THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

NOV 10 2008

The Honorable Robert C. Byrd
Chairman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This letter is in response to the Explanatory Statement, page 383, accompanying the Fiscal Year (FY) 2009 Department of Defense Appropriations Act, which requests the Assistant Secretary of Defense (Health Affairs) to submit to the congressional defense committees a detailed spending plan for the FY 2008 designated carryover funds. This notification is due within 30 days after the enactment (September 30, 2008) of the Appropriations Act.

Public Law 110-116, making further continuing appropriations for FY 2008 and for other purposes, states the following:

> For expenses, not otherwise provided for, for medical and health care programs of the Department of Defense, as authorized by law, $23,458,692,000, of which $22,559,501,000 shall be for operation and maintenance, of which not to exceed one percent shall remain available until September 30, 2009 ....

As of September 30, 2008, $140 million in unobligated FY 2008 Defense Health Program (DHP) Operation and Maintenance (O&M) appropriation funds have been designated for carryover from FY 2008 into FY 2009. The FY 2008 1 percent carryover limit is $225,595,000.

Because our accounting systems identify the funds carried over as "2-year" FY 2008–2009 DHP O&M, the carryover amounts will be obligated against large TRICARE private sector care contracts to mitigate the complications associated with creating a separate accounting structure for the 2-year O&M funds by the Army, Navy, and Air Force, freeing up an identical amount of single-year FY 2009 DHP O&M funds. These funds will then be used to resource emerging requirements that are prioritized and approved by the Military Health System leadership during the FY 2009 mid-year review. This process typically occurs in the May to June time frame each year. Per direction found in the Explanatory Statement, the Assistant Secretary of Defense (Health Affairs)

will, not fewer than 15 days prior to executing the carryover funds, notify the congressional defense committees in writing of the details of any such obligation.

The DHP O&M carryover authority has provided the flexibility to manage many issues that emerge during the year of budget execution. In recent years this has included support to our warriors in transition, pandemic influenza preparedness, costs of supporting the Global War on Terror that were not known at the time of the supplemental appropriation request, and programs mandated but not funded by Congress.

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

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Thad Cochran
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

NOV 10 2008

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

Dear Mr. Chairman:

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Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable John McCain
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

NOV 10 2008

The Honorable Ben Nelson
Chairman, Subcommittee on Personnel
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Lindsey O. Graham
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

NOV 10 2008

The Honorable Ike Skelton
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Duncan Hunter
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

NOV 10 2008

The Honorable Susan Davis
Chairwoman, Subcommittee on Military Personnel
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Madam Chairwoman:

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S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable John M. McHugh
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

NOV 10 2008

The Honorable Daniel K. Inouye
Chairman, Subcommittee on Defense
Committee on Appropriations
United States Senate
Washington, DC 20510

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Enclosure:
As stated

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The Honorable Thad Cochran
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

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HEALTH AFFAIRS

NOV 10 2008

The Honorable David R. Obey
Chairman, Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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Enclosure:
As stated

cc:
The Honorable Jerry Lewis
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

NOV 10 2008

The Honorable John P. Murtha
Chairman, Subcommittee on Defense
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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As stated

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