BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Secretary Of Defense

Verifying Eligibility For Military Health Care: Some Progress Has Been Made, But Reliability Problems Remain

Concerns over fraud in military medical programs and the management of military health resources led to the development of the Defense Enrollment Eligibility Reporting System (DEERS)--a computer-based system about two-thirds implemented in the Continental United States which will be used as the primary means for confirming beneficiary eligibility and as a tool in Department of Defense health resource planning.

Despite progress made toward achieving DEERS' objectives, the system contains many errors. GAO believes that attention should be given to DEERS in attaining

   --more complete and accurate beneficiary enrollment data,

   --more accurate beneficiary information, and

   --prompt information on beneficiary eligibility changes.

GAO has made several recommendations directed at improving DEERS' reliability.

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GAO/HRD-83-1

DECEMBER 1, 1982

HUMAN RESOURCES
DIVISION

B-209666

The Honorable Caspar W. Weinberger
The Secretary of Defense

Attention: Director, GAO Affairs

Dear Mr. Secretary:

This report discusses the problems being experienced by the Defense Enrollment Eligibility Reporting System in its continuing efforts to accumulate accurate and timely data on all active duty and retired military sponsors, survivors, and dependents relating to their eligibility for benefits under the Uniformed Services Health Care System. It includes recommendations to address the problems. The Department of Defense comments on a draft of this report have been incorporated in appendix II.

Even though the report concentrates on the initial implementation and use of the System in the military health care area, we believe that it has a much wider application. In view of the fact that the System is also to be used to improve the planning and distribution of other military personnel benefits, the matters discussed in this report should be useful not only to the Assistant Secretary for Health Affairs but also to the Assistant Secretaries for Manpower, Reserve Affairs & Logistics and Comptroller.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Secretaries of the Army, Navy, and Air Force; the Chairmen of the four above-mentioned Committees; and the Director, Office of Management and Budget. Copies will also be made available to other parties who request them.

Sincerely yours,

Philip A. Bernstein
Director

U.S. GENERAL ACCOUNTING OFFICE
REPORT TO THE SECRETARY
OF DEFENSE

VERIFYING ELIGIBILITY FOR
MILITARY HEALTH CARE: SOME
PROGRESS HAS BEEN MADE, BUT
RELIABILITY PROBLEMS REMAIN

D I G E S T

Weaknesses in the issuance and recovery of
identification cards permitted ineligible
persons to receive military health care at
the Government's expense. (See p. 2.)

Concerns over this abuse along with the need to
improve overall management of military health
resources led to the development of the Defense
Enrollment Eligibility Reporting System (DEERS)--
a computer-based system designed to contain eli-
gibility and demographic information on all ac-
tive duty and retired service members, their
dependents, and survivors. (See p. 1.)

An estimated 11.5 million persons will be en-
rolled in the system when it is completed in
fiscal year 1985. The cost of fully implement-
ing DEERS is expected to total about $33 mil-
lion, and annual operating costs are estimated
at $6 million. As of June 1982, 8.6 million
persons were enrolled in DEERS. (See pp. 1
and 3.)

GAO made this review to determine whether DEERS
would improve the eligibility determination proc-
ess and provide accurate data on beneficiaries
for use in military health resource planning.
(See p. 5.) The Department of Defense has made
progress, but DEERS will not fully meet its ob-
jectives until

--more complete and accurate beneficiary enroll-
  ment data are obtained,

--beneficiary information is entered more ac-
  curately in the system, and

--changes in beneficiary eligibility are promptly
  reported to the system. (See pp. 6, 10, 16,
  and 18.)

At the time GAO reviewed DEERS, the system contained many errors which often caused inaccurate replies to users' eligibility queries. As a result, users expressed a lack of confidence in the system's reliability. Unless these problems are corrected, DEERS will not significantly alleviate the conditions which have resulted in misuse of health care benefits. (See p. 10.)

Actions have been taken by DEERS officials, and more are planned to correct some of the problems and errors GAO identified, but much more needs to be done. GAO is making several recommendations directed at the remaining reliability problems. (See. pp. 12, 14, and 21.)

NOT ALL ELIGIBLE BENEFICIARIES
ARE BEING ENROLLED IN DEERS

While large numbers of qualified people have been enrolled in DEERS, some eligible dependents have not been enrolled because the services have not established effective procedures for identifying and enrolling them. One Department of Defense estimate indicated that as many as 24 percent of sponsors with eligible dependents did not enroll their dependents during the first eight enrollment phases (or as of January 1982). GAO's examination of 94 cases of suspected nonenrollment identified 69 instances of sponsors failing to enroll their dependents. In addition, out of 68 sponsors who transferred from nonenrolled areas of the country to two installations which had completed their enrollment, 18 (or about 26 percent) had not taken action to enroll their dependents although they had been at their new location for at least 7 months. (See pp. 6 to 8.)

Also, GAO learned from DEERS officials that the services' files used for enrolling sponsors and verifying dependent eligibility do not include all retirees, some service members who died in combat, and even some active duty service members. As a result, sponsors' enrollments were incomplete, and difficulties were encountered in verifying the eligibility of their dependents or survivors. As of February 1982, DEERS records showed that there were 82,044 dependent enrollment documents listing sponsors whose names did not match any of those contained in DEERS' master file of sponsors provided by the services. This

number represented about 4 percent of the dependent enrollment documents processed as of February 1982, and the number had been increasing. Preliminary research by DEERS officials and the services resulted in finding many of the sponsors, but indicates to GAO that the services need to improve the accuracy and completeness of the sponsor data submitted to DEERS. (See p. 7.)

ERRONEOUS INFORMATION IS
BEING ENTERED IN DEERS

At the time of GAO's review, DEERS contained many errors, most of which were caused by either inaccurate, incomplete, or illegible enrollment forms or insufficient computer edits of the information being entered in the system. Errors included incorrect eligibility dates, incorrect assignments of benefits, people appearing twice in the system, and enrolled dependents not appearing in the system. As a result, users of DEERS expressed a lack of confidence in the system and questioned its usefulness for verifying eligibility. (See pp. 10 to 12.)

Recent computer programming changes along with other system changes soon to be implemented should improve the quality of DEERS information. However, a comprehensive quality assurance program had not been developed to systematically identify and correct erroneous DEERS information. (See pp. 12 to 14.)

CHANGES IN BENEFICIARY STATUS
EITHER ARE NOT REPORTED OR
ARE SLOW TO BE UPDATED

GAO found that changes in sponsor eligibility status, such as separation from the service, took 3 to 4 months to appear in DEERS and known dependent changes, such as divorces, were taking 1-1/2 to 3 months. Additionally, GAO found that sponsors often did not notify DEERS of changes in their dependents' status which affected eligibility. These updating delays and unreported dependent changes have precluded DEERS from becoming a fully effective system for verifying eligibility. Furthermore, they lessen DEERS' ability to provide accurate and complete demographic beneficiary information for use in health resource planning. (See pp. 16 to 20.)

A new identification card system which interfaces with DEERS and is now being tested should provide almost instantaneous updates of known dependent status changes and permit automatic cancellation of dependent cards when it is learned that dependents have lost eligibility or that cards have been lost or stolen. However, full implementation of this system, if it is adopted, is still several years away. Also, as now envisioned, the system will not change the procedures used for reporting sponsor and dependent status changes, and therefore the delays currently being experienced in updating sponsor changes and the problems with nonreporting of dependent changes will probably continue.

The lack of specific standards governing just how quickly status changes must be updated in DEERS and the degree of accuracy that the system must achieve to be effective have not been established. GAO believes that without such standards it will be difficult for the Department of Defense to determine when the system has reached an acceptable and reliable level. Specific and achievable standards should be established and used in assessing the system's overall reliability and cost effectiveness. (See p. 16.)

RECOMMENDATIONS TO THE
SECRETARY OF DEFENSE

Although some system changes have been implemented since GAO's review and more are planned which should improve the quality and reliability of DEERS information, attention should be given to several areas as the DEERS implementation process continues.

GAO has made several recommendations to the Secretary directed at improving DEERS' reliability. (See pp. 14 and 21.)

DEPARTMENT OF DEFENSE
COMMENTS AND GAO'S EVALUATION

The Department of Defense generally agreed with GAO's findings, conclusions, and recommendations. It stated that many changes and improvements in policies, procedures, and operating systems have been implemented since GAO's review was conducted. Some actions have been taken and others are planned to implement GAO's recommendations. (See pp. 25 to 43.)

C o n t e n t s

ABBREVIATIONS

CHAMPUS	Civilian Health and Medical Program of the Uniformed Services
DEERS	Defense Enrollment Eligibility Reporting System
DOD	Department of Defense
GAO	General Accounting Office

CHAPTER 1

INTRODUCTION

The Defense Enrollment Eligibility Reporting System (DEERS)
is a computer-based system designed to contain eligibility and
demographic data on all persons entitled to benefits under the
Uniformed Services Health Care System, including active duty and
retired members, dependents, and survivors of the seven uniformed
services--Army, Navy, Air Force, Marine Corps, Coast Guard, and
the Commissioned Corps of the Public Health Service and the
National Oceanic and Atmospheric Administration. When fully
operational the system will be used as the primary means of con-
firming the eligibility of persons seeking medical benefits and
for improving the planning and distribution of military health
care resources. Worldwide enrollment is targeted for completion
in fiscal year 1985, and the beneficiary population to be included
in DEERS is estimated to be 11.5 million people. Eventually the
scope of DEERS will be expanded to include members (and their
dependents) of the National Guard, Reserves, and others inducted
during mobilization as well as used to verify eligibility for
other military benefits, such as commissary, exchange, housing,
education, and insurance.

DEERS was developed in response to concerns about (1) fraud
and abuse in the military health care system and (2) the need for
improved management of military health resources. In 1974, the
Congress directed the Department of Defense (DOD) to develop a
program that would minimize fraudulent use of military health
benefits, improve control and distribution of available military
health care services, and improve cost allocations and projec-
tions. Additionally, a 1975 Military Health Care Study--conducted
by DOD; the Department of Health, Education, and Welfare (now
Health and Human Services); and the Office of Management and
Budget--concluded that military health care resources were pro-
grammed principally on historical workloads and recommended that
health planning include information on the size and demographic
characteristics of the population to be served.

To address these concerns DOD concluded that an automated
information system was needed containing the identity and loca-
tion of all persons entitled to receive military health care.
Between 1976 and 1979, DOD conducted several studies of alterna-
tive enrollment concepts and a demonstration project before it
decided on DEERS.

BACKGROUND

DOD operates more than 150 hospitals and about 300 clinics
throughout the world and directs the Civilian Health and Medical
Program of the Uniformed Services (CHAMPUS), a health insurance
type program that enables uniformed service dependents and

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retirees to obtain health care from civilian sources. About
$5 billion annually is appropriated to DOD to provide health serv-
ices to eligible beneficiaries.

The primary means used to indicate eligibility for military
health benefits has been the identification card issued by the
uniformed services. Several times in the 1970s, we and the Defense
Audit Service reported on weaknesses in the issuance and recovery
of these cards and the resultant use of military health benefits
by ineligible persons.

In July 1971, we reported 1/ that the Government was incurring
unnecessary CHAMPUS costs because identification cards, showing
continuing eligibility, were not being recovered from dependents
of members either separating from the service early or deserting
the service. In October and November 1978, the Defense Audit
Service reported 2/ that eligibility of persons provided medical
services at both uniformed service medical facilities and under
CHAMPUS could not be verified. Based on these reports, DOD esti-
mated in 1979 that up to $60 million annually--$20 million in
direct care military medical facilities and $40 million in
CHAMPUS--was being misspent on ineligible persons.

In a March 1979 report 3/ we stated that improper CHAMPUS pay-
ments were continuing because of the lack of an eligibility verifi-
cation system and weak controls over the issuance and recovery of
identification cards. Cards with CHAMPUS benefits shown were iden-
tified as being issued to such ineligibles as parents, parents-in-
law, and reservists. Also, procedures at installations visited
were inadequate for recovering identification cards from divorced
spouses and dependents of active duty members separating early. In
addition, an analysis of one type of potentially erroneous CHAMPUS
payment--payment for care received by dependents of former active
duty personnel after the members separated from active duty--showed
that an estimated $780,000 in improper CHAMPUS payments were made
over a 26-month period.

1/"Potential for Improvements in the Civilian Health and Medical
   Program of the Uniformed Services" (B-133142, July 19, 1971).

2/"Report on the Review of Procedures Used to Determine Eligibil-
   ity of Users of the Uniformed Services Medical Facilities"
   (79-002, Oct. 11, 1978).

   "Report on the Review of the Eligibility of Recipients of Bene-
   fits Under the Civilian Health and Medical Program of the Uni-
   formed Services" (79-014, Nov. 17, 1978).

3/Letter report to the Secretary of Defense (HRD-79-58, Mar. 16,
   1979).

DEERS IMPLEMENTATION
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     In September 1979, DOD awarded a competitively bid contract
to design, develop, test, implement, and operate DEERS. The con-
tract was valued at nearly $4.5 million for a 2-year period and
contained an option for the contractor, if necessary, to provide
resources to augment the services' personnel needed for nationwide
enrollment and eligibility verification. This option was exercised
in 1981, increasing the contract's value to $22.8 million. The
contract was increased to $29.8 million in the third quarter of
fiscal year 1982 to cover the costs of modifying DEERS so that it
can serve as the data base for a new identification card system to
be tested in the near future (see p. 16). An increase in the con-
tract's cost, to $33 million, is anticipated to achieve enrollment
of dependents whose sponsors are currently stationed outside the
United States. Annual operating costs, once full implementation
is achieved, are estimated to be $6 million. When DEERS is ex-
panded to include the National Guard, Reserves, and mobilization
inductees, additional implementation and operating costs will be
incurred.

     The original DEERS implementation schedule called for a 6-year
time frame to enroll all beneficiaries. This schedule was tied
into the identification card issuing cycle, which then called for
the cards to be turned over every 6 years. Because of congressional
concern over abuse of military health benefits, additional funds
were appropriated to accelerate DEERS and achieve worldwide enroll-
ment by the end of fiscal year 1983.

     Enrollment in DEERS is mandatory. Starting in 1979, active
duty members and retirees were enrolled in DEERS by extracting
data from the services' personnel and finance computerized records.
However, central repositories of records did not exist for depend-
ents. The enrollment of dependents is being accomplished in
12 phases and requires that sponsors report and document the eli-
gibility of their dependents.

     Each phase corresponds to a geographical area of the country.
As of June 1982, 10 of 12 geographical areas in the Continental
United States had completed enrollment and about 8.6 million bene-
ficiaries were enrolled. After phase 12, enrollment will begin
for personnel currently stationed outside the Continental United
States with worldwide enrollment now expected to be completed in
fiscal year 1985.

     Active duty sponsors are notified by their local commands
when and how to enroll dependents. To facilitate the enrollment
an already existing form--the DD Form 1172, Application for
Uniformed Services Identification and Privilege Card--is being
used to collect dependent data. Retirees and survivors receiving
annuities are mailed packets containing a description of DEERS,
the DD Form 1172, and enrollment instructions. Verifying officers,

with assistance from temporary civilian personnel provided by the contractor, are responsible for examining supporting documents and verifying the dependency status of family members in accordance with existing instructions for issuing identification cards, as well as supplemental instructions that have been issued specifically for DEERS enrollment. These procedures are also used to update DEERS with sponsor and dependent status changes which occur after the initial enrollment.

After each enrollment phase is completed, installation personnel offices become responsible for assuring DEERS enrollment of dependents as a normal part of in-processing. Also, military hospitals and clinics as well as some CHAMPUS fiscal intermediaries serving these geographic areas begin querying DEERS for people seeking medical benefits to verify their enrollment in the system and to identify errors. DEERS is not yet being relied on to confirm eligibility—instead the military identification card continues to serve as the primary proof of eligibility and medical benefits are not to be denied based solely on information received from DEERS.

DEERS ORGANIZATION

The Assistant Secretaries of Defense for Health Affairs and for Manpower, Reserve Affairs, and Logistics are jointly responsible for establishing policy and procedures for the DEERS program. These two Assistant Secretaries jointly appoint a DEERS program manager who executes DEERS policy and directs the program's implementation. A DEERS Steering Group—consisting of at least Deputy Assistant Secretary of Defense-level representatives for Health Affairs; Manpower, Reserve Affairs, and Logistics; and Comptroller—provides direction to the DEERS program manager and establishes major program goals and milestones. Each uniformed service also appoints a DEERS Project Officer at the headquarters level to serve on a DEERS Work Group, which advises the program manager, resolves interservice issues, and performs day-to-day liaison with the services. At the installation level, the services appoint DEERS Project Officers to coordinate and execute the program on a continuing basis.

A DEERS Support Office, located in Monterey, California, and staffed by DEERS program and contractor personnel, has responsibility for ensuring data integrity, conducting data research, and handling customer relations. The Defense Manpower Data Center, an organization under the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics, was assigned the task of creating and maintaining the enrollment data base.

OBJECTIVES, SCOPE, AND METHODOLOGY

We made this review to determine if DEERS, as it is being de-
signed and implemented, will correct previous weaknesses reported
by us and the Defense Audit Service which allowed unauthorized
persons to obtain military health care benefits.

Also, we wanted to determine whether DEERS, in addition to
meeting the objective of minimizing fraud and abuse, will achieve
its other objective of providing demographic data that will im-
prove military health care resource planning.

To accomplish these objectives, we evaluated the major com-
ponents of the DEERS system: the completeness of enrollment
efforts, the validity and accuracy of enrollment documents input
to the system, the processes by which the system is maintained
and updated, and the reliability of output from the system in
the form of responses to eligibility queries. Our work was con-
ducted between June 1981 and June 1982 at many DOD installations.
Appendix I provides details on the methodology we used and the
locations we visited. This review was performed in accordance
with generally accepted government audit standards.

CHAPTER 2

IMPROVEMENTS ARE NEEDED IN THE

DEERS ENROLLMENT PROCESS

Complete and accurate beneficiary enrollment data are necessary for DEERS to become the primary means of confirming military health care eligibility and to effectively assist in health care resource planning. While large numbers of qualified beneficiaries have been enrolled, some problems have surfaced which must be corrected if a more complete and accurate data base is to be achieved. Some active duty members and retirees have not been enrolled in DEERS. Also, not all dependents have been enrolled. Furthermore, erroneous information has been entered in DEERS which resulted in inaccurate assignments of benefit entitlement, improper dates of eligibility, and difficulties in locating beneficiary names in the system. These problems have caused DEERS users to express a lack of confidence in the system and to question its usefulness in verifying eligibility.

Computer programming improvements made or planned since our fieldwork was completed should improve data accuracy. However, the military services and the DEERS Steering Group need additional procedures and a quality assurance program to (1) assure that complete and accurate enrollment data are obtained and maintained and (2) identify and correct erroneous information in the system.

Even though DEERS is not fully functional at this time, it has to some extent helped eliminate potential sources of program abuse. As of July 1981, DEERS had collected approximately 100 reports concerning the prevention of fraud and misuse by ineligible persons. These cases were discovered during the enrollment process in phases I through V and included divorced spouses, overage children, and ineligible parents and parents-in-law attempting to enroll in DEERS. The total number of individuals identified, including 250 identification cards confiscated from ineligible persons, was 365. Subsequent enrollment phases have identified additional cases. Furthermore, the enrollment process identified some people who, prior to DEERS, did not know they were eligible for benefits.

NOT ALL ELIGIBLE BENEFICIARIES
ARE BEING ENROLLED IN DEERS

While large numbers of people are being enrolled in DEERS, some sponsors and dependents were not being enrolled. Although the exact magnitude of this problem is not known, DEERS records showed that, for July 1982, military medical facilities were unable to locate information on 20.4 percent of the people they checked (or about 70,000 of approximately 343,000 queries).

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Similarly, CHAMPUS fiscal intermediaries were unable to locate information on 17.7 percent of the people they checked (or about 3,330 of approximately 18,800 queries). We believe that some of these cases involve beneficiaries who should be enrolled in DEERS but are not.

Sponsor enrollments are incomplete

DEERS officials have learned that the services' files used for enrolling sponsors and verifying dependent eligibility do not include all retirees, some service members who died in combat, and even some active duty service members. As a result, sponsors' enrollments are incomplete and difficulties have been encountered in verifying the eligibility of their dependents and survivors.

As of February 1982, DEERS records showed that there were 82,044 dependent enrollment documents listing sponsors whose names did not match any of those contained in DEERS' master file of sponsors. This number represents about 4 percent of the dependent enrollment documents processed at that time, and the number had been increasing. The DEERS Support Office researched 27,436 cases but was unable to find legitimate sponsors in 12,153 instances (or about 44 percent). DEERS officials said that most of these cases involve deceased sponsors on whom records are incomplete or missing. There were, however, some instances of living active duty and retired service members not found by the Support Office. These cases were referred to the services for resolution. We were told that all of the first 100 sponsors researched were ultimately identified, but it was not known why some names had been excluded from the services' files. It appears that the services need to improve the accuracy and completeness of sponsors' lists which they provide for entry into DEERS. It is likely that many of the difficulties described above will occur again in subsequent enrollment phases unless the accuracy and completeness of sponsor lists are improved.

Dependent enrollments are also incomplete

Many dependents who should be enrolled in DEERS are not. However, as with sponsors, the extent of missing enrollments is not known. A Defense Manpower Data Center estimate showed that as many as 24 percent of sponsors with eligible dependents did not enroll them during the first eight enrollment phases (or as of January 1982). A breakdown of this estimate indicates that survivors and retirees with dependents have the lowest enrollment percentages, 62 and 74 percent, respectively. Enrollment of dependents by active duty service members was estimated to be 82 percent complete.

We examined the personnel files of 100 active duty sponsors from the list of those thought not enrolled at seven installations and substantiated that 94 had dependents who should have

been enrolled in DEERS. There was no evidence that 69 of the 94 sponsors (or about 73 percent) had enrolled their dependents. Though copies of enrollment forms were located for dependents of the other 25 sponsors, we could not determine whether the information was merely delayed in being entered in DEERS or was never forwarded for entry.

At two installations which had completed enrollment, we tested whether sponsors had enrolled their dependents in DEERS after having transferred from a nonenrolled area of the country. Of 68 sponsors checked, 18 (or about 26 percent) had not enrolled their dependents after arriving at their new installations. All the sponsors had been at the two installations for at least 7 months when our check was made.

None of the installations we visited had established effective followup procedures or aggressively acted to enroll dependents missed initially or to assure that sponsors transferring from nonenrolled areas enrolled their dependents. As part of the in-processing at installations, sponsors were reminded to enroll their dependents, but there were no procedures to schedule appointments for members to complete enrollment documents or to follow up to assure that members enrolled their dependents. Installation personnel officials considered it the sponsors' responsibility to make sure their dependents were enrolled.

ELIGIBILITY IS NOT ALWAYS VERIFIED DURING THE ENROLLMENT PROCESS

Based on our observations of the enrollment process at seven installations, it appeared that enrollments of dependents were generally being conducted in accordance with DEERS policy guidance and service regulations in that legal documents proving eligibility were examined in most cases. However, for one group of dependents--children age 21 and over--we found the installations often certifying eligibility without sufficient assurances that these people were eligible for benefits. Also, in instances where sponsors listed on the enrollment forms did not match any of the names contained in the master file of sponsors maintained by DEERS, the dependents were enrolled in DEERS without further verification.

Children age 21 and over are often improperly enrolled

Children reaching age 21 remain eligible for military benefits only if they are in school or are incapacitated. Children attending school full time can be given eligibility for 1-year periods up to age 23. Children who become incapacitated before reaching their 21st birthday remain eligible through the period of incapacitation, but the incapacity must be reestablished every 3 years.

At two installations, we reviewed 72 enrollment forms which listed children who were nearing or had passed their 21st birthday. Thirteen of the enrollment forms for children under age 21 showed eligibility being granted beyond their 21st birthday, and 12 of these forms were prepared 1 or more years before the children reached age 21. In one case, a 16-year-old child was granted eligibility to age 22 years and 7 months. In 11 other cases, the enrollment of children between the ages of 21 and 23 showed eligibility being granted for more than the 1-year maximum permitted. Finally, six other enrollment forms showed eligibility being granted for periods beyond age 23 without support that these children were incapacitated.

We also found many cases where the enrollment forms were improperly prepared. The reason for eligibility continuing beyond age 21 as well as the sponsor's certification of the child's eligibility is to be indicated on the enrollment form. Of the 72 enrollment forms we reviewed, 44 either did not indicate the reason for eligibility or did not contain the sponsor's certification of eligibility.

We also noted, when observing the enrollment process at three other installations, that documentation verifying student status for children age 21 and over was not required. In our opinion, this practice did not provide adequate assurance that such dependents were eligible for benefits.

Dependents are being enrolled without assurances that legitimate sponsors exist

Dependents listed on enrollment forms for which no sponsor can be found on the DEERS master sponsor file are being conditionally enrolled in the system as eligible for benefits. Since legitimate sponsors have not been verified for these dependents, they must, in our opinion, be considered potentially ineligible. DEERS officials had begun researching these cases, but they had made no firm assessment of the number of likely ineligibles. However, as described on page 7, there were more than 82,000 cases requiring research as of February 1982, and the number had been increasing.

DEERS officials informed us of their tentative plans to discontinue the eligibility of dependents of living active duty and retired service members if the sponsors they claim do not appear on the sponsor master file after 6 months. The eligibility of dependents of deceased sponsors and non-pay-status sponsors, such as 100-percent disabled veterans, will be continued even though the sponsors cannot be located in the master file. DEERS officials explained that the lack of complete information on these sponsors is a major reason why their names cannot be found in the sponsor file and therefore the eligibility of people claiming to be their dependents should not be denied. Extensive and aggressive

research efforts are needed to resolve these cases. We believe that dependents whose sponsors cannot be found after research should be required to either resubmit documentation to DEERS supporting their eligibility or be shown as ineligible in DEERS.

ERRONEOUS INFORMATION IS
BEING ENTERED IN DEERS

DEERS must be accurate not only to yield proper responses to eligibility queries but also to provide reliable demographic information on the enrolled population. At the time of our review, however, DEERS contained a data error rate that hinders its ability to achieve either purpose. Most of the errors we found resulted from erroneous information being reported on enrollment forms, poor legibility of the forms, or insufficient computer edits of the data being entered in the system. These deficiencies caused eligibility dates to be wrong, incorrect benefits to be assigned, difficulties in locating beneficiary names, and people appearing twice in the system. As a result, DEERS users--military medical facilities and CHAMPUS fiscal intermediaries--expressed a lack of confidence in the system and questioned its usefulness in verifying eligibility.

Our evaluation of the accuracy of the data entered in DEERS was performed and is described below in two parts. First, we randomly selected 300 family units from the enrollment data base and compared the information with (1) the enrollment forms submitted for each family and (2) the information displayed on the eligibility data base (which is an extraction of the enrollment file to be used in making eligibility confirmations). Secondly, we examined the enrollment forms collected in our sample and judged the legibility of the most important data elements-- sponsor's social security number, dependent's first name, relationship to the sponsor, birthdate, authorized benefits, and eligibility expiration date.

Types of errors found in the system

Our analyses of information being entered in the system disclosed a high percentage of errors. In all, we identified 102 errors in 95 of the 300 family units sampled:

--17 of the errors involved beneficiaries appearing twice in the system. Duplicates occur when more than one enrollment form is prepared for the same person (such as when updating DEERS information) and one of the documents contains an error in either the date of birth or spelling of the first name. The system was only editing date of birth transposition errors (e.g., 10/12/42 versus 12/10/42) and the first two letters of the first name.

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--25 errors involved incorrect assignments of benefits.
These included eligible dependents being shown as having
no medical care entitlement, people over age 65 improperly
listed as eligible for CHAMPUS, eligible sponsors over
65 years of age who were given no medical benefits, and
disabled sponsors incorrectly shown as eligible for care
in military health care facilities. In six instances no
benefits were granted because the information was missing
on the enrollment forms. In six other cases the enrollment
forms incorrectly listed the benefit entitlement. There
were three cases where the information was keypunched in-
correctly and 10 instances of computer programming errors.

--22 enrolled dependents did not appear in the system.
According to DEERS contractor representatives, more than
17,000 enrollment forms processed in March and April 1981
for some unknown reason did not get entered in the system.
It appears that 16 of the 22 cases in our sample could
have been among these. We later rechecked some of these
cases and found that they had been entered. However, we
were unable to determine why six of the enrolled dependents
did not appear in DEERS.

--11 deceased retired sponsors were shown in the system as
living and eligible for medical benefits. These errors
occurred because the DEERS eligibility file had not been
programmed to recognize a deceased retiree and was auto-
matically assigning medical benefits in uniformed services
facilities to all retirees. Corrective actions were later
taken.

--25 of the errors involved dependent eligibility dates ex-
ceeding the sponsors' scheduled service separation dates.
These errors occurred because the enrollment forms showed
no eligibility expiration dates and the system automatic-
ally but inconsistently established such dates--sometimes
years beyond the sponsors' expected release from the serv-
ice. In 50 other cases the system set dependent expiration
dates, but they did not exceed the sponsors' separation
dates. Recent computer programming changes have corrected
this problem by limiting the dependents' eligibility to
the sponsors' estimated separation dates.

--Two errors involved discrepancies between the enrollment
and eligibility files where a birthdate or first name
spelling were correctly shown on the enrollment file but
incorrectly appeared on the eligibility file. We were
unable to determine what caused these discrepancies, but
both were later corrected.

In addition to these errors, DEERS officials informed us that as of May 1982, the master file of sponsor names contained about 1,500 duplicate social security numbers. The number had remained constant over the last year despite efforts to research and resolve the duplicates. DEERS officials had found cases where sponsors' last names had changed, where old service numbers were altered to make them appear as social security numbers, and where some apparently duplicate numbers were issued by the Social Security Administration.

When a duplicate number exists, one of the sponsor names is not entered in DEERS, and therefore it is likely that some legitimate sponsors may not be enrolled in the system. Also, dependents may be listed in DEERS under the wrong sponsor, which may result in either incorrect eligibility expiration dates being assigned because these dates are often the same as the sponsor's expected date of separation from the service or difficulty in locating the dependent in the system.

The military medical facilities and CHAMPUS fiscal intermediaries we visited expressed a lack of confidence in DEERS responses to eligibility queries because of missing and erroneous information of the types discussed above. A significant improvement in the quality of DEERS information will have to occur for the system to gain the trust of its users and before DEERS can be used as the primary means of confirming beneficiary eligibility.

Information contained on enrollment documents
is often illegible and contributes to errors

We judgmentally classified each enrollment document in our sample as either good or poor based on its legibility. We considered a document to be poor if any one of the important data elements described on page 10 was entered in such a manner that it might be misinterpreted by a keypunch operator. Of the 350 documents we reviewed (there was more than one document for some families), almost 11 percent—37 documents—were considered of poor quality and subject to misinterpretation.

Most of the documents considered to be of poor quality were in fact interpreted correctly by the keypunch operators and no DEERS errors resulted. However, in at least six instances the poor quality appeared to be the direct cause of erroneous information being entered in the system. DEERS errors will continue to occur if the quality of the enrollment documents does not improve.

Actions being taken and still
needed to improve the accuracy of
data entered in DEERS

DEERS officials and contractor representatives are working to improve the accuracy of the system. In addition to the corrective

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actions described on pages 9, 11, and 12, new computer programming scheduled for implementation in September 1982 should improve DEERS' accuracy. For example, new computer edits are being developed to prevent persons from appearing twice in the system. Also planned are edits for verifying allowable military benefits by considering the sponsor's status and dependent's relationship.

Improved computer programming alone, however, will not assure an accurate data base. The accuracy and legibility of enrollment documents must also be improved, otherwise erroneous information will continue to be entered in DEERS.

Military medical facilities, CHAMPUS fiscal intermediaries, and the DEERS Support Office need to do much more to identify and correct missing or erroneous DEERS information. According to DEERS requirements, medical facilities were supposed to be making eligibility queries using DEERS on all hospital admissions, all civilian prescriptions, and 25 percent of all scheduled outpatient appointments to assist DEERS in its data purification process. However, at four facilities we visited during November and December 1981, only about 13 percent of the required checks were being made (7,202 eligiblilty checks out of 53,804 required). Furthermore, in instances where potential errors or missing information were identified, medical personnel were not taking steps to see that the matter was resolved, beyond informing the beneficiary of the discrepancy.

Since DEERS implementation began, program officials have debated over requiring procedures whereby medical facility personnel would take an active part in resolving information discrepancies. At the time of our review no such procedures had been established, but we were recently informed that procedures have now been designed and will soon be implemented requiring medical personnel to inform the beneficiary's personnel office of discrepancies by means of a DEERS Enrollment Follow-up Form, so that necessary action can be taken to update DEERS with correct beneficiary information.

CHAMPUS fiscal intermediaries only recently began identifying errors and persons not enrolled, but when we completed our fieldwork in May 1982, little effort had been made to resolve these cases. Discrepancies were not always being forwarded to the DEERS Support Office for resolution as required, and we were told that those cases which were forwarded were not being investigated because of a shortage of DEERS researchers.

We believe there would be much value in users making eligibility queries if the information obtained from the queries was used to promptly resolve discrepancies in the system. This should be done in conjunction with a comprehensive quality assurance program that will provide a systematic approach for identifying and correcting errors. At the time of our review, no such quality

assurance program existed. Rather, error identification, research, and resolution were being conducted only sporadically by users and DEERS officials.

CONCLUSIONS

Many people are being enrolled in DEERS, but some sponsors and dependents who should be enrolled are not. Even though the exact magnitude of this problem is not known, we believe that more accurate and complete beneficiary enrollment data must be obtained if DEERS is to fully meet its objectives.

Based on our observations, procedures for enrolling dependents were generally satisfactory in that legal documents proving eligibility were examined in most cases. However, for two groups of people--children age 21 and over and dependents claiming sponsors who were not listed in the service records--it appeared that eligibility was being granted without sufficient proof, thus allowing potential ineligible people to be enrolled in DEERS. Extensive research efforts are needed to resolve these eligibility questions, and in some instances another eligibility verification is warranted.

Much information in DEERS, at the time we examined it, was incorrect and resulted from inaccurate or illegible enrollment documents and insufficient computer edits. This has caused users to lack confidence in the system. While recent computer edit improvements have been made and more are planned which should enhance the quality of DEERS information, error identification, research, and resolution were being conducted only sporadically rather than through a comprehensive quality assurance program.

RECOMMENDATIONS TO THE SECRETARY OF DEFENSE

To achieve a more complete and accurate DEERS, we recommend that the Secretary direct the military services to:

--Improve the accuracy and completeness of sponsor information submitted to DEERS.

--Emphasize the implementation of procedures for identifying and enrolling dependents who have not been entered in DEERS.

--Implement and monitor the application of more stringent verification procedures when determining the eligibility of children age 21 and over.

--Aggressively research the eligibility of dependents whose sponsor cannot be found in DEERS.

--More closely review the enrollment documents submitted to DEERS to assure their legibility and accuracy.

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We also recommend that the Secretary direct the DEERS Steering Group to:

--Monitor the DEERS Support Office efforts to promptly investigate and resolve erroneous information identified by system users.

--Develop a comprehensive quality assurance program for assessing, on a systematic basis, the quality of DEERS information and the actions needed to improve it.

--Delay enrollment of dependents outside the United States until the enrollment problems discussed in the chapter are resolved.

DOD COMMENTS AND OUR EVALUATION

In commenting on a draft of this report, DOD generally concurred with the findings, conclusions, and recommendations. DOD stated that many changes and improvements in policies, procedures, and operating systems have been implemented since our review. Furthermore, DOD commented that it has expended additional resources and given increased priorities to implementing improvements as soon as possible. In summary, DOD has either already taken or plans to take action to implement our recommendations. DOD also provided updated information on DEERS enrollment levels, research efforts, and the results of eligibility checking performed by system users. (See app. II.)

CHAPTER 3

IMPROVED UPDATING METHODS ARE NEEDED

TO KEEP DEERS CURRENT AND ACCURATE

Once information on sponsors and dependents is entered in DEERS, it must be kept current and accurate. The eligibility of sponsors and dependents often changes, such as when sponsors separate from the service or reenlist and in cases of marriage or divorce. DEERS must obtain this information quickly if it is to be current and accurate.

We found that sponsor status changes generally take 3 to 4 months to be updated in DEERS. Dependent changes, which sponsors must report, are also slow to appear--taking generally from 45 to 90 days--if they are reported at all. This lengthy updating process and the failure to report dependent changes adversely affect DEERS' ability to confirm eligibility and plan health resource requirements. Unless quicker and more accurate reporting of status changes is accomplished, we do not believe that DEERS will correct the types of problems which have resulted in misuse of health care benefits.

DEERS officials informed us that the delays in updating the system are unacceptable and that a new identification card system is being tested which interfaces with DEERS and will provide almost instantaneous updates of many dependent status changes. It would also offer the benefit of voiding lost or stolen identification cards. We were told, however, that the new system, which will take several years to implement, will not prevent the delays currently being experienced in updating sponsor changes and the problems of nonreporting of dependent changes.

Just how quickly status changes must appear in DEERS and the degree of accuracy that DEERS data must achieve to be cost effective have not been determined by the DEERS Steering Group. Specific and achievable standards must be established and used in assessing the system's overall reliability and cost effectiveness.

EXCESSIVE TIME IS REQUIRED
TO UPDATE SPONSOR CHANGES

According to information provided by DEERS officials, active duty and retiree sponsor status changes generally take 3 to 4 months to be updated in DEERS. In some cases, however, we found changes which occurred as much as 1 year earlier were not appearing in the system.

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Such changes are processed and reported to DEERS through each service's personnel and finance reporting systems, which existed before DEERS was developed and which were not designed to provide the timely and accurate information needed for eligibility confirmations. For example, active duty sponsor changes are reported monthly to DEERS, but 1-1/2 to 2 months are required for each service to prepare and submit the information after its monthly cutoff date. A similar period of time was required by DEERS to process, edit, and enter the data in the system. Retiree sponsor changes were being reported quarterly to DEERS, but the same processing and input times were required.

Without prompt updates of status changes, persons ineligible for benefits may appear in DEERS as eligible and vice versa. For example, persons separating early from the service, and their dependents, could be listed as eligible in DEERS for several months until the separation is processed in the system. On the other hand, persons reenlisting at the end of a term of service and their dependents could be shown as ineligible in DEERS for a similar period of time.

We examined two types of sponsor status changes--separations and reenlistments--and checked them against DEERS to determine whether the system had been updated. At the time we conducted our test, during the first week of February 1982, DEERS was updated only through August 1981--a lag of 5 months.

Separations

We checked 60 sponsors, who had separated from active duty between January and July 1981, and found 8 (or 13 percent) still shown as eligible for benefits. We also found that some separation dates listed in DEERS, for individuals correctly shown as ineligible, differed from their actual separation dates. Some DEERS dates were before and others were after the actual separation dates, with the difference ranging from 1 to 42 days.

DOD statistics show that early separations from the services occur frequently. In fiscal year 1981, over one-fourth of the more than 520,000 enlisted members who separated did so before the end of their enlistments. If the services always retrieved the sponsor's identification card at the time of separation, the potential for abuse of health care benefits would be substantially reduced. However, as we have previously reported, this does not always occur, and personnel officials at several installations told us that the problem still exists.

Reenlistments

A check of 41 sponsors reenlisting between January and August 1981 showed that all of the reenlistments were updated in DEERS. However, ending eligibility dates for their dependents had sometimes not been updated, and some dependents were shown in the system as ineligible.

CHANGES IN DEPENDENT STATUS EITHER
ARE NOT REPORTED OR ARE SLOW
TO BE UPDATED IN DEERS

Although sponsors are required to report changes in the status of their dependents, it appears that this often is not done. Also, according to DEERS officials, when changes are reported, they generally take from 45 to 90 days to appear in the system. We found that some changes were taking even longer to appear in DEERS, and the delays were further increased by the time which elapsed before the sponsor notified the installation personnel office of a change.

The delays in dependent changes appearing in the system should decrease after initial enrollment periods are completed since there will be fewer enrollment documents to process. Also, the new identification card system to be tested later this year appears to offer some potential for providing quicker updates of reported changes. However, this system will not address the problem of sponsors not reporting changes in their dependents' status. To help address this problem, the services need to make DEERS notification an integral part of updating other sponsor records which reflect changes in dependent status. These other sponsor records, such as finance and emergency data records, are more apt to be updated because of the financial incentives in keeping them current.

We examined several cases of births, divorces, and deaths and checked personnel records and DEERS to determine whether these changes were reported and entered in the system. The following describes the results of our tests.

New dependents

Through base hospital records, we identified 43 children born to sponsors between April 1 and June 30, 1981. When we checked DEERS in February 1982, 33 of these children were not listed in the system. Our review of personnel files indicated that 28 (or about 65 percent) of these children were never reported to DEERS. Enrollment documents were found for the other five children and had been prepared from 72 days to 6 months before our test. However, we could not determine when, or if, the documents had been forwarded to DEERS.

None of the services had developed a process to assure that newborn dependent children become enrolled in DEERS. Two installations we visited had established a procedure whereby the base hospital routinely notified the personnel office of new births. Personnel officials then contacted the sponsors and notified them of the need to enroll their new dependents. However, no followup was done to assure that sponsors complied.

Divorces

Relying on sponsors to report divorces does not appear to be particularly effective. For example, in a study at one installation, the Army Audit Agency found that during a 1-year period, 61 of 115 sponsors (or 53 percent) failed to report their divorces to either the personnel office or the finance and accounting office. 1/ Our review of 101 divorces involving active duty sponsors at four installations disclosed that 26 sponsors (or 25.7 percent) had not reported the divorce to their personnel office for subsequent DEERS disenrollment.

Persons divorced from military sponsors lose eligibility for military benefits on the date the divorce decree is issued. In five of the cases where the sponsors had not reported the divorces to DEERS, the ex-spouses received outpatient medical care at military hospitals a total of 22 times after losing their eligibility. We referred the cases to the services for further investigation and possible recoupment action.

We interviewed some of the sponsors who had failed to report their divorces. Several acknowledged their failure to report but said they were unaware that it was necessary to notify DEERS. They believed that the divorce court reported their divorces to their units.

Many of the active duty divorce cases we reviewed could have been but were not identified for input to DEERS through existing base records. For example, base personnel offices maintain sponsor emergency data records to be used for notifying kin in the event of a casualty and in paying life insurance benefits. Base finance records list dependents and are used in determining survivor benefits and other allowances. After obtaining a divorce, the sponsor often deletes the ex-spouse from these records, but procedures were not established at the installations we visited to assure that DEERS was notified. In our opinion, reporting of divorces to DEERS would improve if procedures were established requiring that sponsors notify DEERS at the same time the services process changes in emergency data or finance records.

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1/ "Audit of Military Pay Functions, Headquarters, Fort Huachuca," Fort Huachuca, Arizona, Audit Report No. WE 80-8, March 21, 1980.

It is even more difficult to assure that all retiree divorces are reported and updated in DEERS. Retirees have little contact with personnel offices except when obtaining new identification cards for dependents; and, being removed from daily military life, they may be much less aware of the need to report divorces to DEERS.

Many retiree divorces could probably be identified, however, through records maintained at the service finance centers. Many former service members have elected a lower monthly retirement annuity in return for survivor benefits payable to the spouse upon their death. In the event of divorce, the survivor benefit plan can be canceled and the higher monthly retirement benefit reinstated by notifying the finance center of the divorce. In these instances, retirees have a strong incentive to report divorces.

We examined 23 retiree divorces reported to the Air Force Accounting and Finance Center and checked the ex-spouse's status in DEERS. Six to 11 months had elapsed since the divorces occurred, and all should have been reflected in DEERS. Of the 23 ex-spouses, 10 (or about 43 percent) still appeared in DEERS as eligible for benefits. The other 13 ex-spouses were never enrolled in the system.

Deaths

We checked DEERS information on 19 dependent spouses who were shown as deceased on Air Force finance records and found that 5 spouses had never been enrolled in DEERS. Thirteen of the remaining 14 spouses were still in DEERS and shown as eligible even though the deaths had occurred at least 6 months earlier.

CONCLUSIONS

Changes in sponsor and dependent eligibility status were taking excessively long to be updated in DEERS, and in some cases dependent changes were not being reported at all. DEERS must obtain this type of information quickly and accurately in order to provide reliable information as needed.

The new military identification card system interfaced with DEERS offers the potential for quickly updating DEERS with known dependent status changes. However, full implementation of this system is still several years away. Also, because the card system, as it is envisioned, will not change the methods currently being used for reporting sponsor and dependent changes, the delays being experienced in updating sponsor changes and the problems with non-reporting of dependent changes will probably continue. More effective means are needed to (1) assure that sponsors notify DEERS of changes in the status of their dependents and (2) speed the reporting of sponsor changes.

The lack of specific standards governing just how quickly status changes must be updated in DEERS and the degree of accuracy that the system must achieve to be effective will make it difficult for DOD to determine when the system has reached an acceptable and reliable level. Specific and achievable standards should be established and used in assessing the system's overall reliability and cost effectiveness.

RECOMMENDATIONS TO THE SECRETARY OF DEFENSE

We recommend that the Secretary direct the services to:

--Develop programs to educate sponsors on the need for reporting changes in dependent status when they occur.

--Require that sponsors comply with DEERS update procedures when processing dependent status changes in finance or emergency records.

We also recommend that the Secretary direct the DEERS Steering Group to:

--Establish standards on how quickly status changes must be updated in DEERS and the degree of accuracy that the system must achieve in order for it to be considered effective. These standards should be used in assessing the system's overall reliability and cost effectiveness.

DOD COMMENTS AND OUR EVALUATION

DOD generally agreed with the findings, conclusions, and recommendations and has either taken or plans to take action to implement them. (See app. II.)

SCOPE AND METHODOLOGY

Our evaluation of DEERS focused on the procedures and mechanisms employed in establishing and maintaining the system from the standpoint of

--the completeness of enrollment,

--the validity and accuracy of enrollment information entered in the system,

--the speed and degree to which the system was updated with new information,

--the responsiveness to eligibility queries, and

--the effectiveness of error identification and resolution.

This process allowed us to assess the system's reliability, usefulness, and extent to which it was accomplishing its objectives.

We observed dependent enrollment activities at the seven locations listed below. These installations were chosen in consultation with DEERS and contractor representatives to coincide with the DEERS implementation schedule and to provide a mix of the uniformed services and different geographic areas. At these locations we examined the enrollment documents processed on the days of our visits for: (1) accuracy of data on the enrollment forms, (2) compliance with DEERS and service instructions, (3) proof of eligibility, and (4) controls over their handling and shipping for entry in DEERS. We visited:

--Fort Hood, Texas.

--Carswell Air Force Base, Texas.

--Jacksonville Naval Air Station, Florida.

--Mayport Naval Station, Florida.

--Cecil Field Naval Air Station, Florida.

--Marine Corps Office of Retired Affairs, Washington, D.C.

--Naval Reserve Personnel Center, Louisiana.

Information on the processes and results of sponsor enrollment was obtained through discussions with DEERS, services, and contractor officials. Documentation showing the extent of sponsor enrollment was gathered at the DEERS Support Office, Monterey, California.

Data and statistics on dependent enrollment and possible non-enrollment were obtained from the Defense Manpower Data Center, Monterey, California. We judgmentally selected 100 cases of suspected nonenrollments involving seven locations and checked personnel files to determine the validity of the Center's data provided us. These locations were:

--Fort Huachuca, Arizona.

--Fort Ord, California.

--Naval Regional Medical Center, San Diego, California.

--San Diego Naval Station, California.

--North Island Naval Air Station, San Diego, California.

--Travis Air Force Base, California.

--Marine Corps Recruit Depot, San Diego, California.

We extracted a random statistically projectable sample of data that had been entered in DEERS and compared the information with enrollment forms and eligibility responses from the system. These analyses enabled us to judge the quality of DEERS data and the legibility of enrollment documents. In performing this work, we interviewed DEERS and contractor officials responsible for the data to identify the causes of erroneous information found and to discuss corrective actions taken or planned.

Information on the procedures for identifying DEERS errors or nonenrollments, updating the system with new or changed data, and the responsiveness of the system to eligibility queries was obtained primarily from 12 system users:

--Seymour Johnson Air Force Base, North Carolina.

--Langley Air Force Base, Virginia.

--Travis Air Force Base, California.

--Fort Bragg, North Carolina.

--Fort Huachuca, Arizona.

--Fort Ord, California.

--Oceania Naval Air Station, Virginia.

--Portsmouth Naval Hospital, Virginia.

--North Island Naval Air Station, California.

--San Diego Naval Station, California.

--San Diego Naval Regional Medical Center, California.

--Marine Corps Recruit Depot, San Diego, California.

Additional information on these topics was obtained through dis-
cussions with DEERS officials and contractor representatives.
Locations were chosen on the basis of suggestions made by DEERS
officials.

Data on the number of eligibility queries being performed
and required were provided by DEERS officials. The effectiveness
of reporting and identifying changes in eligibility status was
determined by reviewing a judgmental sample of emergency notifica-
tion records of sponsors at the 12 locations shown above; county
records in these areas; and finance records at the Air Force Ac-
counting and Finance Center, Denver, Colorado. Status changes
identified through these sources were compared with personnel
files and DEERS to determine whether the system had been updated.
Results of these tests are not statistically projectable, but the
work highlights some of the problems that must be addressed in
keeping DEERS current and accurate.

Our evaluation of CHAMPUS' experience with DEERS was con-
ducted at CHAMPUS headquarters in Denver, Colorado, where we ob-
tained documents describing, and discussed with CHAMPUS officials,
the means used by fiscal intermediaries to integrate DEERS into
their claims processing operations. Data were also obtained on
the results of eligibility queries made by fiscal intermediaries
using DEERS.

OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON D C 20301

2 1 OCT 1982

Mr. Philip A. Bernstein
Director, Human Resources Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Bernstein:

This is in response to Mr. Ahart's letter of September 22,
1982, to Secretary Weinberger enclosing copies of the General
Accounting Office (GAO) unnumbered draft report, "DEERS: Some
Progress Has Been Made But Major Reliability Problems Remain,"
(OSD Case No. 6098). The report discusses improvements which
GAO considers to be necessary for the Defense Enrollment
Eligibility Reporting System (DEERS) to become (1) a reliable
means of confirming beneficiary eligibility for DoD health care
and (2) an effective tool in health resource planning.

The Department of Defense generally concurs with the findings,
conclusions, and recommendations to the Secretary of Defense;
however, many changes and improvements in policies, procedures,
and operating systems have been implemented since the GAO
review was conducted. We have expended additional resources
and given increased priorities to implementing improvements as
soon as possible. These changes and improvements may, in
certain instances, mitigate or obviate a particular finding,
conclusion, or recommendation. These are discussed in detail
in the enclosure.

It is important to emphasize that, before DEERS, no system was
available to consolidate, maintain, and provide on-line access
to information on beneficiaries eligible for DoD health care or
other benefits. The system has grown from a zero base-line in
November 1979, when enrollment was started, to more than nine
and one-half million beneficiaries on the rolls today.

At the time the GAO review was conducted the enrollment process
was about 40% complete and was proceeding on schedule. Many
problems were being identified and plans made for their
immediate or eventual solutions depending on priorities. As
we near completion of initial enrollment of the CONUS based
population we are changing the priorities of the program to
take steps to focus on problems of maintenance of the data
base. Resources are becoming available from the enrollment
process and are being allocated to the problems addressed in
the report and many others. It is a task of some magnitude
given that the active duty force has a turnover rate of 20-25%
per annum, more than half relocate each year, and almost all
experience some kind of status change annually.

In addition, the original goals and objectives have been
broadened as DEERS has developed. The new identification card
system (RAPIDS) is designed to interface with DEERS and to
provide a real-time update of eligibility data. Future DEERS
interfaces are being considered with other benefit programs,
such as education, housing, insurance, commissaries and
exchanges. DEERS demographic and sociographic data on the
beneficiary population will be used for resource planning for
health care and other benefit programs. DEERS is also being
designed for potential use in mobilization and contingency
situations affecting the active force and their dependents, as
well as the Guard and Reserve and their dependents. Therefore,
considering the time frame in which the review was conducted
and the changes in the program that have occurred since that
time, it is important to point out the following; as problems
have been uncovered, aggressive programs have been developed
and instituted, resources provided, and priorities established
to ensure that DEERS will meet its defined goals and objectives.

We appreciate the opportunity to respond to your suggestions.

Sincerely,
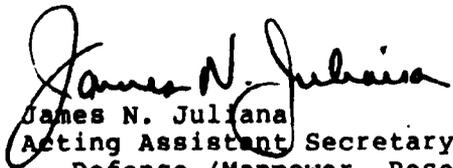
James N. Juliana
Acting Assistant Secretary of
    Defense (Manpower, Reserve Affairs
        & Logistics)

John F. Beary, III, M.D.
Acting Assistant Secretary of
    Defense (Health Affairs)

Enclosure

GAO UNNUMBERED DRAFT REPORT
(GAO CODE NO. 101046)

OSD CASE NO. 6098

FINDINGS, CONCLUSIONS, RECOMMENDATIONS, AND DOD COMMENTS

FINDING A: Complete and Accurate Data Base Necessary. GAO found that in order for the Defense Enrollment Eligibility Reporting System (DEERS) to become the primary means of confirming military health care eligibility and to effectively assist in health care resource planning, complete and accurate data are necessary for DEERS. (p. 6, Final Report).

DoD Comment: The Department of Defense concurs. DoD has identified the data processing problems which must be solved to attain and maintain reliable data for DEERS. Problems inherent in the DoD population structure, such as mobility and turnover, have also been recognized and will continue to be addressed. Solutions to deal with these problems have been or are being developed, priorities have been set, and resources allocated to insure that all objectives and standards on data accuracy and completeness will be met. We believe the following comments confirm this.

FINDING B: DEERS Has Already Helped to Eliminate Potential Abuse. GAO found that even though DEERS is not yet fully operational, it has to a limited extent, helped eliminate potential sources of program abuse. (p. 6, Final Report).

DoD Comment: The Department of Defense concurs. However, the example cited on page 9 of the draft report contains information that is misstated. At the time of the GAO review, DoD provided information from a July 1981 study concerning 100 incidents of unauthorized use of DoD benefits reported to the DEERS Program Office. These incidents occurred and were identified during the intensified enrollment process in DEERS Phases I through V. The total number of individuals identified, including 250 identification cards confiscated, was 365. Since that time and through other phases of enrollment, several hundred additional cases have been identified.

FINDING C: Not All Eligible Beneficiaries Are Being Enrolled. GAO found that while large numbers of people have and are being enrolled in DEERS, some sponsors and dependents are not, and although the exact magnitude of the non-enrollment is not known, in July 1982 records indicate military medical facilities were unable to locate in DEERS 20.4 percent of those they queried; for CHAMPUS, the figure was 17.7 percent. (p. 6, Final Report).

DoD Comment: The Department of Defense concurs. Some sponsors and dependents have not been enrolled in each phase; however, for those beneficiaries who have enrolled there remains a time lag between enrollment and appearance on the Eligibility data base. Certainly, many of those not found fall into this category. The latest statistics for the period 1 July - 30 September 1982 reveal that approximately 1.3 million eligibility inquiries were accomplished with approximately 84 percent of the

beneficiaries being found (16 percent not found). The specific figures for CHAMPUS and the direct care system are:

	Inquiries	Hits	Percent
CHAMPUS	52,000	43,000	83%
Direct Care	1,246,000	1,053,000	85%
Totals	1,298,000	1,096,000	84%(84.44%)

FINDING D: Sponsor Enrollments Incomplete. GAO found that DEERS officials have learned that the services' files used for enrolling sponsors and verifying dependent eligibility do not include all retirees, some service members who died in combat, and even some active duty service members and as a result, sponsor enrollments are incomplete and difficulties have been encountered in verifying the eligibility of their dependents and survivors (in May 1982, approximately 4 percent of dependents processed for enrollment could not match sponsor records in the system). (p. 7, Final Report)

DoD Comment: The Department of Defense concurs. However, the 82,044 unmatched dependents as of May 1982 represents 2.4 percent of the approximate 3.4 million documents processed at that time, not 4 percent. The primary reason for active duty records not being found is due to incorrect Social Security Numbers (SSNs), both on the Services' sponsor tapes and on the DD Forms 1172. Data on most survivors and on retirees who retired prior to 1970 and who are not receiving retired pay from a Service Finance Center (due primarily to the fact that they are paid by the Veterans Administration) were not retained by the Service Finance Centers. These problems are now identified and significant progress has been made in locating and verifying these sponsors through research of other Service files. As of September 1982, there were about 41,000 unmatched records (vice 82,044). Of these, 4,400 were active duty sponsors and 14,000 were sponsors in a non-pay category such as Medal of Honor recipients, American Red Cross personnel, and 100 p rcent disabled veterans. This is considered to be a "hard core" group, and it is likely that this number will never be reduced to zero. The remaining 22,600 unmatched records are for retired and survivor sponsors who are not receiving annuities. Automated research systems have been implemented which have significantly reduced the manual research of these cases and delays in resolution.

FINDING E: Dependent Enrollment Also Incomplete. GAO found that many dependents who should be enrolled in DEERS are not and as with sponsors, the extent of missing dependent enrollment is not known (although the Defense Manpower Data Center estimates that as of March 1982, the end of the first 8 enrollment phases, as many as 24 percent of sponsors with eligible dependents did not enroll them with survivors and retirees having the lowest enrollment percentages — 62 and 74 percent respectively). (pp. 7 and 8, Final Report)

DoD Comment: The Department of Defense concurs. The lastest DMDC estimates indicate, however, that some progress has been made since March 1982. As of September 1982, only 17 percent of the active duty sponsors with eligible dependents now shown in the first 8 enrollment phases had not enrolled their dependents (as compared with about 24 percent in March 1982). Survivor and

retiree enrollment percentages have increased to 64 and 76 percent, respectively. It must be emphasized that, unlike the active duty records, survivor and retiree records do not indicate whether or not the sponsor has dependents; therefore, the numbers for these groups indicate only the percent of enrollment as a function of the total survivor and retiree population. The DEERS Support Office and DMDC will examine retiree and survivor populations to develop and verify standards on the percentages of these sponsors with dependents. DoD plans to follow-up the 94 sponsor cases referenced on page 7 of the Final report to determine the current status of dependent enrollment.

FINDING F: **Examination of Personnel Files of Those Not Enrolled Indicates Lack of Follow-Up Procedures.** GAO examined personnel files at several installations to determine the reasons for non-enrollment of dependents and found that none of the installations visited during this review had established effective follow-up procedures or aggressively acted to enroll dependents missed initially or to assure that sponsors transferring from non-enrolled areas enrolled their dependents — that generally installation personnel officials considered it the sponsor's responsibility to make sure their dependents were enrolled. (p. 8, Final Report)

DoD Comment: The Department of Defense concurs. While many directives and regulations do include provisions for periodic DEERS maintenance audits and Inspector General reviews, these directives and regulations are lacking in definitive follow-up procedures. DoD is addressing this issue, and efforts in this area will be closely monitored and re-emphasized by the DEERS Program Office. DEERS will assist in these efforts by identifying active duty sponsors who have not enrolled their family members.

FINDING G: **Eligibility Not Always Verified During Enrollment Process.** While it appeared that enrollment of dependents was generally being conducted in accordance with DEERS policy guidance and service regulations, GAO found that (1) for one group of dependents — children over 21 years of age — the installations often certified eligibility without sufficient assurances (documentation) that these people were eligible for benefits, and (2) in instances where sponsors listed on enrollment forms did not match any of the names contained in the master file of sponsors maintained at DEERS, the dependents were nonetheless enrolled without further verification. (p. 8, Final Report)

DoD Comment: The Department of Defense concurs. The DoD comments for Findings H and I describe the actions being planned or taken to resolve these problems.

FINDING H: **Children Age 21 and Over Are Often Improperly Enrolled.** In its review of the enrollment procedures for dependents, GAO found the procedures for enrolling children over 21 were generally lax and inadequate to assure that such dependents are eligible for benefits citing recurring deficiencies such as (1) eligibility being granted beyond 21 years of age far in advance of age 21, (2) granting extensions of eligibility for over 21 year olds for more than the 1 year maximum permitted, (3) granting extensions for

i~ apacity without documentation of the incapacity, (4) improperly completed or incomplete enrollment forms that did not indicate reason for eligibility or did not contain sponsor's certification of eligibility, and (5) documentation verifying student status not being required. (pp. 8 and 9, Final Report)

DoD Comment: The Department of Defense concurs. DoD regulations require documentation verifying eligibility status for children over age 21. An objective of the RAPIDS project is to develop a regulation that will standardize eligibility and procedures for eligibility verification within the Uniformed Services. DoD is developing improved Inspector General and audit procedures to ensure compliance.

FINDING I: Dependents Enrolled Without Assurances That Legitimate Sponsor Exists. GAO found that dependents listed on enrollment forms for which no sponsor can be found on the DEERS master sponsor file are being routinely enrolled as eligible for benefits even though they must be considered potentially ineligible and that although DEERS officials have begun researching these cases, they are currently unable to make a firm assessment of the number of likely ineligibles. (GAO pointed out that as of May 1982, there were more than 82,000 such cases requiring research and the number continues to increase. GAO further noted that DEERS officials have tentative plans to discontinue the eligibility of dependents of living active duty and retired service members if the sponsors they claim do not appear on the sponsor master file after 6 months but no implementation date was presented.) (pp. 9 and 10, Final Report)

DoD Comment: The Department of Defense concurs. It must be emphasized, however, that DEERS enrollment is still in its initial implementing stages and that these dependents are enrolled conditionally. Their records are flagged and research is conducted to verify sponsor eligibility. Automated DEERS research procedures, which have been implemented since GAO's research was conducted, have significantly reduced the number of unmatched cases (from 82,000 in May 1982 to 41,000 in September 1982). Service research efforts have also been intensified to resolve these cases. Procedures for discontinuing eligibility for these beneficiaries are under review. Some legitimate sponsors do not appear on Service master files because of their non-pay status (such as 100 percent disabled veterans, Medal of Honor recipients, and American Red Cross sponsors). These must be resolved on a case-by-case basis. These beneficiaries will not be dropped from DEERS prior to completion of very thorough research efforts. DEERS is verifying these cases with the parent Service; when the Service indicates that the sponsor or dependents are ineligible, the dependents are dropped. Submitting duplicate enrollment forms to DEERS prior to this would only compound the research problem. Worldwide DEERS enrollment must be completed and the error research workload reduced before an accepted level of data reliability can be attained.

FINDING J: Erroneous Information Is Being Entered In DEERS. GAO found that despite the fact it is essential for DEERS to be accurate, not only to yield proper responses to eligibility queries but also to provide reliable demographic information on the enrolled population, GAO found that DEERS

contained a data error rate that makes it ineffective and unacceptable for
either purpose — with most of the errors resulting from (1) erroneous
information being reported on enrollment forms, (2) poor legibility of the
forms, or (3) insufficient computer edits of the data being entered in the
system. (p. 10, Final Report)

DoD Comment: The Department of Defense concurs. There is a problem of
inaccurate data, but much has been accomplished to lessen this problem since
the sample of 300 was taken. Revised guidelines were promulgated by the
DEERS Program Office; these guidelines required that benefits be assigned
for all beneficiaries by the Service Verifying Officer. In late 1981, to
enforce this new policy, as well as to implement stricter editing
procedures, DEERS began returning to the Services all DD Forms 1172 that did
not meet these tougher standards. This change, as well as the changes noted
by GAO in the ensuing section, has resulted in significant improvements in
benefits data reported, in the legibility of forms, and in the edits
performed. New editing procedures being implemented with Enrollment II will
further alleviate this problem. Enrollment II is scheduled for
implementation in November 1982. DoD is placing great emphasis on the
importance of reporting accurate information. The draft regulation for the
new identification card system, RAPIDS, supports this new emphasis by
requiring that all Service verifying officers be grade E-5 or higher.
Additionally, in FY83 DEERS is planning to implement automated transfer of
data in selected situations pending the full implementation of RAPIDS. Both
initiatives will greatly reduce the transmission of erroneous data because
of typing errors. (The new edits and software will be made available to GAO
for their review and comment.)

FINDING K: Lack of Confidence Expressed in DEERS. GAO found that the data
deficiencies in DEERS caused (1) eligibility dates to be wrong, (2)
incorrect benefits to be assigned, (3) difficulties in locating beneficiary
names, and (4) people appearing twice in the system, generally resulting in
military medical facilities and CHAMPUS Fiscal Intermediaries lacking
confidence in the system and questioning DEERS' usefulness in verifying
eligibility. (pp. 10 to 12, Final Report)

DoD Comment: The Department of Defense concurs. These problems did exist
as stated at the time the sample was taken. As noted in the previous
comment (Finding J), however, much progress has been made in correcting
these deficiencies. This progress is resulting in increased confidence in
DEERS. This confidence is exemplified in a review of the number of checks
performed from 1 July-30 September 1982 (see discussion for Findings C
and N). Enrollment II contains new edits to isolate suspected duplicate
names and flag these records for research. New beneficiary feedback
procedures are under development (expect to begin testing procedures in
January 1983) to provide selected sponsors with printed feedback on the data
contained on them in DEERS, with instructions to provide corrections.
Enrollment II has provisions for allowing duplicate SSNs while still keeping
the sponsors and their families separate on the data base. New
Enrollment II edits will also help to identify erroneous eligibility dates
and benefits. These new editing procedures will be made available for
review. The major responsibility for the accuracy of data submitted on the
DD For s 1172 remains with the Service verifying officer. Efforts in this

respect are noted in the discussion for Finding J. On-line data capture is
a key element in the reduction and resolution of errors. Steps to implement
on-line data transfer are discussed in the comments for Findings Q and R.

FINDING L: Actions Being Taken to Improve Accuracy of DEERS. In addition
to plans for discontinuing eligibility of dependents if the sponsors they
claim do not appear on the sponsor master file after 6 months (p 9, Final
Report) correcting DEERS computer to recognize a deceased sponsor (p. 11,
Final Report), and the recent computer programming changes which limits a
dependent's eligibility to the sponsor's estimated separation date (p. 11,
Final Report), GAO found new computer programming scheduled for
implementation in September 1982 may improve DEERS' accuracy — for example,
new edits are being developed to prevent persons from appearing twice in the
system as well as for verifying allowable military benefits by considering
the sponsor's status and dependent's relationship. (pp. 12 to 14, Final Report)

DoD Comment: The Department of Defense concurs. The DoD comments for
Findings H, I, J, K, N, O, and P describe the actions and programs being
planned or taken to enhance these efforts. Progress has been made since the
GAO review was conducted.

FINDING M: More Actions Needed to Improve DEERS' Accuracy. GAO found that
improved computer programming alone will not assure an accurate data base;
that in addition, the accuracy and legibility of enrollment documents must
be improved (otherwise erroneous information will continue to be entered in
DEERS) and military medical facilities, CHAMPUS Fiscal Intermediaries and
the DEERS Support Office need to do much more to identify and correct
missing or erroneous DEERS information. (pp. 13 and 14, Final Report)

DoD Comment: The Department of Defense concurs. The DoD comments for
Findings J, K, and N indicate that progress has been made toward resolving
these problems since the GAO review was conducted.

FINDING N: Military Medical Facilities Not Following Required Procedures.
Despite DEERS' requirements for military medical facilities to make
eligibility queries using DEERS on all hospital admissions, civilian
prescriptions and 25 percent of all scheduled outpatient appointment to
assist DEERS in its data purification process, GAO found in those facilities
it visited during November and December 1981, only about 13 percent of the
required checks were being made; and furthermore, in instances where
potential errors or missing information were identified, medical personnel
were not taking steps to see that the matter was resolved, beyond informing
the beneficiary of the discrepancy. (GAO noted that since DEERS
implementation began, program officials have debated over requiring
procedures whereby medical facility personnel would take an active part in
resolving information discrepancies, but such procedures still have not been
established.) (p. 13, Final Report)

DoD Comment: The Department of Defense concurs. Due primarily to the
incompleteness of the data base, little emphasis was placed on ensuring that
the required numbers of eligibility inquiries were performed prior to

June 1982. Following the formal promulgation of the DEERS Program Manual (DoD 1341.1-M) in May 1982, the DEERS Program Office has increasingly stressed these requirements. DEERS eligibility checking requirements have been incorporated into other pertinent regulations. In addition, these requirements have become an item of interest for medical Inspectors General. The quantity of checks performed is reviewed monthly by the DEERS Program Office, and problem areas are identified and appropriate follow-up action initiated. Much improvement in the quantity of checks performed has been noted. During the period 1 July - 30 September 1982, a total of 1.3 million inquiries were performed, 1,246,000 in the direct care system and 52,000 in CHAMPUS. It is unlikely that this quantity is the required level, but indications are that the increased emphasis is having a positive effect. The DEERS Program Office will continue to emphasize these requirements, monitor results, and take necessary follow-up actions to ensure compliance. The DEERS Program Manual further delineates, for the first time, procedures to directly involve medical facilities in DEERS data base maintenance activities. Each medical facility is now required to complete a DD Form 2270, DEERS Enrollment Follow-up Form, when an eligibility inquiry results in a "no-hit" or in the identification of erroneous information. The form is also to be used in the event of a birth or death of a beneficiary in a military medical facility. In any event, the form is to be completed by medical facility personnel and forwarded to the appropriate military personnel office for necessary action. While this follow-up form is being utilized, additional efforts by the DEERS Program Office are required and are being developed.

FINDING O: Fiscal Intermediaries Made Little Effort to Resolve DEERS Errors. GAO found that (1) CHAMPUS Fiscal Intermediaries only recently began identifying errors and persons not enrolled, (2) at the time the audit fieldwork was conducted in May 1982, little effort has been made to resolve these cases, and (3) discrepancies were not always being forwrded to the DEERS Support Office for resolution as required. (In connection with this Finding, GAO reported that those cases which were forwarded were not being investigated because of a shortage of DEERS researchers.) (p. 13, Final Report)

DoD Comment: The Department of Defense concurs. Agreements have been reached with OCHAMPUS for the DEERS Support Office (DSO) to research errors and discrepancies identified by CHAMPUS Fiscal Intermediaries (FI) through inquiries against the DEERS data base. Tapes generated by the FIs will be forwarded to DSO for research and resolution. In those instances when resolution is not possible at DSO, the affected records are forwarded by DSO to the appropriate Service for final resolution. Additional resources have been provided DSO to assist in this effort, and while it is a beginning, much remains to be done.

FINDING P: DEERS Lacks Quality Assurance Program. GAO found that despite essential requirement for accurate data, DEERS has no comprehensive quality assurance program that provides a systematic approach for identifying and correcting errors -- rather, at the time of the GAO review, error identification, research and resolution were being conducted only sporadically by users and DEERS officials. (pp. 13 and 14, Final Report)

DoD Comment: The Department of Defense concurs. With the implementation of Enrollment II software in November 1982, new tools will be available to identify problems in data quality. This new software, plus an aggressive beneficiary feedback program and an intensified error research and resolution effort by the DEERS Support Office, will all contribute to a more comprehensive and effective quality assurance program. The beneficiary feedback program scheduled for initial implementation in the second quarter of FY 83, is designed to provide selected samples of the beneficiary population with information contained on them in DEERS. One aspect of this program would entail the random sampling of the population and the mailing of all data available on the data base. This would include instructions for correcting errors. A second aspect revolves around these critical birthdates, i.e., ages 21, 23, and 65, that may change the beneficiary's eligibility for certain benefits. The data base will be reviewed periodically to determine those beneficiaries approaching these critical dates. Once this determination is made, the beneficiaries will be notified by mail with instructions for accomplishing any required actions or for correcting errors. While this aspect is primarily a service to the beneficiaries, it will also greatly assist in the error resolution and data base maintenance processes.

GENERAL CONCLUSIONS (RELATED TO FINDINGS A THROUGH P): Based on Findings A through P, GAO concluded that...

Conclusion 1. Although many people are being enrolled in DEERS, some sponsors who should be are not, and while the magnitude of the non-enrolled sponsors and dependents is not known at this time, more accurate and complete beneficiary data must be obtained if DEERS is to fully meet its objectives. (p. 14, Final Report)

DoD Comment: The Department of Defense concurs. The DoD comments for Findings A-F describe those actions that have occurred and those that are planned to resolve these problems. As indicated in these comments, progress has been made since the GAO review was conducted.

Conclusion 2. Procedures for enrolling dependents were generally satisfactory in that legal documents proving eligibility were examined in most cases, except for two groups of people — children age 21 and over and dependents claiming sponsors who were not listed in the service records — that it appeared eligibility was being granted for these two groups without sufficient proof, thus allowing potential ineligible people to be enrolled in DEERS, indicating another verification is warranted for these people. (p. 14, Final Report)

DoD Comment: The Department of Defense concurs. The DoD comments for Findings G, H, and I describe the actions being taken or planned to ensure that proper documentation is received for children age 21 and over, and those aimed at matching dependents with legitimate sponsors.

Conclusion 3. Much information in DEERS is incorrect, resulting from incorrect or illegible enrollment documents and insufficient computer edits causing lack of confidence in the system. (p. 14, Final Report)

DoD Comment: The Department of Defense concurs. Progress has been made since the GAO review was conducted, and the DoD comments for Findings J and K describe this progress and the actions that have been taken or are planned to resolve the problems noted.

Conclusion 4. While recent computer edit improvements have been made and more are planned which may enhance the quality of DEERS' information, error identification, research and resolution are currently being conducted only sporadically rather than through a comprehensive quality assurance program. (p. 14, Final Report)

DoD Comment: The Department of Defense concurs. The DoD comments for Findings L-P describe DoD efforts toward ensuring data accuracy and a comprehensive quality assurance program.

RECOMMENDATIONS (RELATED TO FINDINGS A THROUGH P): Based on Findings A through P (and their related conclusions). GAO recommended the Secretary of Defense direct the military services to...

Recommendation 1. Determine why all active-duty and retired service members are not being reported to DEERS and take the actions necessary to achieve a more accurate and complete enrollment of sponsors. (p. 14, Final Report)

DoD Comment: The Department of Defense concurs. The reasons that many sponsors do not appear on the DEERS data base have been identified. As discussed in the DoD comments to Findings D and I, the primary reason that active duty sponsors do not appear is that incorrect SSNs are reported to DEERS, either on the Services' sponsor tapes or on the DD Forms 1172. More aggressive action toward the elimination of these errors is being taken by DoD, but closer attention to detail is required. Retired sponsors who receive annuities from the Veterans Administration are not reported by the Services, who have not retained these sponsor records (for survivors and retirees who retired prior to 1970). In addition, other categories of sponsors not receiving annuities from the Services are not reported to DEERS. Extensive efforts are being pursued to locate and verify the eligibility of these sponsors (and their dependents) through the use of other Service and governmental agency files. Increased resources have been allocated to the DEERS Support Office, and automated research methods have been instituted to assist in these and other error resolution processes. All efforts are being closely monitored by the DEERS Program Office, and, with the exception of OCONUS sponsors, completion of these efforts is anticipated by the end of FY 83.

Recommendation 2. Develop and monitor the implementation of procedures for identifying and enrolling dependents who have not been entered in DEERS. (p. 14, Final Report)

DoD Comment: The Department of Defense concurs. It is essential that DoD become more aggressive in the enrollment of eligible dependents. Many improvements toward this end have been made since the GAO review. As discussed in the DoD comments to Findings E and F, the enrollment of dependents in the first 8 phases of DEERS enrollment has shown substantial increases. Approximately 83 percent of active duty sponsors with dependents have enrolled their dependents. Problems still remain with regard to the identification and enrollment of retired dependents and survivors, and efforts are underway to alleviate this problem. Many of these are dependents of sponsors not included in DEERS as discussed in the preceeding section; the resolution of these sponsor discrepancies will go far in assuring that eligible dependents will be entered into DEERS. While many directives and regulations include provisions for periodic DEERS enrollment audits, increased efforts will be made to develop and implement follow-up procedures and sponsor education programs to improve the enrollment of eligible beneficiaries. With the exception of OCONUS areas, these efforts should be completed by the end of FY 83.

Recommendation 3. Implement stringent verification procedures for determining the eligibility of children age 21 and over. (p. 14, Final Report)

DoD Comment: The Department of Defense concurs. DoD regulations require documentation verifying eligibility status for children over age 21. DoD is standardizing these regulations, improving their implementation, and developing effective Inspector General and audit procedures for ensuring compliance. This should be implemented in FY 84.

Recommendation 4. Re-examine the eligibility of those dependents whose sponsor cannot be found in DEERS. (p. 14, Final Report)

DoD Comment: The Department of Defense concurs; it must be emphasized, however, that such dependents are enrolled conditionally pending research. As was discussed in the DoD comments for Finding I, DEERS research efforts have been intensified to resolve these cases. Many of these are the dependents of legitimate sponsors who are not reported to DEERS as discussed in previous sections, and it is important that these dependents not be dropped from DEERS until all possible avenues are exhausted. Procedures for discontinuing eligibility for other beneficiaries are under review. Completed worldwide DEERS enrollment should help to resolve this problem. Efforts toward resolution were begun in FY 82 and will continue.

Recommendation 5. More closely review the enrollment documents submitted to DEERS to assure their legibility and accuracy. (p. 14, Final Report)

DoD Comment: The Department of Defense concurs. Revised guidelines have been promulgated by DEERS to require that all benefits be assigned by Service Verifying Officers; to enforce this policy, DD Forms 1172 not in compliance are returned to the verifying officer for correction. New editing procedures will be implemented November 1982. These will further

eliminate this problem. DoD is placing great emphasis on the submission of accurate, legible data, and significant improvements in quality have been noted. DEERS is planning to implement, in FY83, automated transfer of data in selected situations pending the full implementation of RAPIDS, the new identification card system, scheduled for testing in FY83. This will substantially reduce the transmission of erroneous data due to typing and data reduction errors. All of these initiatives are underway or will be implemented in FY 83; each initiative will contribute to an overall program of on-going data base maintenance and improved quality assurance.

ADDITIONAL RECOMMENDATIONS (RELATED TO FINDINGS A THROUGH P): Also in connection with Findings A through P (and their related conclusions), GAO further recommended that the Secretary of Defense direct the DEERS Steering Group to...

Recommendation 6. Require the DEERS Support Office to promptly investigate and resolve erroneous information identified by system users. (p. 15, Final Report)

DoD Comment: The Department of Defense concurs. The DEERS Support Office (DSO) has undertaken a strenuous error/discrepancy resolution program. As discussed in the DoD comments for Finding O, discrepancy information will be provided to DSO by CHAMPUS Fiscal Intermediaries; these discrepancies will be researched and resolved to the extent possible. DSO will forward unresolvable cases to the Services for final resolution. Procedures are being developed by the DEERS Program Office to expand this process to include errors and discrepancies reported by direct care facilities, and to those received via the planned beneficiary feedback and quality assurance programs. The resources allocated to DSO in both manual and ADP support have been substantially increased in FY83 to accomplish these goals; the staff will be increased from 25 to 40, and the DEERS Program Office has contracted for ADP systems development support. These will be accomplished beginning in the second quarter of FY 83.

Recommendation 7. Develop a comprehensive quality assurance program for assessing, on a systematic basis, the quality of DEERS information and the actions needed to improve it. (p. 15, Final Report)

DoD Comment: The Department of Defense concurs. A comprehensive quality assurance program is being developed. As discussed in the DoD comment for Finding P, this effort will be enhanced by several initiatives and programs scheduled for implementation in FY 83. The implementation of Enrollment II software in November 1982 will provide improved capabilities in the identification of problems in data quality. Increased resources, in the form of both manpower and ADP development support, have been allocated to the DEERS Support Office for an intensified research and error resolution effort. This effort is scheduled to become effective during the second quarter of FY 83. Finally, a new beneficiary feedback program is to commence during the second quarter of FY 83. This program is designed to assist in the error resolution and data base maintenance initiatives by providing information to selected samples of the beneficiary population on

data contained on them in DEERS. All of these programs and efforts are critical to DEERS and essential if the desired quality assurance program is to fulfill its intended purpose. The required additional resources being applied in FY 83 must be made available on a continuing basis in future budgets if this program is to succeed.

Recommendation 8: Delay enrollment of dependents outside the United States until the enrollment problems are resolved. (p. 15, Final Report)

DoD Comment: The Department of Defense concurs. DoD agrees that full scale enrollment of dependents outside the United States (OCONUS) should be delayed until the enrollment problems are resolved. It is emphasized, however, that many of the problems described in this report have been or are being resolved. Initiatives and programs aimed at improving the timeliness of the enrollment process and at resolving errors contained on the data base have been described in previous DoD comments. We have expended additional resources and given increased priorities to implementing improvements as soon as possible. DoD will be developing and testing procedures in FY 83 to begin enrollment for active duty and retired dependents in OCONUS areas utilizing CONUS-based personnel files and other automated systems. Intensified enrollment will be delayed until data errors are under control. The enrollment of these OCONUS beneficiaries is an integral part of DEERS, however, and should not be delayed to the detriment of overall effort. The data base will not be complete until these beneficiaries are enrolled. No other OCONUS beneficiaries (State Department, foreign beneficiaries, etc.) will be enrolled until specific OCONUS DEERS applications and hardware configurations are defined and approved by the DEERS Steering Group.

FINDING Q: Improved Updating Methods are Needed to Keep DEERS Current and Accurate. GAO found it generally takes several months for sponsor status changes to be updated in DEERS with dependent changes (which sponsors must report) also slow to appear — taking from 45 to 90 days, if they are reported at all. (p. 16, Final Report)

DoD Comment: The Department of Defense concurs with this finding and is working to improve sponsor updating methods. For example, in November 1982, the Air Force will begin sending active duty sponsor tapes to DMDC weekly instead of monthly. This will substantially improve re-enlistment and separation reporting to DEERS. DMDC is investigating a telecommunications link with the Air Force which permits daily sponsor file update. The Army is working with DMDC to send weekly gain, loss, and change tapes.

FINDING R: DoD Soon To Begin Testing New Identification Card System. GAO reported DoD officials acknowledged that delays in updating the system are unacceptable. DoD will soon be testing a new identification card system, to be linked to DEERS, which will provide almost instantaneous updates of many dependent status changes and would offer the benefit of voiding lost or stolen identification cards, but GAO found that the new system, which will take several years to implement, will not change the methods used for reporting sponsor and dependent status changes and therefore the problem of nonreporting of dependent changes will probably continue. (p. 16, Final Report)

DoD Comment: The Department of Defense concurs that this is a serious problem. DoD will place increased emphasis on compliance with the requirement for sponsors to report promptly all dependent status changes. Further, there will be a coordinated effort to make this an integral part of of other records updates. DoD is pursuing additional means of implementing procedures for ensuring compliance and for publicizing these directives and procedures to increase sponsor awareness of these requirements.

FINDING S: DEERS Has Not Established Criteria To Assess System's Overall Reliability. GAO found that specific and achievable criteria have not been established by the DEERS Steering Group and used in assessing the system's overall reliability and cost-effectiveness — i.e., just how quickly status changes must appear in DEERS and the degree of accuracy that DEERS data must achieve for it to be cost-effective. (p. 16, Final Report)

DoD Comment: The Department of Defense concurs. The DEERS Steering Group has directed the DEERS Program Manager to develop proposed performance standards and to present these standards for review and approval at the next Steering Group meeting in November 1982. These standards will address both current and future time criteria for data updates and inquiry responses for each system or program that interfaces with DEERS (CHAMPUS, TRIMIS, Direct Care, RAPIDS, Personnel Systems, Finance Systems, etc.) and the degree of data accuracy required for certain critical data elements if each interfacing program and DEERS are to achieve their stated objectives. These standards will be critical elements in future enrollment and eligibility checking decisions.

FINDING T: Excessive Time Required To Update Sponsor Changes. Although active duty and retired status changes generally take 3 to 4 months to be updated in DEERS, GAO found some changes which occurred as much as a year earlier were not appearing in the system at the time of its review and noted the problems were at least partially due to the fact DEERS relies on the Services' personnel and finance reporting systems, which predated DEERS and which were not developed to provide timely and accurate information needed for eligibility confirmations. (pp. 16 and 17, Final Report)

DoD Comment: The Department of Defense concurs. As noted in the DoD comments on Findings Q and R, however, progress is being made in submitting more timely updates. With the implementation of on-line updating procedures, a larger number of data elements will be updated in an on-line mode. With the full implementation of RAPIDS, these will complete the on-line update phase for sponsor data.

FINDING U: Separations. GAO found that from its review of separations, in some instances the sponsor will still be shown as eligible, and separation DATES in the DEERS frequently differed from the actual separation date. (In connection with this Finding, GAO noted that if the Services always retrieved the sponsor's identification card at the time of separation, the potential for abuse would be substantially reduced, this does not always occur and, in fact, continues to be a problem.) (p. 17, Final Report)

DoD Comment: The Department of Defense concurs. As noted previously in the DoD comment for Finding Q, efforts are underway to increase the frequency of submission of sponsor gain and loss tapes. DoD will re-emphasize the requirement that identification cards be confiscated upon separation.

FINDING V: Re-Enlistments. GAO found that although all the re-enlistments it checked had been updated in DEERS, ending eligibility dates for their dependents were not always updated and some dependents were shown in the system as ineligible. (p. 18, Final Report)

DoD Comment: The Department of Defense concurs. DEERS Enrollment II edits will help to correct dependent ending eligibility dates. These edits will not allow a dependent end date to exceed the sponsor's end date.

FINDING W: Changes In Dependent Status Are Either Not Reported Or Are Slow To Be Updated in DEERS. Although sponsors are required to report changes in the status of their dependents, GAO found that this is often not done and when changes are reported, they generally take longer to appear in DEERS than the 45 to 90 days claimed by DEERS officials, and that this is further compounded by the time which elapsed before the sponsor notified the installations personel office of a change. (p. 18, Final Report)

DoD Comment: The Department of Defense concurs. Previous comments describe efforts to improve the timeliness of the update process. DoD will place increased emphasis on compliance with the requirement for sponsors to report dependent status changes.

FINDING X: Need To Make DEERS Notification An Integral Part of Updating Other Sponsor Records. While noting that the delays in dependent changes appearing in the system should decrease after initial enrollment periods are completed (since there will be fewer enrollment documents to process) and because the new identification card system to be tested later this year appears to offer some potential for providing quicker updates of reported changes, GAO found that these changes do not address the problem of sponsors not reporting changes in their dependents' status, that this will require the Services to make DEERS notification an integral part of updating other sponsor records. (p. 18, Final Report)

DoD Comment: The Department of Defense concurs. DoD supports making DEERS notification an integral part of the update process for other sponsor records and will develop proposals for accomplishing this in FY 83.

FINDING Y: New Dependents. Through base hospital records, GAO identified 43 children born to sponsors between April 1 and June 30, 1981 and found that as of February 1982, 33 of the 43 children (over 75 percent) were not listed in the system; and further, that none of the services had developed a process to assure that newborn children become enrolled in DEERS. (pp. 18 and 19, Final Report)

DoD Comment: The Department of Defense concurs that this is a problem.
Since the GAO review, however, a new process has been implemented to help
ensure that children born in military facilities are enrolled in DEERS.
This is the new DD Form 2270, the DEERS Enrollment Follow-Up Form, described
in DoD's comment to Finding N. Other initiatives to resolve this problem
are being considered such as on-line data transfer from TRIMIS and CHAMPUS
systems as well as Service Headquarters personnel organizations.

FINDING Z: Divorces. GAO found that relying on sponsors to report divorces
does not appear to be particuarly effective (noting that at one installation
the Army Audit Agency found that during a 1 year period 53 percent of
sponsors failed to report their divorces to either the personnel office or
the finance and accounting office and the its (GAO's) own review of sponsors
at four installations indicated 25.7 percent had not reported); and further
that even where such information reaches personnel or finance offices, it
does not necessarily get to DEERS and currently, no procedures existed
requiring that sponsors produce evidence of DEERS notification before the
services process changes in emergency data or finance records. (pp. 19 and
20, Final Report)

DoD Comment: The Department of Defense concurs that this is a serious
problem. DoD will place increased emphasis on compliance with the
requirement for sponsors to report all dependent status changes promptly and
to make this an integral part of other records updates.

FINDING AA: Deaths. GAO found that a check of 19 dependent spouses who
were shown as deceased on Air Force finance records indicated that 13 of 14
spouses who had been enrolled in DEERS were shown as eligible even though
the deaths had occurred at least 6 months earlier. (p. 20, Final Report)

DoD Comment: The Department of Defense concurs that this is a problem. DoD
will place increased emphasis on compliance with requirements for sponsors
to report promptly all dependent status changes.

GENERAL CONCLUSIONS (RELATED TO FINDINGS Q THROUGH AA): Based on Findings Q
through AA, GAO concluded that...

Conclusion 5. Changes in sponsor and eligibility status are taking
excessively long to be updated in DEERS (with dependent changes in some
cases not being reported at all) and that DEERS must obtain this type of
information quickly and accurately if reliable information is to be provided
as required. (p. 20, Final Report)

DoD Comment: The Department of Defense concurs. The DoD comments for
Findings Q-AA describe the actions that have been taken or are planned to
resolve this problem.

Conclusion 6. Because full implementation of the new military
identification card system is still several years away and also because the

card system, as it is envisioned, will not change the methods currently
being used for reporting sponsor and dependent changes, the delays and
nonreporting will probably continue unless more effective means are
established to (1) to assure that sponsors notify DEERS of changes in the
status of their dependents, and (2) speed the reporting of sponsor changes.
(p. 20, Final Report)

DoD Comment: The Department of Defense concurs. The DoD comments for
Findings Q-AA address these problems and describe current and planned
actions aimed at resolving them. Progress has been made since the GAO
review was conducted.   ⟨

Conclusion 7. That the lack of specific criteria or standards governing
just how quickly status changes must be updated in DEERS and the degree of
accuracy that the system must achieve to be effective makes it difficult for
DoD to determine when the system has reached an acceptance and reliable
level. (p. 21, Final Report)

DoD Comment: The Department of Defense concurs. The development of
standards are critical to the future of DEERS; these standards are being
developed and are to be presented to the DEERS Steering Group for review as
described in the DoD comment for Finding S.

RECOMMENDATIONS (RELATED TO FINDINGS Q THROUGH AA): Based on Findings Q
through AA (and their related conclusions), GAO recommended that the
Secretary of Defense direct the Services to...

Recommendation 9. Develop programs to educate sponsors on the need for
reporting changes in dependent status when they occur (p. 21, Final Report)

DoD Comment: The Department of Defense concurs. DoD has initiated efforts
to incorporate such programs into existing regulations and procedures. DoD
is also pursuing additional means of implementing procedures to ensure
compliance with the directives and of publicizing these regulations and
procedures to increase sponsor awareness of the necessity for timely
reporting of all dependent status changes. These efforts will be completed
in FY 83.

Recommendation 10. Require that sponsors provide evidence of DEERS
notification before processing dependent status changes in finance or
emergency records. (p. 21, Final Report)

DoD Comment: The Department of Defense concurs that this problem must be
resolved. It is recommended, however, that Recommendation 10 read as
follows: "Require that sponsors comply with DEERS update procedures when
processing dependent status changes in finance or emergency records." As
noted in the DoD comment to Finding X, DoD supports making DEERS
notification an integral part of the update process for other sponsor
records. An administrative requirement which would deny an active duty
member the right to specify a life/death benefit change or a bona fide pay

entitlement change until evidence of DEERS notification is presented could
result in unsupportable delays in these other systems. Notification of each
of these systems should occur as part of the same process. We will review
this problem and develop proposed solutions and an implementation schedule
by the end of FY 83.

ADDITIONAL RECOMMENDATIONS (RELATED TO FINDINGS Q THROUGH AA): Also in
connection with Findings Q through AA (and their related conclusions), GAO
further recommended that the Secretary of Defense direct the DEERS Steering
Group to...

Recommendation 11. Establish criteria on how quickly status changes must be
updated in DEERS and the degree of accuracy that the system must achieve in
order for it to be considered effective. (In connection with this
recommendation, GAO noted these criteria should be used in assessing the
system's overall reliability and cost effectiveness.) (p. 22, Final Report)

DoD Comment: The Department of Defense concurs. As discussed in the DoD
comments for Finding S, the DEERS Steering Group has directed the DEERS
Program Manager to develop proposed performance standards for review and
approval by the Steering Group in November 1982. As discussed in the DoD
comments for Finding S, these standards will address criteria for data
updates and inquiry response times for DEERS. In addition, criteria
concerning the degree of data accuracy required for certain critical data
elements will be established. These standards will be critical elements in
future enrollment and eligibility checking decisions.

GAO note: Page references in this appendix have been changed to
            correspond to the final report.

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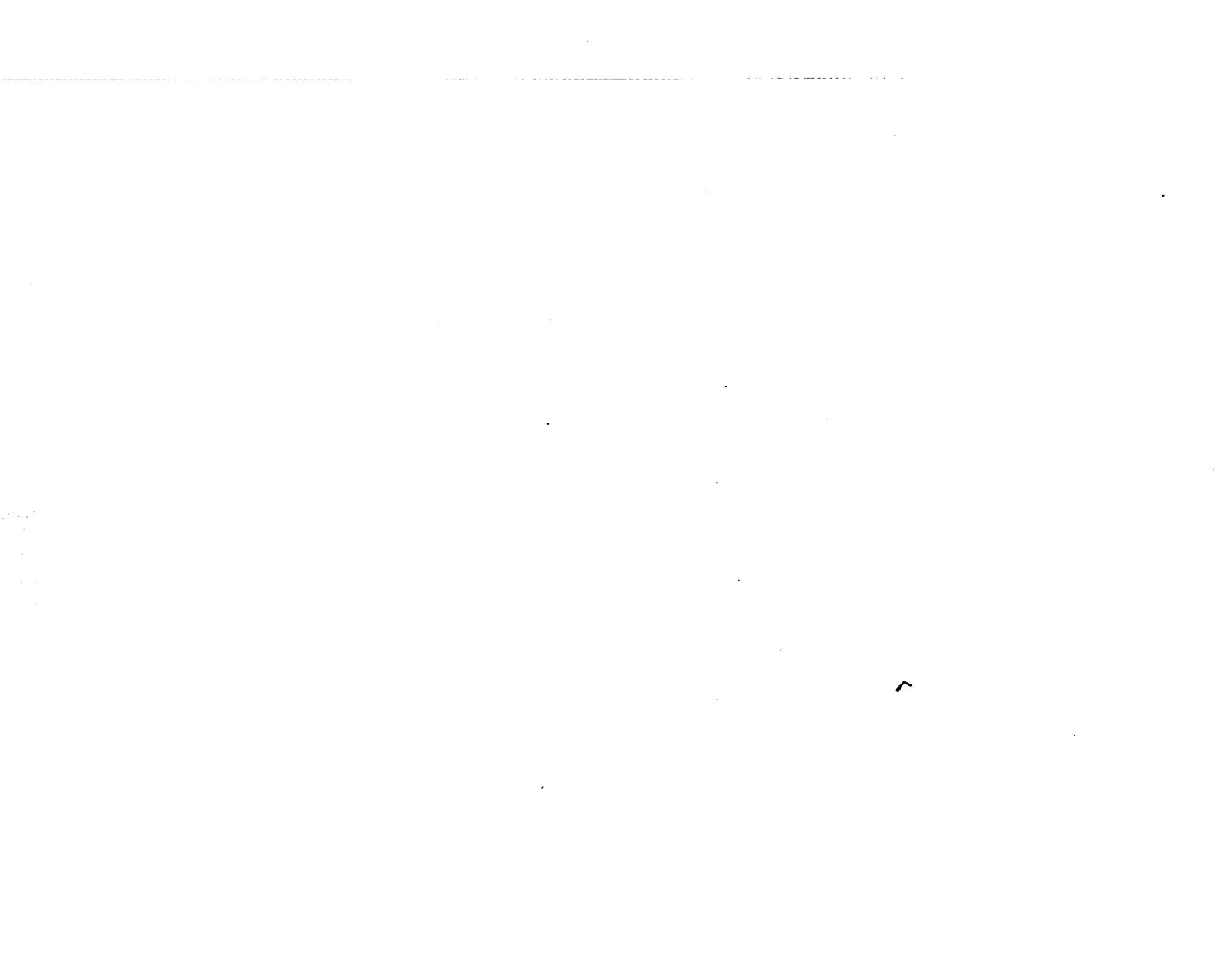
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