THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

JUL 30 2007

The Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Mr. Chairman:

Section 721 of the National Defense Authorization Act for Fiscal Year 2005 requires the Secretary of Defense to submit a final report on the Department of Defense Pilot Program for Health Care Delivery not later than July 1, 2007. However, H.R. 1585, the House-passed version of the National Defense Authorization Act for Fiscal Year 2008, contains a provision to extend the pilot program and the requirement to complete a final report until 2010.

In conjunction with the Fiscal Year 2005 requirement and the House provision, we are submitting an update on the current status of the pilot program. The attached report describes some of the initiatives, results and recommendations from the pilot program at the test sites of Fort Drum, New York and Yuma, Arizona.

The Department of Defense has been actively engaged with this pilot project. As a result of our efforts and the pilot program, highly successful collaborative partnerships have been established with the Fort Drum and Yuma military installations and their local civilian medical communities. We look forward to continued engagement and success with this pilot program throughout its duration.

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

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable John McCain
Ranking Member

Interim Report to Congress

Pilot Program

for

Health Care Delivery

Interim Report to Congress
on the
Pilot Program for Health Care Delivery

I. Pilot Program Mandate

The National Defense Authorization Act for Fiscal Year 2005 (NDAA for FY05) requires the Secretary of Defense to conduct a pilot program at two or more installations for the purpose of testing initiatives that build cooperative health care arrangements and agreements between military installations, and local and regional non-military health care systems.

This legislation required the submission of a final report on the Pilot Program for Health Care Delivery not later than July 1, 2007. However, HR 1585, the House-passed version of the NDAA for FY08, contains a provision to extend the pilot program and the requirement to complete a final report until 2010. We are hereby submitting an update on the current status of the pilot program at the test sites.

II. Background on the Pilot Program

The Department consulted with each of the Services to solicit nominations for military treatment facility (MTF) market areas to use as test sites. Additionally, the criteria in the legislation were used to assess each nominated market area and determine which met all or most of the listed criteria. Fort Drum, New York and Yuma, Arizona were selected as pilot test sites.

The first interim report on this pilot project, submitted to Congress on July 18, 2005, provided information on the approach for establishing and conducting the pilot program. The Department forwarded an additional interim report to Congress, as directed by the House Report on the Military Quality of Life and Veterans Affairs and Related Agencies Appropriations bill for FY07, on December 22, 2006. This report directed the Department to provide $400,000 for the Fort Drum pilot program.

III. Overview of Pilot Programs at Fort Drum and Yuma

This report provides an overview of the activities and initiatives which have built cooperative health care arrangements and agreements between the Fort Drum and Yuma military installations and the local/regional non-military health care systems in their communities.

Yuma Pilot Program:

Significant market analyses have been conducted to identify potential areas of collaboration between the military and civilian communities. As a result, two initiatives have been identified: orthopedics and mental health.

1. Orthopedics: There has been an increase in demand for orthopedics. In the past, there was an orthopedic circuit rider program where physicians from Naval Hospital Camp Pendleton (NHCP) would travel to Yuma monthly to see active duty service members (ADSMs). However, due to the Operation Enduring Freedom/Operation Iraqi Freedom, changes in staffing requirements made it difficult to sustain this program. Therefore it was discontinued. As a result of a pilot initiative, a cooperative arrangement was implemented. The arrangement includes referring military beneficiaries that require orthopedic services to the civilian network.

   The increase in accessibility of orthopedic services has resulted in an increase in visits, beginning in FY06, than the average number of visits during FY04 and FY05, was the baseline period. This initiative continues to build a cooperative arrangement through incentives between the military installation and the local orthopedic surgeons.

2. Mental Health: Timely access to mental health care remains problematic as there are no available psychiatrists or inpatient psychiatry services in the area. This critical shortage not only affects the general public, but also military beneficiaries.

   Current utilization of psychiatric services by Yuma area TRICARE beneficiaries is 6.0 visits per year per 1,000 beneficiaries. The low utilization is likely due to the lack of a psychiatric provider in Yuma. Using the utilization rates from the NHCP area, whose beneficiary demographics are similar to the TRICARE beneficiaries residing in the Yuma market, it was reasonable to assume that if a psychiatrist were readily available to the beneficiaries in Yuma, the demand for psychiatric services would be the same as the demand for these services at NHCP (16 visits/1,000 beneficiaries). Given that assumption, the average number of visits per year in Yuma would increase 164 percent from the current utilization.

   A market analysis showed that the community, as well as TRICARE beneficiaries, would benefit from a mental health partnership. As a result, it was determined that the pilot program should consider hiring a psychiatrist to provide the needed psychiatric services to both military and non-military beneficiaries. The development of the Statement of Work in order to obtain the psychiatrist is underway. Once this and related documents are finalized, formal recruitment is

expected to begin, and monitoring of this mental health initiative will commence approximately six months after the psychiatrist begins providing services.

Fort Drum Pilot Program:

A substantive partnership has been established between Fort Drum and the local Watertown medical community. One example of the collaborative relationship between the military and civilian community has been the formation of the Fort Drum Regional Health Planning Organization (FDRHPO). The FDRHPO was created under this pilot program to identify and analyze the existing health care delivery options in the Fort Drum health service area and seek new opportunities for leveraging existing health care resources.

Several committees have been organized under the authority of the FDRHPO. Each of the committees has identified substantive initiatives and will continue to implement these initiatives throughout the remainder of the pilot program. The following is a brief summary of each of the committees:

1. Emergency Medical Services / Disaster Preparedness: The goals of this committee are to assess capabilities and inter-agency/inter-jurisdictional operational preparedness; identify needs and demands as well as the anticipated increase in both; identify best practices and opportunities to improve.

   One of the committee's preliminary findings is that the growth of the surrounding community is further straining an already stressed emergency medical services system. The committee is considering conducting a comprehensive study of the emergency medical services to get a better understanding of the issue. The committee continues to identify initiatives and opportunities for collaboration between the military and local community regarding emergency medical services and disaster preparedness.

2. Behavioral Health: The purpose of this committee is to review and address the adequacy of behavioral health services (mental health and chemical dependency) to meet the needs of the military and civilian community.

   One of the committee's preliminary findings is that there are increased demands for both inpatient and outpatient mental health services for children and adults. The committee will continue to explore and formulate solutions to address these needs. The committee expects to identify initiatives and opportunities for collaboration between the military and local community regarding behavioral health. Due to the support and guidance of the FDRHPO, a new behavioral health clinic was created in response to the increase deployment demands facing the Fort Drum community.

3. Quality Standards: The purpose of this committee is to identify opportunities for and barriers to improving health care quality and access in a community-based model of care.

   One of the committee's preliminary findings is that military beneficiaries who are new to the community may have difficulty identifying and locating community-based health care providers despite the fact that there are several resources available. The committee is reviewing efforts needed to increase collaboration with the military and local communities to ensure their websites contain links to the health care providers in the area. It also continues to identify initiatives and opportunities for collaboration between the military and local community to improve health care quality and access.

IV. Summary

The Department of Defense (DoD) continues to be actively engaged with the Congressionally-mandated Fort Drum and Yuma pilot programs. As a result of the pilot program, substantive partnerships, significant cooperative health care arrangements, and agreements have been established between the Fort Drum and Yuma military health care systems and their respective civilian communities. These partnerships will continue to have long-lasting benefits for military and civilian beneficiaries in these areas.

The DoD looks forward to remaining actively involved with the Fort Drum and Yuma pilot programs. We continue to work closely with the various stakeholders at the pilot sites, including representatives from the civilian and military communities, and the respective TRICARE Regional and Service Surgeons General offices. Each pilot program continues to hold regularly-scheduled meetings to discuss the initiatives that build cooperative health care arrangements and agreements between military installations and local and regional non-military health care systems.