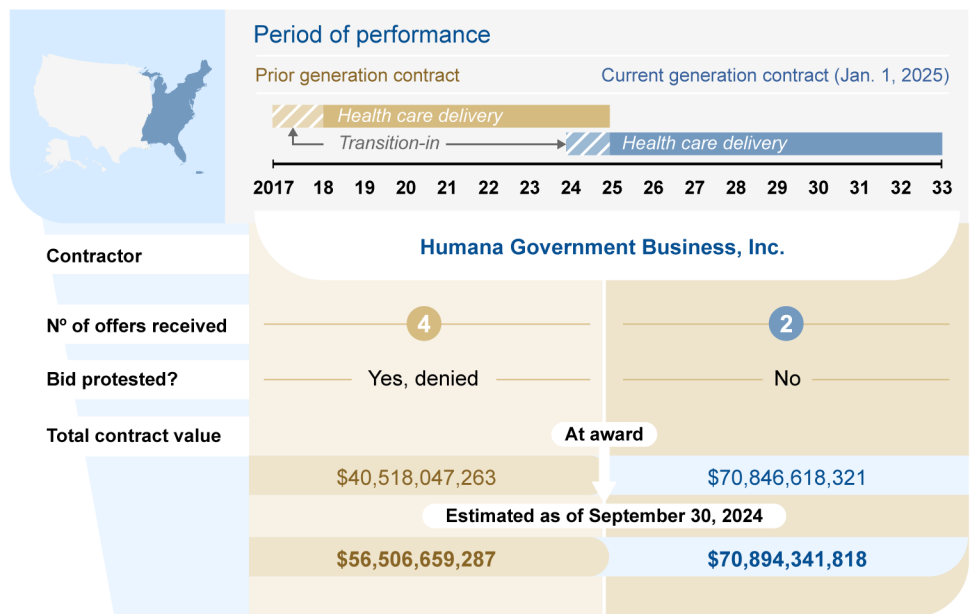
Health Benefit Contracts

Managed Care Support

Overview. The two Managed Care Support contracts—one for the TRICARE East Region and one for the TRICARE West Region—cover responsibilities for managing health care through civilian providers in the United States. The contractors’ responsibilities include developing and maintaining networks of civilian providers, enrolling beneficiaries, managing referrals, processing claims, and providing customer service, among other things. The prior generation contracts are referred to as “T-2017,” and the current generation contracts are referred to as “T-5.” See figures 3 and 4 for key characteristics of the prior and current generations of these contracts.

Figure 3: Infographic on Key Characteristics of the Defense Health Agency’s Managed Care Support East Region Contract for TRICARE

Managed Care Support East Region



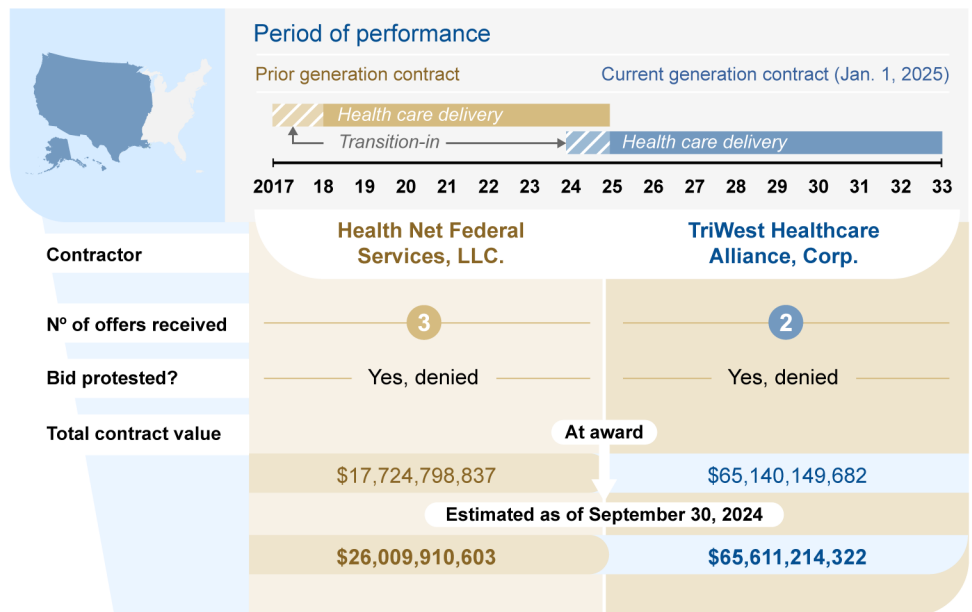
Source: GAO analysis and presentation of GAO documents, Defense Health Agency contracts and documents, and data reported to the Federal Procurement Data System as of January 8, 2025; GAO (illustration). | GAO-25-107370

Note: The period of health care delivery reflects when health care delivery started under the contract, not the contract award date. The total contract value represents the total award value for the base

contract including all option years. The total contract value as of September 30, 2024, reflects any changes (positive or negative) made through contract modifications through that date.

Figure 4: Infographic on Key Characteristics of the Defense Health Agency’s Managed Care Support West Region Contract for TRICARE

Managed Care Support
West Region



Source: GAO analysis and presentation of GAO documents, Defense Health Agency contracts and documents, and data reported to the Federal Procurement Data System as of January 8, 2025; GAO (illustration). | GAO-25-107370

Note: The period of health care delivery reflects when health care delivery started under the contract, not the contract award date. The total contract value represents the total award value for the base contract including all option years. The total contract value as of September 30, 2024, reflects any changes (positive or negative) made through contract modifications through that date.

Prior generation. DHA awarded the prior generation contracts to Humana Government Business, Inc. for the East Region and to Health Net Federal Services, LLC. for the West Region. Other bidders protested the contract awards for both the East and West Regions, but each of the bid protests was denied by both GAO’s Office of General Counsel, Procurement Law Division and the United States Court of Federal

Claims.²¹ Health care delivery for the prior generation contracts occurred from January 1, 2018, to December 31, 2024.

We found that the total value of the prior generation contracts increased during their period of performance due to changes that DHA implemented through contract modifications.²² Specifically, the total value of the East Region contract increased about 39 percent (nearly \$16.0 billion), and the total value of the West Region contract increased almost 47 percent (nearly \$8.3 billion). Examples of some of the modifications that DHA made to these contracts include the implementation of a new plan option called TRICARE Select, new requirements associated with the COVID-19 pandemic, and IT system changes needed to interface with DHA's new electronic health record system. Additionally, DHA modified these contracts to add and exercise two one-year option periods. According to officials, the additional option years were to allow time to respond to bid protests of the current generation West Region contract.

Current generation. DHA awarded the current generation contracts to Humana Government Business, Inc., the incumbent contractor for the East Region, and to TriWest Healthcare Alliance, Corp. for the West Region.²³ Competition for the current generation contracts decreased from three to two bids in the West Region and from four to two bids in the East Region. Another bidder protested the award of the West Region contract, but the bid protest was denied.²⁴ Health care delivery for the current generation contracts began on January 1, 2025.

DHA made changes to the requirements for the current generation of Managed Care Support contracts that contributed to their higher award

²¹GAO denied the East Region and West Region bid protests in November 2016. See UnitedHealth Military & Veterans Services, LLC; WellPoint Military Care Corporation; Health Net Federal Services, LLC., B-411837.2 – .11, November 9, 2016. The United States Court of Federal Claims denied a subsequent bid protest for the East Region and West Region awards in May 2017. See UnitedHealth Military & Veterans Servs., LLC v. United States, 132 Fed. Cl. 529 (May 30, 2017).

²²Period of performance includes the time from the transition-in period of the contract through any potential transition-out period of the contract.

²³Although TriWest was not the incumbent contractor, it was previously a TRICARE Managed Care Support contractor for the first and second generations of this contract.

²⁴GAO denied a bid protest in August 2023. See Health Net Federal Services, LLC., B-421405.2; B-421405.3, August 4, 2023. The United States Court of Federal Claims denied a subsequent bid protest in January 2024. See Health Net Fed. Servs., LLC v. United States, 169 Fed. Cl. 738 (Feb. 6, 2024).

values. For example, these contracts have a longer original health care delivery period than the prior generation—8 years instead of 5 years.²⁵ In addition, officials indicated that more care is being provided by civilian providers in the private sector due to the reduction in military medical treatment facility staffing, which may have contributed to the higher award value of these contracts.²⁶

DHA also made changes to the geographic boundaries for these contracts to more evenly distribute the numbers of eligible beneficiaries between the two regions. Specifically, DHA moved six states—Arkansas, Illinois, Louisiana, Oklahoma, Texas, and Wisconsin—from the East Region to the West Region. These six states brought approximately 1.5 million beneficiaries into the West Region.

TRICARE Overseas Program

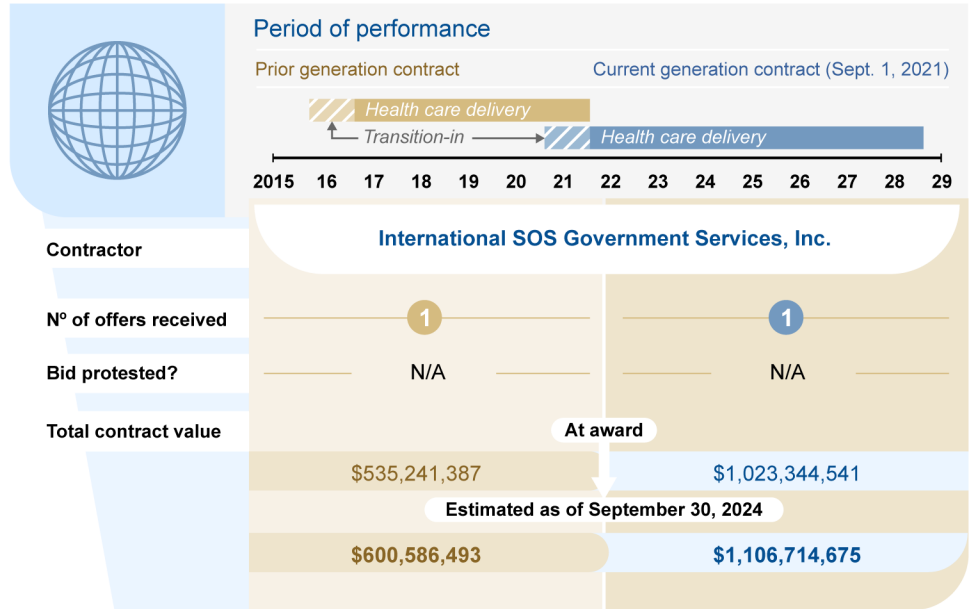
Overview. The TRICARE Overseas Program contract provides health care for active-duty service members, active-duty family members, and other eligible beneficiaries in geographic areas outside of the United States. The prior generation contract is referred to as “TOP-15,” and the current generation contract is referred to as “TOP-21.” See figure 5 for key characteristics of the prior and current generations of this contract.

²⁵Prior to awarding the current Managed Care Support contract, DHA determined that a longer period of performance (10 years) with a longer period of health care delivery (8 years) may increase competition and have other benefits to both the contractor and DHA. These benefits include allowing the contractor to be more effective and efficient in their performance, while providing cost savings to DHA related to the acquisition process. Additionally, a longer period of health care is less disruptive to beneficiaries.

²⁶We previously found that DHA has faced challenges mitigating persistent shortfalls of military medical treatment facility personnel. See GAO, *Defense Health Care: DOD Should Reevaluate Market Structure for Military Medical Treatment Facility Management*, [GAO-23-105441](#) (Washington, D.C.: Aug. 21, 2023).

Figure 5: Infographic on Key Characteristics of the Defense Health Agency’s TRICARE Overseas Program Contract

TRICARE Overseas Program



Source: GAO analysis and presentation of Defense Health Agency contracts and documents, and data reported to the Federal Procurement Data System as of January 8, 2025; GAO (illustration). | GAO-25-107370

Note: The period of health care delivery reflects when health care delivery started under the contract, not the contract award date. As an indefinite delivery indefinite quantity contract, the total contract value is the mutually agreed upon total contract value including all options and the estimated value of all potential orders. The total contract value as of September 30, 2024, reflects any changes (positive or negative) made through contract modifications through that date.

Prior generation. DHA awarded the prior generation contract to International SOS Government Services, Inc. Health care delivery for this contract occurred from September 1, 2016, to August 31, 2021. We found that the contract’s total value increased over 12 percent (over \$65.3 million) during its period of performance due to various changes that DHA implemented through contract modifications.²⁷ Similar to the Managed Care Support contracts, DHA modified this contract to include the new TRICARE Select plan option. Other modifications included the creation of additional program sites in Poland and the implementation of a preferred provider network in the Philippines.

²⁷Period of performance includes the time from the transition-in period of the contract through any transition-out period of the contract.

TRICARE Medicare Eligible Program

Current generation. While DHA competitively sourced this contract, it only received a proposal from a single bidder—International SOS Government Services, Inc. A DHA official explained that competition for this contract has been limited because it covers many foreign markets, requiring the contractor to maintain multiple bilingual teams able to work with over 100 languages and currencies to establish provider networks for beneficiaries. Health care delivery for the current generation contract began on September 1, 2021.

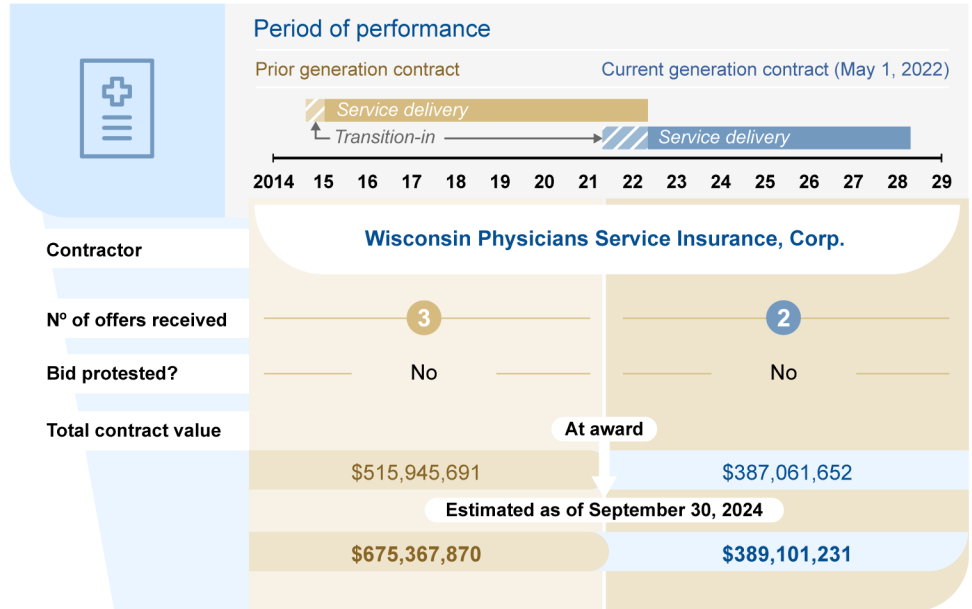
DHA also made changes to the requirements for this contract that contributed to its higher award value. For example, this contract has a longer original service delivery period than the prior generation—7 years instead of 5 years. In addition, this contract includes higher quantities of written translation services for routine and urgent care—and at higher rates—than what was included in the prior generation contract.

Overview. The TRICARE Medicare Eligible Program contract provides claims processing and associated customer support for claims submitted on behalf of or by eligible beneficiaries using the TRICARE for Life benefit option.²⁸ The prior generation contract is referred to as the “TRICARE Dual Eligible Fiscal Intermediary Contract” and the current generation contract is referred to as the “TRICARE Medicare Eligible Program.” See figure 6 for key characteristics of the prior and current generations of this contract.

²⁸Beneficiaries who are TRICARE-eligible and who have Medicare Parts A and B automatically receive Medicare wraparound coverage from the TRICARE for Life Program. The claims for this coverage are processed by the TRICARE Medicare Eligible Program contractor.

Figure 6: Infographic on Key Characteristics of the Defense Health Agency’s TRICARE Medicare Eligible Program Contract

TRICARE Medicare Eligible Program



Source: GAO analysis and presentation of GAO documents, Defense Health Agency contracts and documents, and data reported to the Federal Procurement Data System as of January 8, 2025; RaulAlmu/stock.adobe.com (illustration). | GAO-25-107370

Note: The period of service delivery reflects when services started under the contract, not the contract award date. As an indefinite delivery contract, the total contract value for the prior generation contract is the mutually agreed upon total contract value including all options and the estimated value of all potential orders. As a definitive contract, the total contract value for the current generation contract represents the total award value for the base contract including all option years. The total contract value as of September 30, 2024, reflects any changes (positive or negative) made through contract modifications through that date.

Prior generation. DHA awarded the prior generation contract to Wisconsin Physicians Service Insurance, Corp. Service delivery for the prior generation contract occurred from January 1, 2015, to April 30, 2022.²⁹ We found that the total value of this contract increased almost 30 percent (over \$159.4 million) during its period of performance due to various changes that DHA implemented through contract modifications.³⁰ For example, DHA modified this contract to increase the estimated quantity of claims to be processed. Additionally, DHA modified this

²⁹The period of service delivery reflects when services started under the contract, not the contract award date.

³⁰Period of performance includes the time from the transition-in period of the contract through any transition-out period of the contract.

contract to extend the period of performance by 16 months to accommodate delays in source selection for the current generation contract, according to DHA officials.

Current generation. The current generation contract was awarded to the incumbent contractor, Wisconsin Physicians Service Insurance, Corp. Competition for this contract decreased from three bids under the prior generation to two bids. Service delivery under this contract began on May 1, 2022.

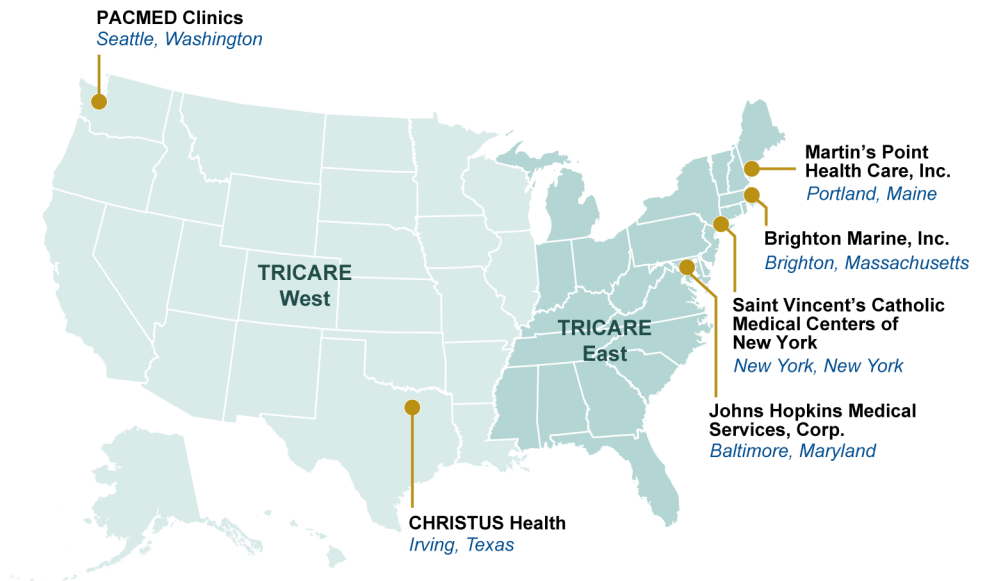
This contract has a lower award value than the prior generation. Officials said that competition for this contract drove down its total award value. According to officials, the incumbent contractor reduced its prices when bidding to keep the contract.

US Family Health Plan

Overview. The US Family Health Plan is a statutorily required component of the military health system. It offers the TRICARE Prime option (i.e., a managed care option available in certain geographic areas) to eligible beneficiaries through six contractors, referred to as designated providers, in specific locations across the country.³¹ Each of the six locations is within one of the two TRICARE regions—East and West—covered by the Managed Care Support contracts. See figure 7 for the location of each of the US Family Health Plan contractors.

³¹The US Family Health Plan contracts are by law required to be sole source contracts, meaning that DHA negotiated with only one contractor for each of the US Family Health Plan contracts.

Figure 7: Locations of the US Family Health Plan TRICARE Designated Providers



Source: GAO presentation of Defense Health Agency information; Map (GAO). | GAO-25-107370

Note: This figure shows the location for each of the six designated providers according to their respective contracts. The specific zip codes covered by each of the contractors extend beyond the area shown in the map.

The six contractors offer TRICARE Prime to eligible beneficiaries through networks of civilian providers in their service areas, which are defined by zip codes. Beneficiaries who live in a location served by one of the six designated providers may elect to enroll in TRICARE Prime with the US Family Health Plan instead of enrolling with the Managed Care Support contractor. All non-active-duty beneficiaries residing in the defined service areas who are eligible for TRICARE and are under age 65 are eligible to enroll in this plan.

In addition to health care, the US Family Health Plan provides pharmacy benefits. Some of the designated providers also provide discounts on additional services. For example, five of the six contractors provide either discounts on, or limited coverage for, acupuncture and chiropractic services, and three of the six contractors provide discounts on some dental services.

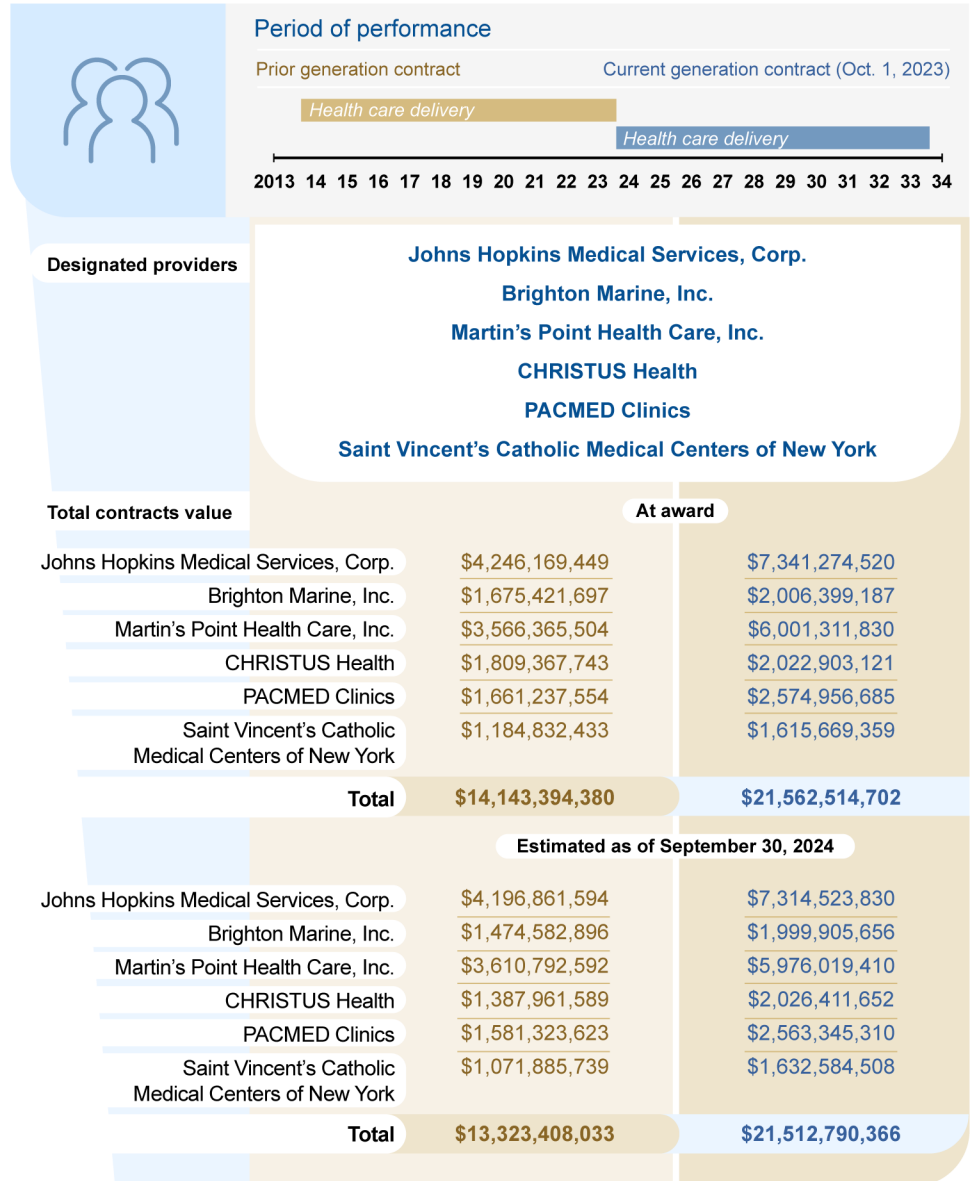
The National Defense Authorization Act for Fiscal Year 1997 mandated a number of key aspects of the US Family Health Plan.³² These included requiring that DOD's annual payments to the contractors are to be made on a full-risk capitation payment basis. These payments cover the projected costs of all medical care an enrollee needs for the year plus administrative costs and profit.³³ As a result, the values of the six contracts are based on the negotiated capitation amounts for their projected enrollee population. However, monthly payments paid to the six designated providers are adjusted for actual enrollment, according to a DHA official. Because of the capitation payment structure, the US Family Health Plan is not integrated with the rest of the military health system, and enrollees are generally precluded from using military hospitals and clinics. See figure 8 for key characteristics of the prior and current generations of these contracts.

³² See Pub. L. No. 104-201, Div. A, tit. VII, §§ 721-727, 110 Stat. 2422, 2592-2597 (1996).

³³DOD and each of the contractors annually negotiate the amounts of their capitation payments, which represent projected costs and adjustments for factors such as differences in health care costs by geographic region and enrollees' health status. The statute limits total capitation payments to the contractors, which cannot exceed the cost the government would have incurred if these enrollees had received their care through a military treatment facility, Medicare, or the TRICARE program.

Figure 8: Infographic on Key Characteristics of the Defense Health Agency’s US Family Health Plan Contracts for TRICARE

US Family Health Plan



Source: GAO analysis and presentation of Defense Health Agency contracts and documents, and data reported to the Federal Procurement Data System as of January 8, 2025; RaulAlmu/stock.adobe.com (illustration). | GAO-25-107370

Note: The period of health care delivery reflects when health care delivery started under the contract; not the contract award date. The total contract value represents the total award value for the base contract including all option years. The total contract value as of September 30, 2024, reflects any changes (positive or negative) made through contract modifications through that date. The contract

value at award for the six contracts is based on the negotiated capitation amounts for the projected enrollee populations and are later adjusted for actual enrollment according to a DHA official.

Prior generation. Health care delivery for the prior generation of the US Family Health Plan contracts occurred from October 1, 2013, to September 30, 2023. We found that the total value of five of the six US Family Health Plan contracts decreased during their period of performance, resulting in a net decrease of about 6 percent (almost \$820.0 million).³⁴ These decreases occurred due, in part, to contract modifications related to the adjustment of capitation rates (i.e., how much DHA pays the contractor per enrolled beneficiary). A DHA official told us that actual enrollment is used in establishing the contract value for each option year. According to DHA officials, enrollment in the program decreased because some eligible beneficiaries elected not to enroll, and individuals over age 65 are no longer eligible for the program.³⁵

During this time, DHA also approved the expansion of the six contractors' service areas through the collective addition of over 4,400 new zip codes.³⁶ The additional zip codes increased the contractors' population of eligible beneficiaries, which has the potential to increase their enrollment numbers and annual capitation payments. However, DHA officials said that there may be a delay of almost a year between the execution of modifications adding coverage of new zip codes and the start of beneficiary enrollment in these newly covered areas. According to officials, this delay is due to the time required to market the program in these areas and to process the enrollment.

³⁴Period of performance includes the time from the transition-in period of the contract through any potential transition-out period of the contract.

³⁵Beneficiaries enrolled in the US Family Health Plan prior to October 1, 2012, who were continuously enrolled in the US Family Health Plan are eligible to continue to be enrolled in the US Family Health Plan when they become eligible for Medicare. US Family Health Plan beneficiaries enrolled on or after October 1, 2012, are now transferred to TRICARE for Life when they become Medicare-eligible.

³⁶According to a DHA official, each of the contractors proposed the addition of specific zip codes to their service area to DHA. According to an official, DHA evaluated the requested zip codes before deciding on a course of action. DHA considered the following factors: designated provider performance, network adequacy, impact on military medical treatment facilities, impact on military readiness, cost impact, underserved areas, and endorsements of interested third parties. Based on its review, DHA either denied the zip code expansion, approved a partial expansion, or approved the full zip code expansion. The zip code expansions were approved at different times – between January 2021 and May 2023.

US Family Health Plan is Duplicative

In 2014, we reported that the US Family Health Plan is duplicative of the health care offered through the Managed Care Support contractors because it provides the same benefit to the same group of beneficiaries within many of the same service areas. Because this is a statutory program, we recommended that Congress consider terminating the Department of Defense's authority to contract with the US Family Health Plan contractors in a manner consistent with a reasonable transition of affected US Family Health Plan enrollees into TRICARE's regional managed care program or other health care programs as appropriate. We continue to believe that the US Family Health Plan is duplicative and should be terminated in this manner. Please refer to our previous reports, *Defense Health Care: US Family Health Plan is Duplicative and Should be Eliminated* (GAO-14-684) and *Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions of Dollars in Financial Benefits* (GAO-24-106915) for more information.

Source: GAO. | GAO-25-107370

Current generation. As required by statute, the designated providers were awarded the current generation contracts through a sole source acquisition process.³⁷ Health care delivery of the current generation of US Family Health Plan contracts began on October 1, 2023. These contracts have a higher value than the prior generation. According to DHA officials, this increase in contract value at award is due, in part, to an increased number of beneficiaries because of the zip code expansions. The capitation rates used at the time of contract award were estimated using projected enrollment numbers. According to a DHA official, actual enrollment numbers are used to make monthly payments to the designated providers.

A DHA official also told us that demographic changes in the US Family Health Plan enrollment populations have contributed to the increased contract value. For example, a DHA official told us that an increase in older enrollees, who have higher health care costs, has contributed to the increased contract value.

Dental and Pharmacy Benefit Contracts

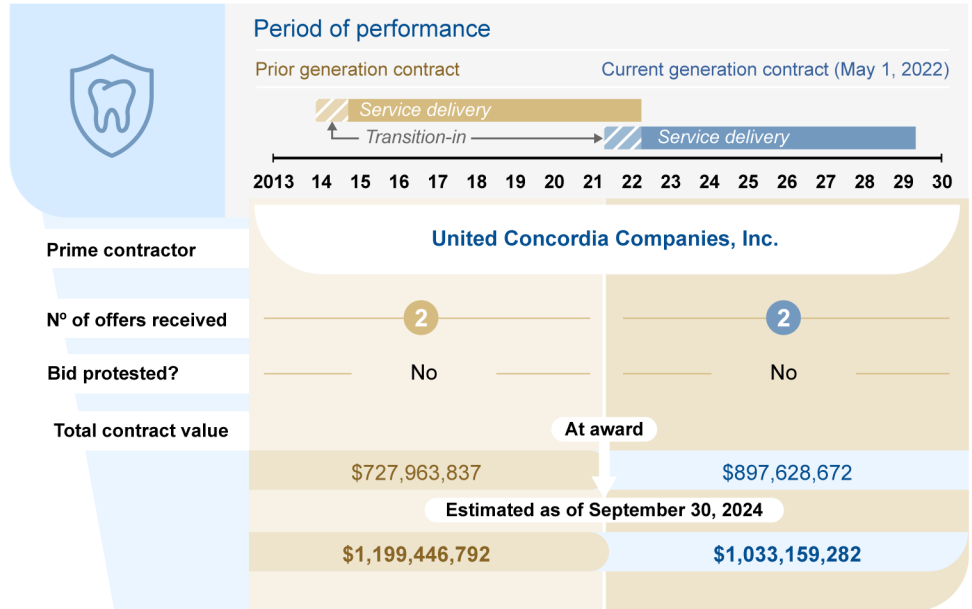
Active Duty Dental Program

Overview. The Active Duty Dental Program contract provides civilian dental care for eligible active-duty service members. The prior generation contract is referred to as "ADDP 14," and the current generation contract is referred to as "ADDP 3." See figure 9 for key characteristics of the prior and current generations of this contract.

³⁷The National Defense Authorization Act for Fiscal Year 1997 mandated that for the US Family Health Plan that DOD enter into sole source contracts with the designated providers. Pub. L. No. 104-201, § 722(b)(2).

Figure 9: Infographic on Key Characteristics of the Defense Health Agency’s Active Duty Dental Program Contract

Active Duty Dental Program



Source: GAO analysis and presentation of GAO documents, Defense Health Agency contracts and documents, and data reported to the Federal Procurement Data System as of January 8, 2025; RaulAlmu/stock.adobe.com (illustration). | GAO-25-107370

Note: The period of service delivery reflects when services started under the contract, not the contract award date. As an indefinite delivery contract, the total contract value for the prior generation contract is the mutually agreed upon total contract value including all options and the estimated value of all potential orders. As a definitive contract, the total contract value for the current generation contract represents the total award value for the base contract including all option years. The total contract value as of September 30, 2024, reflects any changes (positive or negative) made through contract modifications through that date.

Prior generation. DHA awarded the prior generation contract to United Concordia Companies, Inc. Service delivery for this contract occurred from August 1, 2014, to April 30, 2022. We found that the contract’s value increased almost 65 percent (about \$471.5 million) during its period of performance due to changes that DHA implemented through contract modifications.³⁸ For example, DHA modified the contract to extend the

³⁸Period of performance includes the time from the transition-in period of the contract through any transition-out period of the contract.

period of performance by almost 3 years and included changes related to financial incentives.³⁹

Current generation. DHA awarded the current generation contract to the incumbent contractor, United Concordia Companies, Inc. Competition for this contract has remained consistent across the prior and current generations with DHA receiving two bids for each contract. Service delivery for the current generation contract began on May 1, 2022.

DHA made changes to the requirements for this contract that contributed to its higher award value. For example, DHA officials told us that the scope of the population covered by the Active Duty Dental Program expanded to include treatment for service members overseas. According to DHA officials, dental coverage for the overseas population was previously provided through the TRICARE Overseas Program contract.

TRICARE Dental Program

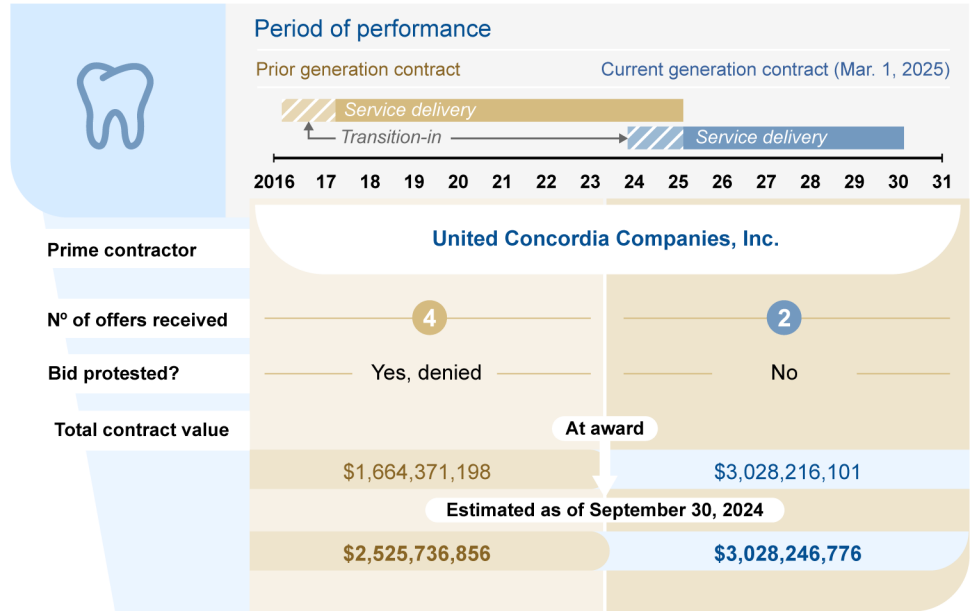
Overview. The TRICARE Dental Program contract provides dental care for family members of active-duty service members, family members of Reserve and National Guard members, and National Guard or Reserve members who are not on active duty.⁴⁰ The prior generation contract is referred to as “TDP 16,” and the current generation contract is referred to as “TDP 6.” See figure 10 for key characteristics of the prior and current generations of this contract.

³⁹According to DHA officials, DHA extended the period of performance to accommodate statutory changes to the TRICARE dental programs that were required and then later repealed. See Pub. L. No. 115-232, Div. A, tit. VII, § 713, 132 Stat. 1636, 1811-12 (2018), as repealed by Pub. L. No. 116-283, Div. A, tit. VI, § 711, 134 Stat. 3388, 3691 (2021).

⁴⁰The eligible population also includes Reserve and National Guard members who are not covered by the Transitional Assistance Management Program.

Figure 10: Infographic on Key Characteristics of the Defense Health Agency’s TRICARE Dental Program Contract

TRICARE Dental Program



Source: GAO analysis and presentation of GAO documents, Defense Health Agency contracts and documents, and data reported to the Federal Procurement Data System as of January 8, 2025; RaulAlmu/stock.adobe.com (illustration). | GAO-25-107370

Note: The period of service delivery reflects when service delivery started under the contract, not the contract award date. As an indefinite delivery indefinite quantity contract, the total contract value is the mutually agreed upon total contract value including all options and the estimated value of all potential orders. The total contract value as of September 30, 2024, reflects any changes (positive or negative) made through contract modifications through that date.

Prior generation. DHA awarded the prior generation contract to United Concordia Companies, Inc.—the same contractor that was awarded the Active Duty Dental Program contract. Another bidder protested the award of the contract, but the bid protest was denied.⁴¹ Service delivery for the prior generation contract occurred from May 1, 2017, to February 28, 2025.

We found that the value of this contract increased almost 52 percent (almost \$861.4 million) during its period of performance due to changes

⁴¹GAO denied the bid protest in May 2016. Metropolitan Life Insurance Company, B-412717; B-412717.2 (May 13, 2016).

that DHA implemented through contract modifications.⁴² For example, DHA modified the contract to extend the period of performance by 2 years and to account for increased allowable charges for orthodontic services and survivor benefit premiums.⁴³

Current generation. DHA awarded the current generation contract to the incumbent contractor, United Concordia Companies, Inc. Competition for the contract decreased from four bids for the prior generation contract to two bids. Service delivery for the current generation contract began on March 1, 2025.

This contract has a higher award value than the prior generation. Under this contract, the government is paying a higher proportion of the premiums for junior enlisted personnel—70 percent instead of the 60 percent it paid under the prior generation contract.⁴⁴

TRICARE Pharmacy Program

Overview. The TRICARE Pharmacy Program contract allows beneficiaries to obtain prescription drugs from military medical treatment facility pharmacies, retail pharmacies, or through a mail order program. The prior generation contract is referred to as “TPharm4,” and the current generation contract is referred to as “TPharm5.” See figure 11 for key characteristics of the prior and current generations of this contract.

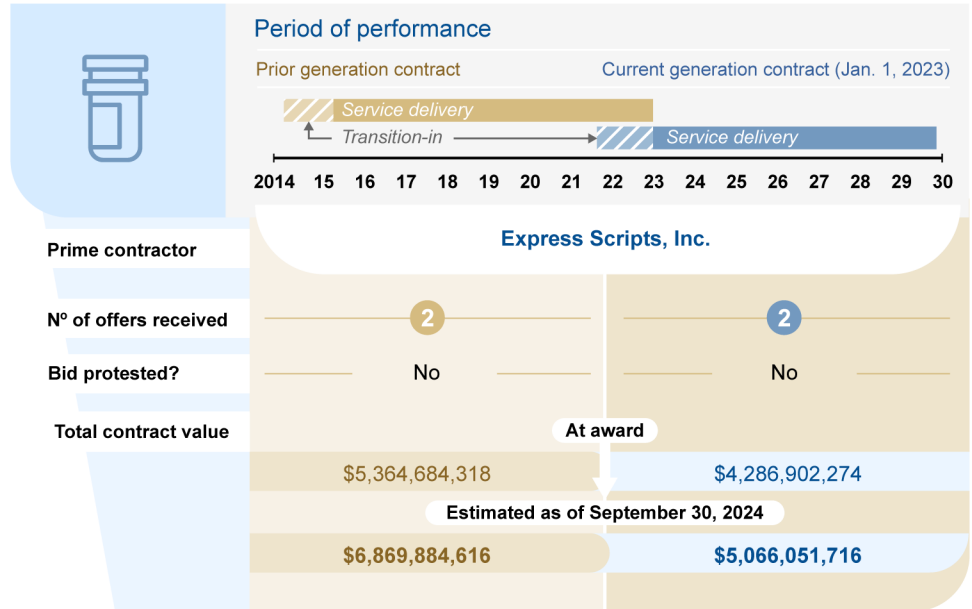
⁴²Period of performance includes the time from the transition-in period of the contract through any transition-out period of the contract.

⁴³According to DHA officials, DHA extended the period of performance to accommodate statutory changes to the TRICARE dental program that were required and then later repealed. See Pub. L. No. 115-232, Div. A, tit. VII, § 713, 132 Stat. 1636, 1811-12 (2018), as repealed by Pub. L. No. 116-283, Div. A, tit. VI, § 711, 134 Stat. 3388, 3691 (2021). DHA officials explained that this required them to extend the prior generation contract to ensure continuation of dental services to beneficiaries until DHA completed the competition for the current generation.

⁴⁴Junior enlisted personnel are individuals serving in their first enlistment term and are in the military pay grades E-1 to E-4.

Figure 11: Infographic on Key Characteristics of the Defense Health Agency's TRICARE Pharmacy Contract

TRICARE Pharmacy Program



Source: GAO analysis and presentation of GAO documents, Defense Health Agency contracts and documents, and data reported to the Federal Procurement Data System as of January 8, 2025; RaulAlmu/stock.adobe.com (illustration). | GAO-25-107370

Note: The period of service delivery reflects when service delivery started under the contract; not the contract award date. As an indefinite delivery contract, the total contract value for the prior generation contract is the mutually agreed upon total contract value including all options and the estimated value of all potential orders. As a definitive contract, the total contract value for the current generation contract represents the total award value for the base contract including all option years. The total contract value as of September 30, 2024, reflects any changes (positive or negative) made through contract modifications through that date.

Prior generation. DHA awarded the prior generation contract to Express Scripts, Inc. Service delivery for this contract occurred from May 1, 2015, to December 31, 2022. We found that the value of this contract increased over 28 percent (over \$1.5 billion) during its period of performance due to changes that DHA implemented through contract modifications.⁴⁵ For example, DHA modified the contract to include system changes related to establishing an interface between the contractor's IT system and DOD's electronic health record system and made modifications to make various incentive payments to the contractor for meeting established goals.

⁴⁵Period of performance includes the time from the transition-in period of the contract through any potential transition-out period of the contract.

Current generation. DHA awarded the current generation contract to the incumbent contractor, Express Scripts, Inc. Competition for this contract has remained consistent across the prior and current generations with DHA receiving two bids for each contract. Service delivery for the current generation contract began on January 1, 2023.

DHA also made changes to the requirements for this contract that contributed to a lower award value than the prior generation. These changes include lowering the required minimum number of retail pharmacies in the TRICARE network by 25 percent (from 50,000 pharmacies to 35,000 pharmacies) and introducing a specialty pharmacy that increased beneficiary access to specialty drugs and enhanced clinical services.⁴⁶ DHA officials cited additional factors contributing to the lower award value, including lower claims processing fees, a lower cost for filling mail order prescriptions, and lower prices of other administrative items.

Multiple DHA Offices Are Responsible for the Award, Administration, and Oversight of TRICARE Contracts

DHA Offices

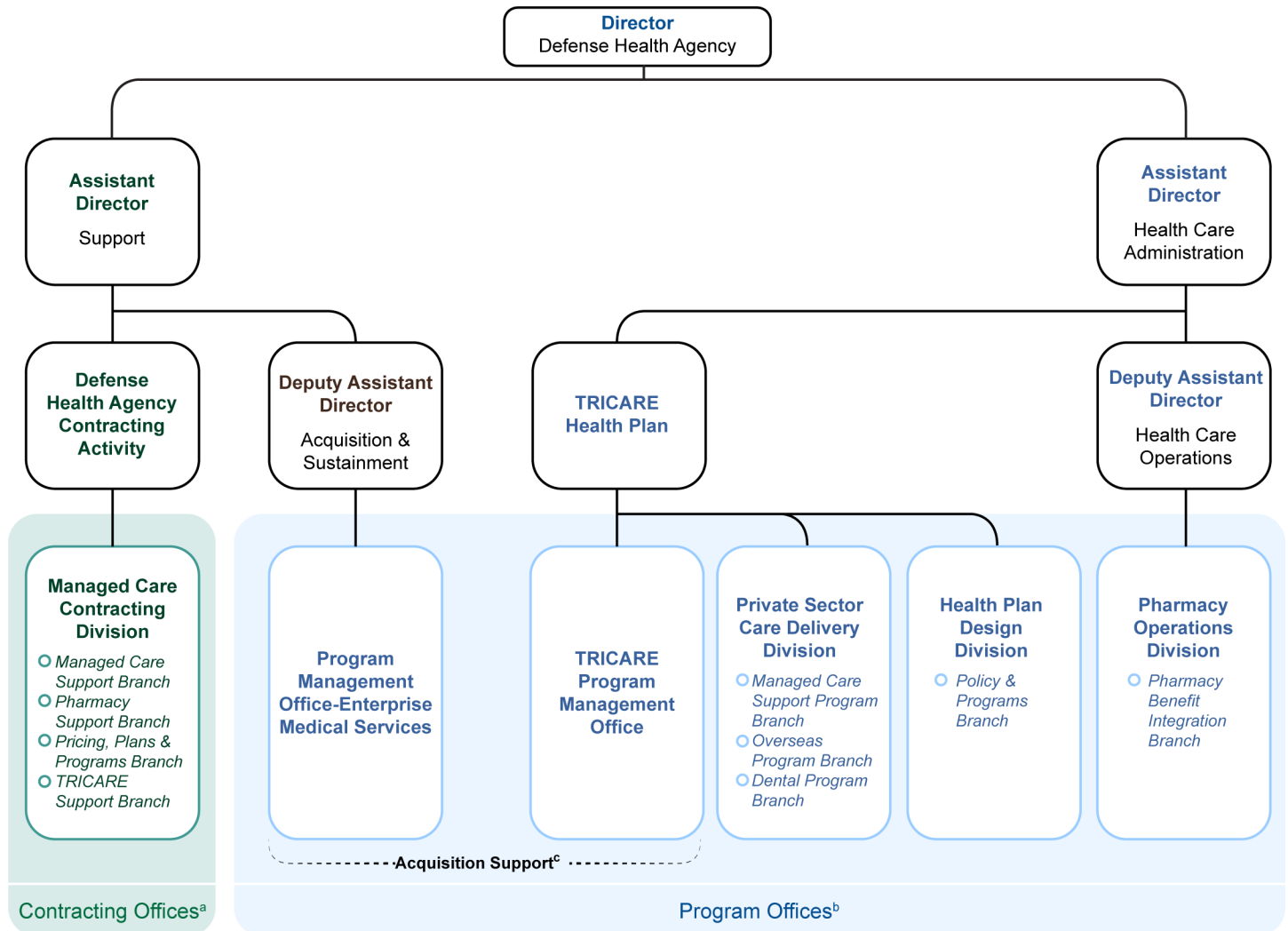
DHA offices responsible for the TRICARE contracts generally fall into two categories—contracting offices and program offices. Contracting offices are generally responsible for contract award and administration, and

⁴⁶For more information about changes to the current generation of the TRICARE Pharmacy contract, see GAO, *Defense Health Care: DOD Should Improve Monitoring of TRICARE Beneficiaries' Access to Prescription Drugs*, [GAO-25-107187](#) (Washington, D.C.: Feb. 13, 2025).

program offices are generally responsible for contract oversight.⁴⁷ See figure 12.

⁴⁷DHA officials told us that some program offices also have program-related responsibilities outside of awarding, administering, and overseeing the TRICARE contracts. For example, a DHA official told us that subject matter experts within the Managed Care Support Program Branch work on various subjects related to the program, such as customer service, claims, and provider networks. For this review, we have described responsibilities related to awarding, administering, and overseeing the TRICARE contracts included in this review. Additionally, DHA officials told us that staff within some of the contracting and program offices provide support for TRICARE contracts outside of our scope.

Figure 12: Defense Health Agency Offices Responsible for the Award, Administration, and Oversight of the TRICARE Contracts



Source: GAO analysis of Defense Health Agency information. | GAO-25-107370

Note: This figure provides an overview of the Defense Health Agency’s organizational structure as it relates to the offices responsible for the award, administration, and oversight of the TRICARE contracts included in this review. It does not encompass all offices within each Defense Health Agency division identified.

^aContracting offices staff include contracting officers who are responsible for contract award and administration.

^bProgram offices staff generally include contracting officer’s representatives who are responsible for contract oversight, as well as various pre-award activities.

^cAccording to Defense Health Agency officials, the TRICARE Program Management Office and Program Management–Enterprise Medical Services work closely with other program offices to support the acquisition of certain contracts included in our review. Specifically, the TRICARE Program

Management Office provides support for the acquisition of the Managed Care Support contracts and contains a staff member who served as the source selection authority for the TRICARE Medicare Eligible Program contract. The Program Management Office—Enterprise Medical Services provides support for the acquisition of the dental contracts. These two offices provide support through the acquisition process, according to DHA officials. The acquisition process encompasses contract activities starting with definition of contract requirements up to the point of contract award.

DHA officials stated that the contracting and program offices regularly coordinate with the following DHA offices to fulfill their responsibilities for the award, administration, and oversight of the TRICARE contracts:

- Contract Resource Management, which supports the TRICARE contracts from an accounting and financial perspective by funding the TRICARE contracts, adjusting claims, and processing reimbursements
- Office of General Counsel, TRICARE Branch, which coordinates with the contracting and program offices on matters such as implementing statutory and regulatory requirements, source selection, contract law, review of contract requirements, benefit appeals, and claims collections
- Health Plan Operation Support Branch, which processes and publishes all TRICARE manual changes that are incorporated into the contracts through modifications⁴⁸

DHA Staff Positions

DHA has specific staff that work on the TRICARE contracts in each of the contracting and program offices.

- **Contracting officers.** Within the contracting offices, contracting officers are responsible for contract award and administration. Contracting officers have the authority to enter into, administer, or

⁴⁸In addition, a DHA official said that the Health Plan Operation Support Branch oversees the Defense Eligibility and Enrollment Reporting System, which is used by providers to check if beneficiaries are eligible for TRICARE, and the TRICARE Encounter Data system, which is a repository for treatment encounter data submitted by contractors. The official said that the Health Plan Operation Support Branch also provides cybersecurity support for the Managed Care Support contracts.

terminate the contract.⁴⁹ They are designated through a warrant, which states the limits to their authority.

- **Contracting officer’s representatives.** Program offices generally include contracting officer’s representatives.⁵⁰ They are responsible for contract oversight activities and serve as a liaison between the government and contractors.⁵¹

In addition, DHA’s program and contracting offices contain other types of staff that support the contracting officers and contracting officer’s representatives in their roles related to the award, administration, and oversight of the TRICARE contracts. As of January 31, 2025, DHA officials said that there are about 140 additional staff that support the contracts. See table 4 for descriptions of the roles of other types of staff that support the TRICARE contracts.

Table 4: Other Types of Support Staff Within the Defense Health Agency’s Contracting and Program Offices

Position title	Roles
Contracting offices	
Contract specialists	<ul style="list-style-type: none">• support the creation, administration, and termination of the TRICARE contracts, but do not have authority to enter into or terminate a contract
Contract analysts	<ul style="list-style-type: none">• assist the contracting officers in fulfilling their responsibilities
Program offices	
Program managers	<ul style="list-style-type: none">• nominate contracting officer’s representatives• provide support for performance assessment activities

⁴⁹Contracting officers are in the 1102 contracting job series. The 1102 job series includes positions that manage, supervise, perform, or develop policies and procedures for professional work involving the procurement of supplies, services, construction, or research and development using formal advertising or negotiation procedures; the evaluation of contract price proposals; and the administration or termination and close out of contracts.

⁵⁰According to DHA officials, the TRICARE Program Management Office and the Program Management Office–Enterprise Medical Services contain staff that provide support for the acquisition of several contracts in our review.

⁵¹Contracting officer’s representative responsibilities are delegated by the contracting officer through a contracting officer’s representative designation memorandum.

Position title	Roles
Health system specialists	<ul style="list-style-type: none"> • may serve as subject matter experts for specific topics (e.g., customer service, network development and access to care) • support oversight of contractor performance • provide recommendations for contract or manual modifications
Program analysts	<ul style="list-style-type: none"> • may serve as subject matter experts for specific topics • support oversight of contractor performance • may assist with development of Quality Assurance Surveillance Plans and contract modifications^a

Source: GAO analysis of Defense Health Agency information. | GAO-25-107370

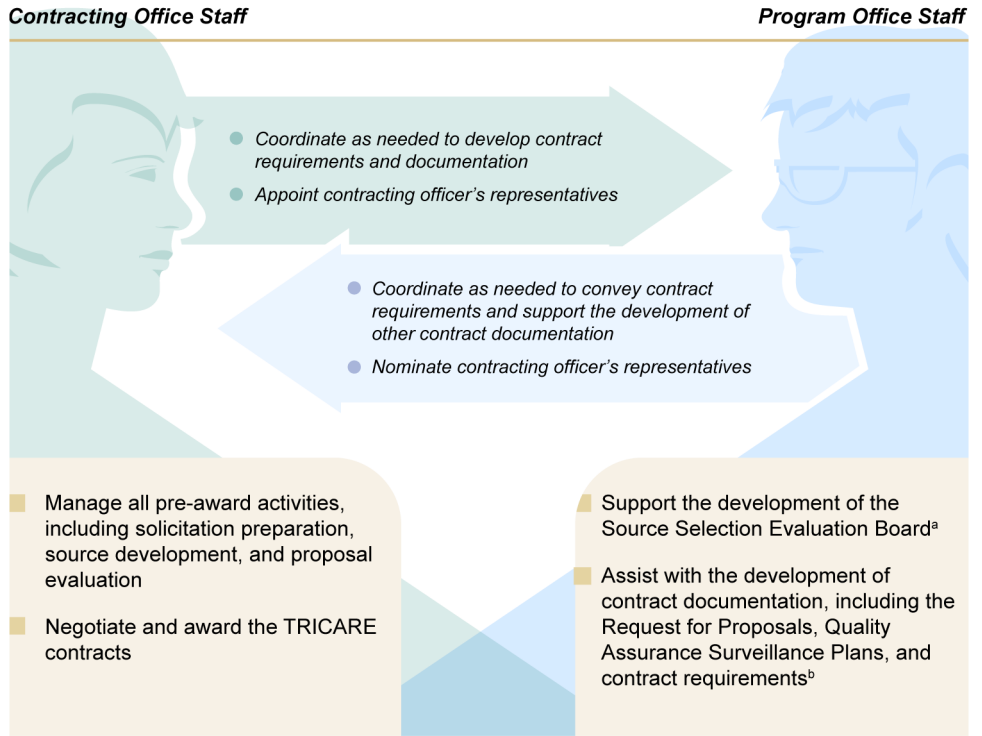
Note: According to DHA officials, there are about 140 additional staff that support the contracts across the program and contracting offices as of January 31, 2025.

^aQuality Assurance Surveillance Plans are government-developed documents that specify the methods by which the government will monitor contractor performance.

As previously mentioned, contracting offices are responsible for the award of the TRICARE contracts. However, contracting and program office staff are responsible for coordinating on the administration and oversight of the TRICARE contracts.

- **Pre-award and award.** Contracting and program office staff are responsible for collaborating on pre-award and award activities and have specific responsibilities during the acquisition process. See figure 13.

Figure 13: Roles of the Defense Health Agency’s Contracting Office and Program Office Staff for TRICARE Contract Pre-Award and Award Activities



Source: GAO analysis and presentation of Defense Health Agency information; GAO (illustration). | GAO-25-107370

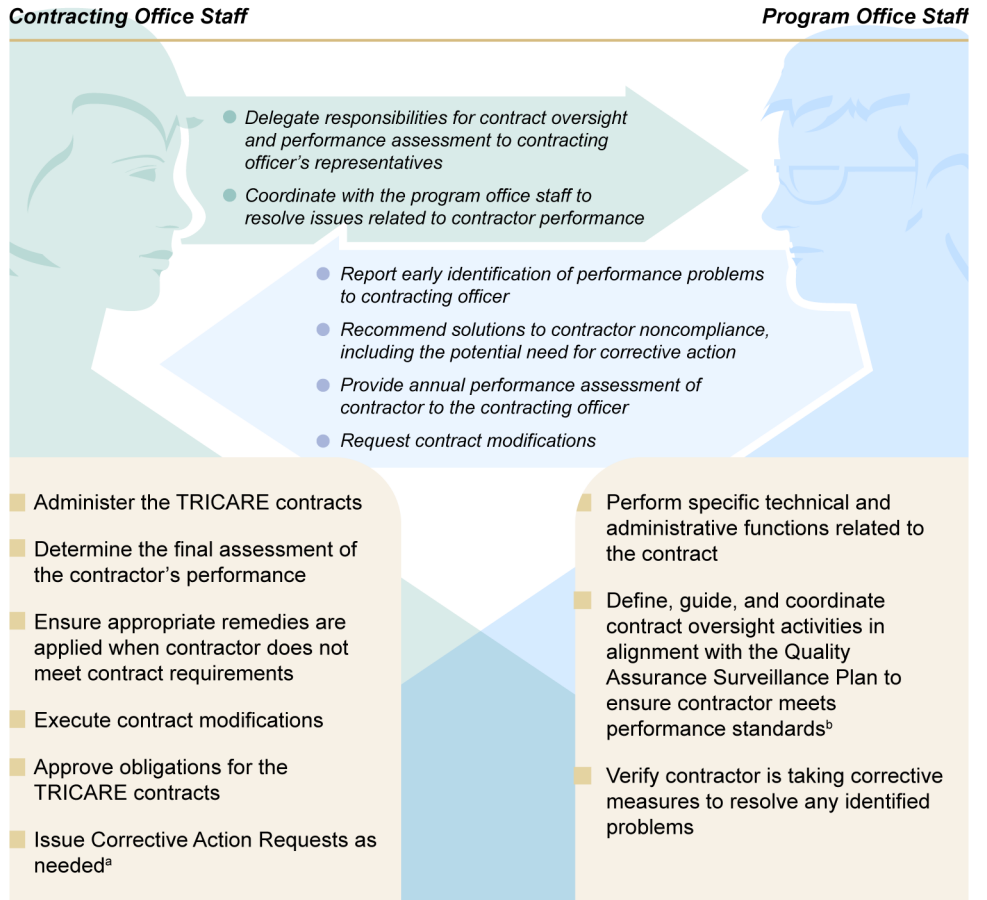
Note: Contracting office staff include contracting officers and their support staff, such as contract specialists and contract analysts. Program office staff can include contracting officer’s representatives and other support staff, such as health system specialists and program analysts.

^aThe Source Selection Evaluation Board consists of members with expertise in various functional disciplines relevant to the specific acquisition and is responsible for evaluating proposals and developing summary statements and findings. According to DHA officials and agency position descriptions, program offices support the development of the Source Selection Evaluation Boards by recommending people to be on the board or having staff serve as members on the board.

^bThe request for proposal is a document used to communicate government requirements to prospective contractors and to solicit proposals. The Quality Assurance Surveillance Plan is a government-developed document that specifies the methods by which the government will monitor contractor performance.

- **Administration and oversight.** Contracting and program offices are responsible for coordinating on their post-award responsibilities for contract administration and oversight. See figure 14.

Figure 14: Roles of the Defense Health Agency’s Contracting Office and Program Office Staff for TRICARE Contract Administration and Oversight Activities



Source: GAO analysis and presentation of Defense Health Agency information; GAO (illustration). | GAO-25-107370

Note: Contracting office staff include contracting officers and their support staff, such as contract specialists and contract analysts. Program office staff can include contracting officer's representatives and other support staff, such as health system specialists and program analysts.















^aCorrective Action Requests are letters sent to the contractor that detail an area of noncompliance with contract requirements. Corrective action requests also request that the contractor submit a corrective action plan explaining how it plans to meet the contract requirement.

^bThe Quality Assurance Surveillance Plan is a government-developed document that specifies the methods by which the government will monitor contractor performance.

Each of the TRICARE contracts in our review is supported by one contracting office and one or two program offices.⁵² Additionally, each of the TRICARE contracts in our review is supported by one or more contracting officers and one or more contracting officer's representatives. As previously noted, there are additional staff in each of the contracting and program offices that support the contracting officers and contracting officer's representatives. See figure 15.

⁵²The Managed Care Support, TRICARE Medicare Eligible Program, TRICARE Dental Program, and Active Duty Dental Program contracts all receive support from both a program office containing the contracting officer's representative and a separate program office that provides support for contract acquisition.

Figure 15: Defense Health Agency (DHA) TRICARE Contracts Included in This Review with Their Associated Contracting and Program Offices and Key Staff

<i>Contract</i>	<i>Contracting Office and number of contracting officers</i>	<i>Program Office and number of contracting officer's representatives</i>
Managed Care Support East	Managed Care Support Branch ^a 	Managed Care Support Program Branch ^b 
Managed Care Support West	Managed Care Support Branch 	Managed Care Support Program Branch ^b 
TRICARE Overseas Program	TRICARE Support Branch 	Overseas Program Branch 
TRICARE Medicare Eligible Program	TRICARE Support Branch ^a 	Policy & Programs Branch ^b 
US Family Health Plan	TRICARE Support Branch 	Policy & Programs Branch 
Active Duty Dental Program^c	Pricing, Plans, & Programs Branch ^d 	Dental Program Branch ^e 
TRICARE Dental Program^c		
TRICARE Pharmacy Program	Pharmacy Support Branch (TRICARE Pharmacy Program Team) ^a 	Pharmacy Benefit Integration Branch ^f 

Source: GAO analysis and presentation of Defense Health Agency information. | GAO-25-107370

Note: For the purposes of our review, key staff are defined as contracting officers and contracting officer's representatives. According to DHA officials, there are about 140 additional staff that support the contracts across the contracting and program offices as of January 31, 2025.

^aAccording to DHA officials, the Managed Care Support East, TRICARE Medicare Eligible Program, and TRICARE Pharmacy Program contracts are supported by one contracting officer that has an unlimited warrant and one contracting officer with a limited warrant. Additionally, DHA officials told us that only one contracting officer serves as the team lead.

^bAccording to DHA officials, staff in the TRICARE Program Management Office provide support for the acquisition of the Managed Care Support and TRICARE Medicare Eligible Program contracts. For example, DHA officials told us that someone within the TRICARE Program Management Office served as the source selection authority for the TRICARE Medicare Eligible Program contract. The

source selection authority is the official designated to direct the source selection process, approve the selection plan, select the source(s), and announce the contract award.

^cThe TRICARE Dental Program and Active Duty Dental Program contracts are supported by the same contracting officer and contracting officer's representative.

^dAccording to DHA officials, TRICARE Dental Program and Active Duty Dental Program contracting staff are organizationally located under the Managed Care Contracting Division Pricing, Plans, & Programs Branch, but are functionally aligned with the Managed Care Contracting Division TRICARE Support Branch. Additionally, a DHA official said that management within the Pricing, Plans, & Programs Branch provides administrative support to the Dental Team. Otherwise, a DHA official told us that the Dental Team does not directly report to management within the Pricing, Plans, & Programs Branch, unless there is an issue related to contract pricing.

^eAccording to DHA officials, one staff member in the Program Management Office-Enterprise Medical Services under the Deputy Assistant Director Acquisition & Sustainment provides support for the acquisition of the dental contracts.

^fTwo of the contracting officer's representatives within the Pharmacy Benefit Integration Branch are alternate contracting officer's representatives that support the TRICARE Pharmacy Program contract. According to DHA officials, the TRICARE Pharmacy Program contract utilizes four contracting officer's representatives due to the size, scope, and complexity of the contract, as well as the real-time nature of pharmacy claims.

DHA Staff Responsible for TRICARE Contracts Must Complete Contract-Related Certification and Training

Requirements for contracting officers. DOD Instruction 5000.66 identifies certification requirements for all DOD acquisition staff, including contracting officers.⁵³ According to the DOD Instruction, contracting officers complete the requirements needed to obtain contracting

⁵³Department of Defense, *Defense Acquisition Workforce Education, Training, Experience, and Career Development Program*, DOD Instruction 5000.66 (July 27, 2017, incorporating change 3, effective March 25, 2022). DOD Instruction 5000.66 applies to the Office of the Secretary of Defense, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of Inspector General of the Department of Defense, the Defense Agencies, DOD Field Activities, and all other organizational entities within DOD. Contracting officers are classified as contracting professionals and are part of the civilian 1102 contracting job series or military equivalent positions. Contracting professional positions include positions that manage, supervise, perform, or develop policies and procedures for professional work involving the procurement of supplies, services, construction, or research and development using formal advertising or negotiation procedures; the evaluation of contract price proposals; and the administration or termination and close out of contracts.

certification through the Defense Acquisition University.⁵⁴ DHA officials provided documentation showing that all 10 contracting officers assigned to the 13 contracts in our review have completed the required Contracting Professional Certification.⁵⁵

Defense Acquisition University

The Defense Acquisition University was established in 1990. It provides the Department of Defense's acquisition workforce with continuous learning opportunities, including certification courses, credentials, job support tools, and online training.

Source: GAO and Department of Defense. | GAO-25-107370

In 2020, the Under Secretary of Defense announced a “Back-to-Basics” restructuring of training and certification requirements for the defense acquisition workforce, including for those in contracting positions. The new training and certification requirements streamlined a three-level certification process for contracting positions into a one-level certification for contracting professionals. Starting on February 1, 2022, DOD staff have been able to complete the Defense Acquisition University’s Back-to-Basics coursework to obtain the certification needed for contracting professionals. DHA staff certified prior to this date have had their prior certification converted to the Back-to-Basics certification. To maintain this certification, individuals must also complete 80 hours of related continuous learning every 2 years.⁵⁶

⁵⁴In 1990, Congress enacted the Defense Acquisition Workforce Improvement Act as part of the National Defense Authorization Act for Fiscal Year 1991. See Pub. L. No. 101-510, Div. A, tit. XII, §§ 1201-1211, 104 Stat. 1485, 1638-1668 (1990) (codified, as amended, at 10 U.S.C. § 1701-1764). Among other things, this Act directed the Secretary of Defense to establish and maintain a Defense Acquisition University structure to provide for (1) the professional educational development and training of the acquisition workforce; and (2) research and analysis of defense acquisition policy issues from an academic perspective. See Pub. L. No. 101-510, § 1202(a) (codified, as amended, at 10 U.S.C. § 1746). See also DOD Instruction 5000.57, Defense Acquisition University (Dec. 18, 2013) (Effective January 11, 2024).

⁵⁵According to officials in the Managed Care Contracting Division, staff working in the division in positions other than contracting officers, such as contract specialists, have also completed or are in the process of completing the requirements for Contracting Professional Certification.

⁵⁶According to DHA officials, contracting officer continuous learning status is tracked in the Defense Acquisition Talent Management System and failure to complete continuous learning requirements could be grounds for termination.

Back-to-Basics

The Back-to-Basics certification consists of three components: training, testing, and continuous learning. The Defense Acquisition University provides the training and testing for the Contracting Professional Certification. The training consists of four multi-day courses covering contract fundamentals and the contract award process, including pre-award, award, and post-award contract administration. Upon completion, individuals must pass an exam to be certified as a contracting professional.

Source: Defense Acquisition University. | GAO-25-107370

Requirements for contracting officer’s representatives. DOD Instruction 5000.72 outlines the minimum training requirements to serve as a contracting officer’s representative.⁵⁷ It states that contracting officer’s representatives are required to take contracting courses through the Defense Acquisition University and complete refresher training every 3 years. As of the beginning of fiscal year 2025, DHA officials provided documentation showing that the 10 contracting officer’s representatives responsible for the 13 contracts have completed Defense Acquisition University coursework.

Contracting officer’s representative coursework covers the basics associated with their responsibilities such as ensuring contractors perform in accordance with their contract requirements. Contracting officer’s representatives are grouped into three types—A, B, and C—all of which are represented on the TRICARE contracts we reviewed.⁵⁸

- Type A works on fixed-price contracts with low performance risks.
- Type B works on other types of fixed-price contracts.
- Type C works on contracts with unique requirements that require additional education or specialized training.

The required training for contracting officer’s representatives is based on their group designation. Type A must take the “Contracting Officer’s Representative with a Mission Focus” course and complete 8 hours of refresher training every 3 years. Types B and C must take the “Contracting Officer’s Representative” course and complete 16 hours of refresher training every 3 years.⁵⁹

Agency Comments

We provided a draft of this report to DOD for review and comment. DOD provided technical comments, which we incorporated as appropriate.

⁵⁷See Department of Defense, *DOD Standard for Contracting Officer’s Representative (COR) Certification*, DOD Instruction 5000.72 (March 26, 2015, Incorporating Change 2, November 6, 2020).

⁵⁸Contracting officer’s representative training type is designated by contracting officers in the contracting officer’s representative designation memorandum.

⁵⁹According to DHA officials, DHA had a program in place to review contracting officer’s representative files for required items, including training compliance. However, these officials indicated that this activity is currently paused due to manpower issues, and compliance is reviewed by contracting officers when appointing contracting officer’s representatives to contracts.

We are sending copies of this report to the appropriate congressional committees and the Secretary of Defense. The report is also available at no charge on GAO's website at <http://www.gao.gov>.

If you or your staff has any questions regarding this report, please contact me at silass@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 II.

//SIGNED//

Sharon M. Silas
Director, Health Care

Appendix I: TRICARE Health, Dental, and Pharmacy Contract Obligations by Fiscal Year

This appendix details the Defense Health Agency's (DHA) obligations by fiscal year for each of the 13 TRICARE health, dental, and pharmacy contracts we reviewed as of the end of fiscal year 2024 (September 30, 2024).¹ For each contract, we include obligations starting with the prior generation of the contract that most recently ended—from the transition-in period through any closeout activities—through the current generation of the contract in place on March 1, 2025, including any applicable transition-in period and health care or service delivery as of September 30, 2024.²

Health Benefit Contracts

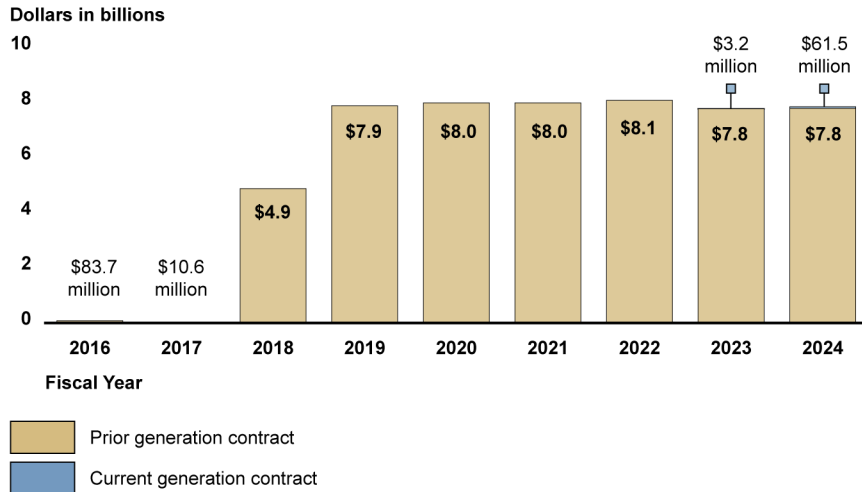
Managed Care Support. These contracts manage TRICARE's private sector health care and provide customer service, beneficiary enrollment, and claims processing, among other things, to TRICARE-eligible beneficiaries within the United States, with one contract supporting the East Region and one supporting the West Region. The transition-in period for the prior generation of the East Region and West Region contracts began on January 1, 2017, and health care delivery started on January 1, 2018. For the current generation of the East and West Region contracts, the transition-in period began on January 1, 2024, and health care delivery started on January 1, 2025. See figures 16 and 17.

¹To determine obligated amounts, we analyzed data reported to the Federal Procurement Data System as of January 8, 2025. For related obligations on these contracts and orders, we inflation-adjusted the figures to fiscal year 2023 dollars using the Gross Domestic Product Price Index. An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States. See GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: Sept. 1, 2005).

²The period of service delivery for the prior generation contract typically overlaps with the transition-in period for the current generation contract. Contract closeout is the final stage of the contracting process. It can begin when the contract has been completed, and is not finished until final payment is made, any disputes settled, and all administrative actions required are completed.

Appendix I: TRICARE Health, Dental, and Pharmacy Contract Obligations by Fiscal Year

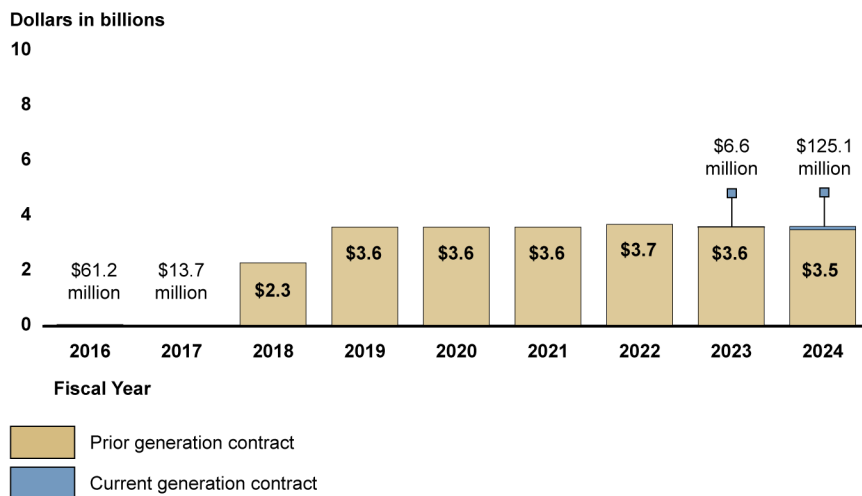
Figure 16: Defense Health Agency’s TRICARE Managed Care Support East Region Contract Obligations Through September 30, 2024, for Fiscal Year 2016 Through Fiscal Year 2024



Source: GAO analysis of data reported to the Federal Procurement Data System as of January 8, 2025. | GAO-25-107370

Note: Obligations include amounts for the period of performance as of September 30, 2024. Period of performance includes the time from the transition-in period of the contract through any transition-out period of the contract. Obligations are shown in fiscal year 2023 dollars.

Figure 17: Defense Health Agency’s TRICARE Managed Care Support West Region Contract Obligations Through September 30, 2024, for Fiscal Year 2016 Through Fiscal Year 2024



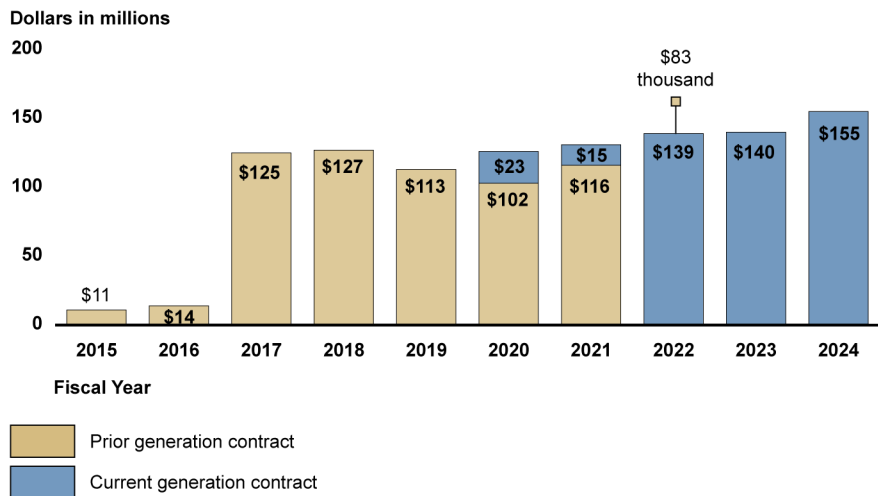
Source: GAO analysis of data reported to the Federal Procurement Data System as of January 8, 2025. | GAO-25-107370

Appendix I: TRICARE Health, Dental, and Pharmacy Contract Obligations by Fiscal Year

Note: Obligations include amounts for the period of performance as of September 30, 2024. Period of performance includes the time from the transition-in period of the contract through any transition-out period of the contract. Obligations are shown in fiscal year 2023 dollars.

TRICARE Overseas Program. The TRICARE Overseas Program contract provides private sector health care outside of the United States.³ For the prior generation contract, the transition-in period began on September 1, 2015, and service delivery began on September 1, 2016. The current generation contract had a transition-in period beginning on September 1, 2020, and service delivery began on September 1, 2021. See figure 18.

Figure 18: Defense Health Agency’s TRICARE Overseas Program Contract Obligations Through September 30, 2024, for Fiscal Year 2015 Through Fiscal Year 2024



Source: GAO analysis of data reported to the Federal Procurement Data System as of January 8, 2025. | GAO-25-107370

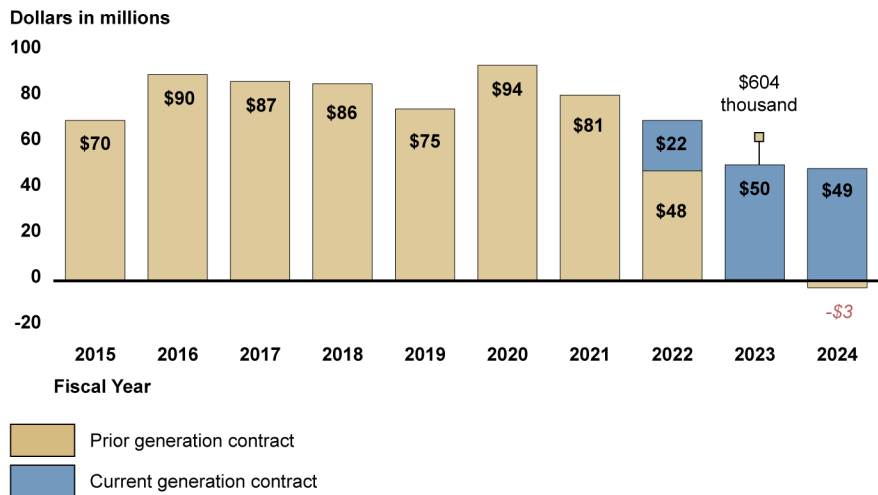
Note: Obligations include amounts for the period of performance and any contract closeout activities as of September 30, 2024. Period of performance includes the time from the transition-in period of the contract through any transition-out period of the contract. Obligations are shown in fiscal year 2023 dollars.

TRICARE Medicare Eligible Program. The TRICARE Medicare Eligible Program contract provides claims processing and customer support for

³The Overseas Region consists of countries outside the U.S. and includes the U.S. territories of American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

TRICARE for Life.⁴ Service delivery began for the prior generation contract on January 1, 2015. For the current generation contract, service delivery began on May 1, 2022. See figure 19.

Figure 19: Defense Health Agency’s TRICARE Medicare Eligible Program Contract Obligations Through September 30, 2024, for Fiscal Year 2015 Through Fiscal Year 2024



Source: GAO analysis of data reported to the Federal Procurement Data System as of January 8, 2025. | GAO-25-107370

Note: Obligations include amounts for the period of performance and any contract closeout activities as of September 30, 2024. Period of performance includes the time from the transition-in period of the contract through any transition-out period of the contract. No obligations were recorded for the transition-in period of the current generation contract because no funds were awarded for this time period. Negative obligations represent de-obligations of funds that were not needed or used. Obligations are shown in fiscal year 2023 dollars.

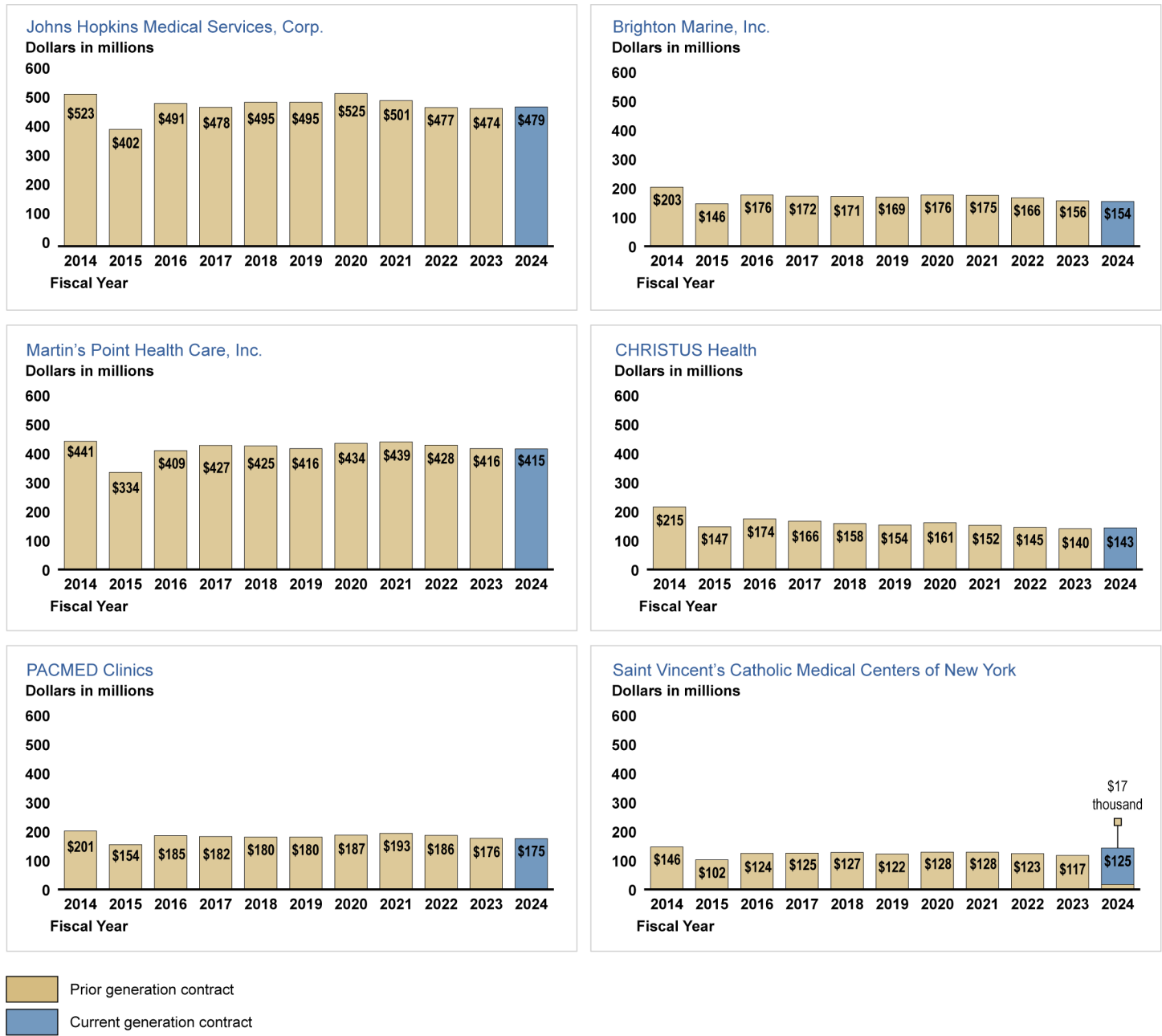
US Family Health Plan. The US Family Health plan offers the TRICARE Prime option and pharmacy benefits to eligible beneficiaries through six contractors referred to as “designated providers” in six geographic locations across the country. For the prior generation contracts, service delivery began on October 1, 2013. For the current contracts, service delivery began on October 1, 2023.⁵ See figure 20.

⁴The TRICARE Medicare Eligible Program contract was previously referred to as the TRICARE Dual Eligible Fiscal Intermediary contract.

⁵The US Family Health Plan contracts are sole source contracts, meaning that DHA negotiated with only one contractor for each of the six US Family Health Plan contracts. As a result, transition periods are not applicable because each contractor remains the same between generations of contracts.

Appendix I: TRICARE Health, Dental, and Pharmacy Contract Obligations by Fiscal Year

Figure 20: Defense Health Agency's US Family Health Plan Contract Obligations by Designated Provider Through September 30, 2024, for Fiscal Year 2014 Through Fiscal Year 2024



Source: GAO analysis of data reported to the Federal Procurement Data System as of January 8, 2025. | GAO-25-107370

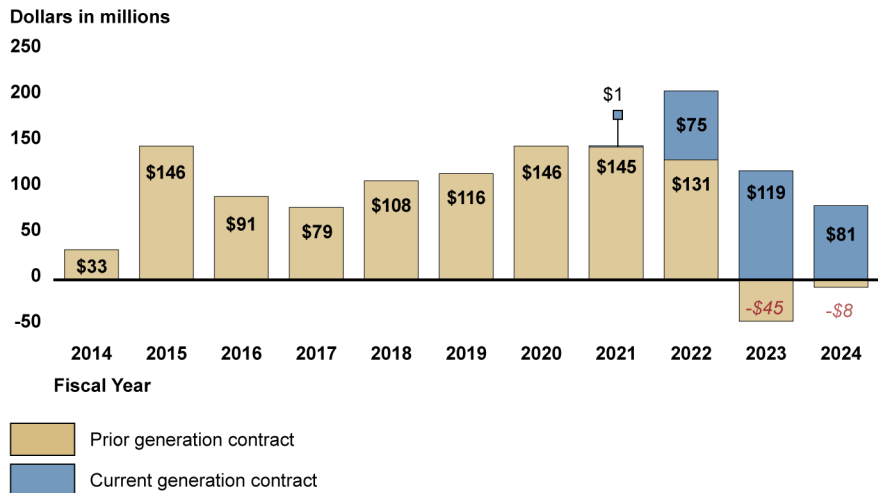
Note: Obligations include amounts for the period of performance and any contract closeout activities as of September 30, 2024. Period of performance includes the time from the transition-in period of the

contract through any transition-out period of the contract. Obligations are shown in fiscal year 2023 dollars.

Dental and Pharmacy Benefit Contracts

Active Duty Dental Program. The Active Duty Dental Program contract manages civilian dental care for active-duty service members. For the prior generation contract, the transition-in period began on December 2, 2013, and service delivery began on August 1, 2014. For the current generation contract, the transition-in period began on May 1, 2021, and service delivery began on May 1, 2022. See figure 21.

Figure 21: Defense Health Agency’s Active Duty Dental Program Contract Obligations Through September 30, 2024, for Fiscal Year 2014 Through Fiscal Year 2024



Source: GAO analysis of data reported to the Federal Procurement Data System as of January 8, 2025. | GAO-25-107370

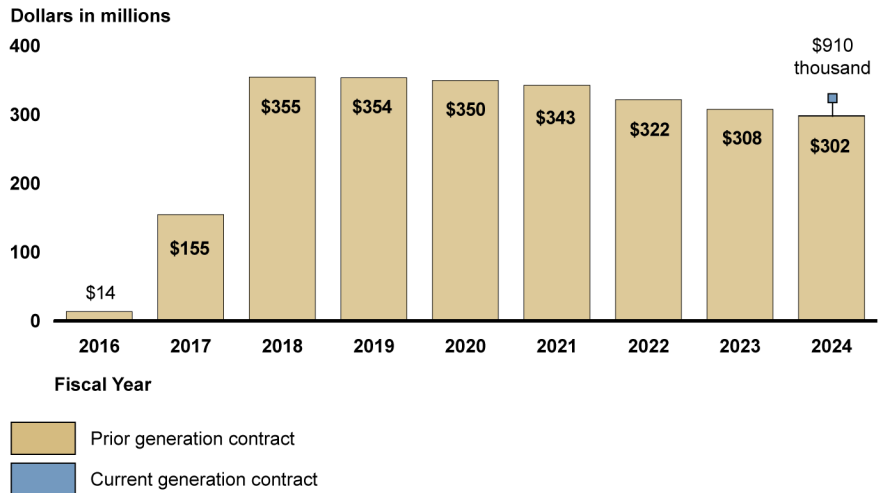
Note: Obligations include amounts for the period of performance and any contract closeout activities as of September 30, 2024. Period of performance includes the time from the transition-in period of the contract through any transition-out period of the contract. Negative obligations represent de-obligations of funds that were not needed or used.

TRICARE Dental Program. The TRICARE Dental Program contract manages civilian dental care for eligible family members of active-duty dependents and Reserve and National Guard members who are not on active duty.⁶ For the prior generation TRICARE Dental Program contract, the transition-in period began on February 1, 2016. Service delivery for the prior generation contract began on May 1, 2017. The current

⁶The eligible population also includes Reserve and National Guard members who are not covered by the Transitional Assistance Management Program.

generation contract had a transition-in period beginning December 1, 2023, with service delivery beginning on March 1, 2025. See figure 22.

Figure 22: Defense Health Agency’s TRICARE Dental Program Contract Obligations Through September 30, 2024, for Fiscal Year 2016 Through Fiscal Year 2024



Source: GAO analysis of data reported to the Federal Procurement Data System as of January 8, 2025. | GAO-25-107370

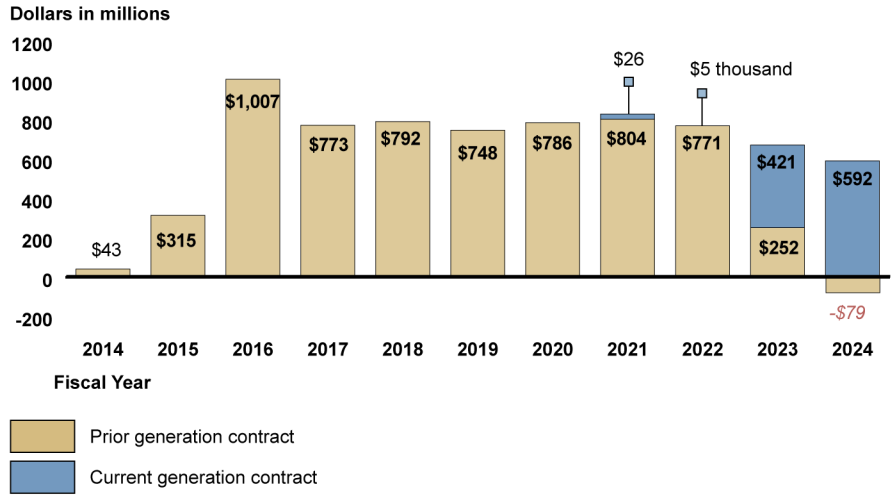
Note: Obligations include amounts for the period of performance as of September 30, 2024. Period of performance includes the time from the transition-in period of the contract through any transition-out period of the contract. Obligations are shown in fiscal year 2023 dollars.

TRICARE Pharmacy. The TRICARE Pharmacy contract administers the TRICARE Pharmacy Program, which allows beneficiaries to obtain prescription drugs from military medical treatment facility pharmacies, retail pharmacies, or through a mail order program.

For the prior generation of the TRICARE Pharmacy contract, the transition-in period began on May 1, 2014, and service delivery began on May 1, 2015. The current generation contract had a transition-in period that began on September 23, 2021, with service delivery beginning on January 1, 2023. See figure 23.

Appendix I: TRICARE Health, Dental, and Pharmacy Contract Obligations by Fiscal Year

Figure 23: Defense Health Agency’s TRICARE Pharmacy Contract Obligations Through September 30, 2024, for Fiscal Year 2014 Through Fiscal Year 2024



Source: GAO analysis of data reported to the Federal Procurement Data System as of January 8, 2025. | GAO-25-107370

Note: Obligations include amounts for the period of performance and any contract closeout activities as of September 30, 2024. Period of performance includes the time from the transition-in period of the contract through any transition-out period of the contract. Negative obligations represent de-obligations of funds that were not needed or used. Obligations are shown in fiscal year 2023 dollars.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Sharon M. Silas, Silass@gao.gov

Staff Acknowledgments

In addition to the contact named above, Bonnie Anderson (Assistant Director), Emily Loriso (Analyst-in-Charge), Luke Hagemann, and Foster Ritchie made key contributions to this report. Also contributing were Tracy Abdo, Jacquelyn Hamilton, Ying Hu, Teague Lyons, Ethiene Salgado-Rodriguez, and Ravi Sharma.

Related GAO Products

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