



FORCE MANAGEMENT
POLICY

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The Honorable J. Dennis Hastert
Speaker of the House
Washington, DC 20515

Dear Mr. Speaker:

Section 733(b), Strom Thurmond National Defense Authorization Act for Fiscal Year 1999, requested the Department of Defense submit a report on the use of alternatives to the Fee-Basis Physicians in providing pre-enlistment medical evaluations for military applicants. An interim report was provided to members of Congress on April 4, 2000.

The test was completed on September 30, 2001. At the enclosure is the final report with results of using both civilian contractors and Department of Veterans Affairs' physicians. The use of alternative physicians was proved by the test to be feasible; however, complete substitution of these physicians would not provide needed surge capacity to the Military Entrance Processing Stations (MEPS). The cost of using alternative physicians is more expensive than continuing the use of Fee-Basis Physicians in the MEPS. The Department will consider recommending that a proposal be included in the Fiscal Year 2004 legislative program requesting that the provision of section 1091(a)(2) of title 10, United States Code, be made permanent.

Similar letters have been sent to the President of the Senate, the Chairmen and Ranking Members of the House and Senate Committees on Armed Services, and the Chairmen and Ranking Members of the defense subcommittees of the Senate and House Committees on Appropriations.

Sincerely,


Charles S. Abell

Enclosure:
As stated



Final Report to Congress

Alternatives to Fee Basis Physicians for Military Entrance Physical Examinations

Office of the Assistant Secretary of Defense
(Force Management Policy)

June 2002

Final Report on Fee-Basis Physician Alternatives

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INTRODUCTION

Recruiting and retaining sufficient numbers of high-quality men and women to serve in today's military is one of America's biggest challenges. Critical to the success of future military recruiting efforts is the Department of Defense's ability to ensure that applicants are physically, mentally, and morally fit for duty in the Armed Forces. The primary responsibility for this mission falls to the United States Military Entrance Processing Command (USMEPCOM), which accomplishes this task through a rigorous and comprehensive combination of physical examinations, laboratory tests, aptitude tests, and personal interviews.

After several lawsuits were brought against USMEPCOM physicians for alleged medical improprieties, the Department of Justice decided that Fee-Basis Physicians (FBPs), a group of part-time practitioners who conduct applicant entrance physicals, were not eligible for malpractice provisions typically afforded to Federal medical employees. Subsequently, Congress directed the Department of Defense to submit a report evaluating alternatives to the use of fee-basis physicians in the medical evaluation of military applicants.

The Strom Thurmond National Defense Authorization Act for Fiscal Year 1999, Section 733(b) requires the Secretary of Defense to undertake a study of alternatives to the use of FBPs in processing military applicants. Specifically, the statute states:

- 1) The Secretary of Defense shall conduct a test to-
 - A) determine whether the use of an alternative to the system currently used by the Department of Defense of employing fee-basis physicians for determining the medical qualifications for enlistment of applicants for military service would reduce the number of disqualifying medical conditions that are detected during the initial entry training of such applicants;
 - B) determine whether any savings or cost avoidance may be achieved through the use of an alternative system as a result of any increased detection of disqualifying medical conditions before entry by applicants into initial entry training; and
 - C) compare the capability of an alternative system to meet or exceed the responsiveness and timeliness standards of the system currently used by the Department.
- 2) The alternative system described in paragraph (1) may include the system used under the TRICARE system, the health-care system of the Department of Veterans Affairs, or any other system, or combination of systems, considered appropriate by the Secretary.

To comply with this Congressional mandate, the Office of the Assistant Secretary of Defense (Force Management Policy) conducted a test to evaluate the use of off-site civilian contract physicians in military applicant medical processing: the Fee-Basis Alternative (FBA) Test.

This final report describes the test and evaluates it against the criteria set forth in the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999.

The FBA Test demonstrated that off-site physicians can adequately perform applicant physical examinations for USMEPCOM, but that it is expensive to do so and may not provide the required 'surge' capacity for Military Entrance Processing Stations (MEPSs) as they support our Armed Forces accession requirements.

BACKGROUND

Military Entrance Processing Command

Military entrance processing is centrally managed and monitored by the United States Military Entrance Processing Command (USMEPCOM). The mission of USMEPCOM is to qualify and enlist applicants for the Active and Reserve Components of all five Services during peacetime, and inductees in conjunction with the Selective Service System during mobilization. USMEPCOM assures that applicants are physically, mentally, and morally fit for duty through a rigorous combination of comprehensive physical and laboratory medical examinations and tests, aptitude tests, and personal interviews.

Military Entrance Processing Stations (MEPSs)

USMEPCOM operates and manages sixty-five MEPSs located nationwide. Each MEPS conducts pre-enlistment screenings for all Active and Reserve Components. All new military applicants must be formally evaluated to determine if they meet DoD and Service enlistment standards.

Applicants typically arrive at MEPSs at 5:30 am on their designated processing day and complete the six-phase MEPS process by late afternoon. The six phases are: 1) Initial Briefing, 2) Enlistment Testing, 3) Medical Evaluation, 4) Career Counseling/Job Placement, 5) Moral Character Screening, and 6) Oath of Enlistment. For purposes of this report, we will focus primarily on the medical evaluation phase.

Medical Evaluation

The medical evaluation is an occupational pre-employment examination consisting of five parts: medical pre-screening, medical briefing, blood and urine testing, medical history review, and physical examination. Medical pre-screening occurs at the recruiter-level with support offered by the MEPSs. The medical briefing occurs at the beginning of the MEPS medical evaluation process. During the medical briefing, applicants receive an overview of the steps of the medical evaluation, complete a medical history form, review the Privacy Act, and sign an acknowledgement. Following the medical briefing, applicants undergo blood and urine tests. These tests screen the applicants for HIV and drug use. Applicants also take a breathalyzer test during this step. Once laboratory testing is complete, a physician reviews the applicant's medical history form and administers a physical examination. The average cost of a medical evaluation administered at a MEPS is \$184 per applicant.

The medical evaluation process can extend beyond an applicant's initial visit to the MEPS. If a potentially disqualifying condition is discovered during the medical history review or examination, the examining physician may request additional medical documentation or direct consultation with a medical specialist. Attempts are made to identify these conditions prior to the evaluation at the MEPSs so that necessary documentation review or consult coordination is performed as efficiently as possible. However, in some cases, an applicant may be required to make an additional visit to the MEPS to review the results of the outside consultation or to request a waiver for a disqualifying condition.

If a candidate is deemed to be physically, mentally, and morally fit, USMEPCOM, in accordance with Service requirements, administers the Oath of Enlistment. In the vast majority of cases, candidates are sworn into the Delayed Entry Program (DEP).¹ The DEP is used by those candidates who, based on other obligations or needs, will not be shipping to their initial entry training site until some date in the future that will coincide with a class start date for specialty training.

MEPS Medical Staff

USMEPCOM has traditionally employed two types of physicians to conduct applicant medical histories and physical examinations: 1) Government Service employees – full-time physicians on the permanent USMEPCOM staff, who have primary responsibility for determining applicants' medical enlistment qualifications; and 2) Fee-Basis Physicians (FBPs) – part-time civilian physicians, hired under a personal services contract, who help review applicant histories and administer physical examinations on high volume processing days.² As FBPs are available with 12-18 hours notice, they provide the mission critical flexibility to meet Recruiting Commands' needs in the event of high applicant flow.

A Chief Medical Officer (CMO), the senior Government-employed physician, manages the medical staff in each MEPS. FBPs are paid a nominal rate per day that reaches a maximum of \$275 should they work more than eight hours. FBPs may be asked to perform 15 to 25 or more examinations in one duty day. The CMO directs and supervises the work performed by the FBPs and is the final decision-maker.

Fee-Basis Physician Malpractice Defense Issue

Historically, few medical malpractice lawsuits have been filed against the examining physicians employed by USMEPCOM. However, military applicants have brought litigation against USMEPCOM FBPs on five occasions. Initially, the Department of Justice (DoJ) defended these suits, incurring minimal administrative processing expense while never losing a judgment. However, in April 1997, the DoJ determined that FBPs working in the MEPS were not employees of the Government, and therefore not entitled to malpractice defense under the Gonzalez Act.

When the DoJ announced that it could no longer defend FBPs in malpractice cases, approximately 25 percent of the FBPs ceased performing medical examinations for MEPSs, citing that the compensation provided by USMEPCOM failed to cover the costs of malpractice insurance and potential litigation. To alleviate the pressures on recruiting and accession processing this loss of physicians caused, Congress passed a law extending limited malpractice coverage to FBPs, in Section 1091(a)(2) of title 10, United States Code. However, it also set a deadline for coverage expiration of December 31, 2000. This deadline for coverage expiration has subsequently been extended to December 31, 2002 to accommodate the completion of the FBA Test and its analysis.

Off-Site Civilian Contract Physician Test Overviews

To comply with this Congressional mandate to study alternatives to the use of FBPs in processing military applicants, the Office of the Assistant Secretary of Defense (Force Management Policy) implemented an initiative to evaluate the use of off-site civilian contract physicians: the FBA Test. The interim report to Congress on the Department's study of FBP alternatives provided extensive descriptions of the test, so only a brief summary will be included in this report.

Fee-Basis Alternative Test

The FBA Test extracted applicants from MEPSs during medical processing and transported them, round-trip, to a nearby civilian contract physician. After completing this remote medical phase, applicants were returned to the MEPSs and re-integrated into the on-site MEPS process.

The test sought to examine alternatives to contracted FBPs at the MEPSs. The Department of Defense (DoD) also desired to reduce initial-entry and first-term attrition due to pre-existing medical conditions through outsourced examinations.

Final Report on Fee-Basis Physician Alternatives

Civilian contract physicians performed only two portions of the medical screening process during the FBA Test: gathering medical history and performing the physical examination. All other parts of medical processing were performed at the MEPS by internal staff, and the decision to medically qualify or disqualify applicants for military service remained with the CMO at the MEPS.

To execute the off-site civilian contract physician tests, USMEPCOM contracted three organizations to perform medical procedures for the MEPS: QTC, Concorde, and the Department of Veteran Affairs (DVA). Concorde and QTC are private medical contracting companies. Appendix A reflects the costs of performing physical examinations with each of these organizations.

The FBA Test was conducted in: Shreveport, Louisiana; Minneapolis, Minnesota; Portland, Oregon; and Seattle, Washington. Physicians from Concorde, QTC,³ and Department of Veteran Affairs hospitals were used in the test. In all, FBA Test physicians conducted 678 applicant physical examinations during the test.

The interim report to Congress on "Health Care Provision at Military Entrance Processing Stations and Civilian Contract Medical Facilities" provided a more detailed description of the FBA Test design and these aspects will therefore not be discussed further in this report.

Fee-Basis Alternative Test Results

The FBA Test demonstrated the feasibility of using contract physicians to perform physical examinations in support of the MEPSs. On two counts, however, the FBA Test also uncovered challenges to replacing FBPs with FBA Test physicians: cost and surge capacity. Hiring off-site physicians was found to be more expensive than other alternatives available to USMEPCOM. It is also unclear that FBA Test physicians would be able to provide sufficient surge capacity for MEPSs were they to replace FBPs.

The Department evaluated the FBA Test based on the following criteria: 1) transparency of the FBA Test process to recruiters, 2) processing efficiency, 3) ship-out medical inspection loss, and 4) applicant medical disqualifications/recruit attrition/total cost. On all of these criteria the use of FBA Test physicians was shown to be a viable alternative to the use of FBPs.

The FBA Test procedure was transparent to both applicants and recruiters. Applicants had few pre-conceived notions about actual implementation of the enlistment process and, as such, did not voice concerns. Recruiters were not even aware that their applicants were taken off-site for medical evaluations.

Using FBA Test physicians provided satisfactory processing efficiency to MEPSs. Efficiency was measured in terms of the quality of the physical examinations, promptness of the examination results, and physical examination delays. FBA Test physicians generally provided satisfactory quality while performing applicant physical examinations. While the quality varied between geographic areas and contract medical facilities, the implementation of quality control standards should be able to provide consistent and satisfactory quality during any future use of FBA Test doctors. Furthermore, the test found that as FBA Test physicians conducted more physical examinations they performed them with fewer mistakes. This 'learning curve' effect would work to improve the overall quality of future FBA performance.

The FBA Test found that contract physicians performed applicant physical examinations in a punctual manner that led to a low rate of processing delays. While delays did occur, these were often attributable to local start-up difficulties with the FBA Test rather than systemic problems with the physicians or procedures themselves. Contract physicians used for the FBA Test completed applicant physical examinations in roughly the same amount of time as did FBPs. Likewise, contract physicians were consistently able to provide MEPSs with the results of applicant physical examinations in a prompt and efficient manner.

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The Department will consider recommending that a proposal be included in the Fiscal Year 2004 legislative program requesting that the provision of section 1091(a)(2) of title 10, United States Code, be made permanent.

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APPENDIX A - MEDICAL COST SUMMARY

QTC

Areas	FY 2000 Cost per Physical *	FY 2001 Cost per Physical*	Relevant Test
Billings, Montana	\$297	\$330	REP
Evergreen, Montana	\$297	\$330	REP
Lubbock, Texas	\$297	\$330	REP
Odessa, Texas	\$297	\$330	REP
Las Vegas, Nevada	\$297	\$330	REP
Pensacola, Florida	\$297	\$330	REP
Newark, New Jersey	\$297	\$330	REP
Shreveport, Louisiana	\$150	\$150	FBA

Concorde

Areas	FY 2000 Cost per Physical *	FY 2001 Cost per Physical*	Relevant Test
Billings, Montana	\$275	\$290	REP
Evergreen, Montana	\$275	\$290	REP
Lubbock, Texas	\$275	\$290	REP
Odessa, Texas	\$275	\$290	REP
Las Vegas, Nevada	\$275	\$290	REP
Pensacola, Florida	\$275	\$290	REP
Newark, New Jersey	\$275	\$290	REP
Shreveport, Louisiana	\$185	\$185	FBA

* The above tables show two sets of costs for medical services provided at contract medical facilities. The different costs are based on testing periods specified in the contracts. The first figure is cost per physical from October 1, 1999 through September 30, 2000. The second figure is the cost from October 1, 2000 to March 30, 2001.

Department of Veterans Affairs

Areas	FY 2000 Cost per Physical	FY 2001 Cost per Physical	Relevant Test
Minneapolis, Minnesota	\$185	\$185	FBA
Seattle, Washington	-	\$250	FBA
Portland, Oregon	-	\$125	FBA

END NOTES:

1. The DEP is used to regulate flow into the training pipeline, enlist high school seniors who will ship after graduation and allow recruits to select job skill training not immediately available.
2. Fee-basis physicians are generally used to provide "surge" medical capacity on short notice to meet applicant processing requirements at the MEPSs. Approximately 30 percent of the MEPS processing load occurs during the last five days of every month as recruiters are processing more applicants in an attempt to meet month-end recruiting mission requirements.
3. Both QTC and Concorde are civilian health care contractors.
4. FBPs typically receive 12-18 hours of prior notice from the MEPSs, as compared to the 72 hours given to FBA physicians.