THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

OCT 23 2006

The Honorable John W. Warner
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Mr. Chairman:

This report responds to a request in the House Conference Report 109-95 to notify the Committee on the movement of dollars within the private sector care budget activity group.

The Conference report included the following language: "... the conferees direct the Department to notify the Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies of the Committee on Appropriations of the House of Representatives and the Subcommittee on Defense of the Committee on Appropriations of the Senate on the movement of dollars within the private sector care activity group on a quarterly basis beginning in the first quarter of fiscal year 2006."

The Department did not execute any movement between program elements of the private sector care budget activity group through the first, second, or third quarter of fiscal year 2006.

I continue to closely monitor the Private Sector Care program and remain committed to providing the Department's beneficiaries a world class health benefit in as cost effective manner as possible. We continue to believe strongly that the restrictions on movement of funds within the Defense Health Program appropriation, and associated reporting requirements hinder effective management of the program and costs taxpayers dollars.

Thank you for your continued support of the Military Health System.

William Winkenwerder, Jr., MD

cc:
The Honorable Carl Levin
Ranking Member