

**DEPARTMENT OF DEFENSE**  
**TASK FORCE ON MILITARY**  
**HEALTH SYSTEM GOVERNANCE**



**Volume 1**

**Final Report**

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## Executive Summary

For the past six decades, the Department of Defense (DoD) has undertaken numerous studies concerning the governance of the Military Health System (MHS). Performed by both internal and external boards, commissions, task forces, and other entities, a number of these studies recommended dramatic changes in the organizational structure of military medicine. Despite these recommendations, the DoD introduced change in its management and oversight of the MHS in an incremental manner.

Since 2001, the MHS has undergone significant transformation – both in the United States and abroad. Advances in strategy, training, technology, and greater interoperability have helped save lives and prevent both illness and injury at a level never before witnessed in combat medicine. At home, the MHS is just completing the implementation of the 2005 Base Realignment and Closure (BRAC) requirements, producing a military health care delivery environment far different from what existed just 10 years ago. Also, overall trends in American medicine coupled with increases in both beneficiaries and health benefits in military medicine, drove MHS costs from \$19 billion in 2001 to \$53 billion in 2011. The dual imperatives of ensuring superb medical support for current and future military operations and instituting enduring health care cost containment measures require that the DoD continue this momentum of military health transformation. The DoD needs to operate the most efficient health system possible, elevating cost containment as a priority objective and increasing unity of effort as an implementation capability.

It is in this environment that on June 14, 2011, the Deputy Secretary of Defense established an internal Task Force, consisting of representatives from the Military Departments, the Joint Staff, and the Office of the Secretary of Defense (OSD) to conduct this review of the current governance of the MHS. The Task Force was directed to evaluate options for the long-term governance of the MHS as a whole and the governance of multi-Service health care markets, to include the National Capital Region (NCR) and to provide a report within 90 days detailing the relative strengths and weaknesses of each option evaluated as well as recommendations for governance.

Operating from the Deputy Secretary's tasking memorandum and Terms of Reference, the Task Force developed, assessed, and refined numerous variations of five potential organizational models for the MHS as a whole: a Unified Medical Command (UMC), a Defense Health Agency (DHA), management by one or more Military Departments, a hybrid model incorporating elements of the other models, and an "As Is" option. The Task Force also developed and evaluated options for the governance of multi-Service markets (MSMs) in general, as well as options for the governance of the National Capital Region military health system in particular.

The Terms of Reference enumerated several criteria for the Task Force to use in evaluating the governance models. The Task Force further refined and expanded these criteria to consist of the following:

- **Sustain a medically ready Active Duty (AD)/Reserve Component (RC) through high quality integrated health care.**  
The alternative should maintain or enhance the ability to provide medically ready warfighters.
- **Maintain a trained and ready deployable medical force.**  
The alternative should sustain the training necessary to meet all clinical and other requirements needed to provide a fully trained and current deployable medical force.
- **Provide high quality, integrated medical care to non-AD/RC beneficiaries.**  
The alternative should maintain or enhance the ability of the system to sustain the current high quality of health care that it provides at the current levels of integration between the Services as well as the private sector.
- **Achieve significant cost savings through reduction in duplication and variation.**  
The alternative should result in a reduction of the system operating costs.
- **Afford dispute resolution process and clear decision authority with clear accountability.**  
The alternative should provide clear decision authority and dispute resolution at the lowest appropriate level, including clear lines of accountability.
- **Offer ease of implementation.**  
The alternative should be implementable taking into account Title 10 equities; short-term costs and long-term savings; and decisions required inside and outside of the DoD.
- **Enhance interoperability.**  
The alternative should facilitate interoperability among the Services.

Based on its internal deliberations, the Task Force selected a set of models to develop in greater detail for each of the three decision areas of (1) overall MHS governance; (2) multi-Service market governance; and (3) NCR governance. These are summarized below.

### OVERALL MHS GOVERNANCE MODELS

The Task Force developed the following five models for the governance of the overall MHS. (Note that these models describe overall MHS governance, and do not necessarily incorporate the governance of multi-Service markets, or of the National Capital Region. MSM and NCR governance are considered separately in the sections that follow.)

- **MHS Option 1: As Is – Current Structure.** The current functions, responsibilities, and reporting relationships of the Military Departments and the TRICARE Management Activity (TMA) would be maintained (with possible modification to reporting relationships in multi-Service markets and in the National Capital Region, as described below). Specifically, the direct care system of 56 hospitals, 363 medical clinics, and 282 dental clinics would continue to be operated by the three Military Departments; TMA would manage the TRICARE health plan and lead collaborative efforts on selected shared support services; the Assistant Secretary of Defense for Health Affairs (ASD(HA)) would retain MHS-wide policy and budgetary authority.
- **MHS Option 2: A Defense Health Agency (DHA) with Medical Treatment Facilities (MTFs) Remaining in the Military Departments.** A Defense Health Agency would be established (replacing TMA) to consolidate a far broader set of shared health care support services. MHS-wide shared services activities include (but are not limited to): the

TRICARE Health Plan; pharmacy programs; medical education and training; medical research and development; health information technology; facility planning; public health; medical logistics, acquisition, and other common business and clinical processes. As conceived by the Task Force, the DHA would be led by a 3-Star general or flag officer who reports to the Assistant Secretary of Defense (Health Affairs), and could be designated a Combat Support Agency (CSA), to fulfill support functions for joint operating forces across the range of military operations, and in support of combatant commanders executing military operations. The Chairman of the Joint Chiefs of Staff oversees the planning and execution of each CSA's combat support missions and, among other responsibilities, provides military advice and planning guidance to the CSAs and the combatant commanders in the preparation of their operational plans.

- **MHS Option 3: A Defense Health Agency with Medical Treatment Facilities Placed under the Authority, Direction, and Control of the Agency.** A Defense Health Agency would be established with the functions and reporting relationships described above. Additionally, all military medical treatment facilities would be transferred to the DHA and would operate under its authority, direction, and control. The Military Departments would continue to own all military personnel and be responsible for organizing, training, and equipping their deployable military medical forces. Personnel requirements of the Services' operational forces needed for deployment and/or training would be requested through the Director, DHA.
- **MHS Option 4: A Unified Medical Command (UMC) with Service Components.** A tenth unified combatant command (U.S. Medical Command) would be established, led by a 4-Star general or flag officer, and reporting directly to the Secretary of Defense. Medical forces would be provided by Service Components, but the UMC would be responsible for overall direction and leadership of the Military Health System. Components would establish subordinate medical command structures to manage the medical treatment facilities. This option for a Unified Medical Command would include a Unified Medical Command Headquarters and a subordinate Joint Health Support Command to manage shared services as well as the TRICARE Health Plan. The proposed structure of this Unified Medical Command is depicted in Figure 8 and Table 8. Services maintain control of their deployable forces with force generation responsibilities. The U.S. Medical Command would have operational control of the garrison forces that would be identified through a Joint Table of Distribution (JTD) or Joint Manning Document (JMD). The ASD(HA) would continue in a policy role.
- **MHS Option 5: A Single Service - One Military Department Secretary Assigned Responsibility for the Management of the MHS.** One Military Department Secretary would be assigned responsibility for the management of the MHS. All MTFs would be transferred to the authority, direction, and control of the designated Military Department (e.g., if Navy is the designated Service, all hospitals and clinics would become Navy medical facilities). Each Military Department would continue to be responsible for organizing, training, and equipping its deployable military medical forces, but this would occur through assignment to operational platforms in medical treatment facilities run by the designated Military Department Secretary. The medical treatment facilities would be run by the designated Military Department, and would be staffed by personnel from all of

the Military Departments. The designated Military Department would operate the TRICARE health plan and would have control over the Defense Health Program (DHP). The ASD(HA) would retain policy authority within the MHS.

### MULTI-SERVICE MARKET GOVERNANCE MODELS

The Task Force identified 14 multi-Service markets (MSMs)—those markets where more than one Military Department delivers health care services to the entire population (governance models for the National Capital Region are considered separately in the following section). For these markets, the Task Force considered six governance models described below.

- **MSM Option 1: Informal MSM Management.** Under this option, the responsibilities of the existing multi-Service market managers would be limited to the most basic elements of informally coordinating activities between medical commanders in a market. MTF commanders could meet and share information on an ongoing basis, but there would be no requirement to formally collaborate. This model would essentially eliminate multi-Service market governance and any central coordinating role in a market. This would effectively allow MSMs to run on their own as the respective local MTF commanders deem necessary.
- **MSM Option 2: Existing MSM Management.** Multi-Service market managers would be designated with responsibilities to create a unified one-year business plan and facilitate the adoption of common business and clinical practices. This is the current practice in most stateside regions, based on the existing TRICARE governance policy, and would now be expanded to overseas MSMs.
- **MSM Option 3: Enhanced MSM Management.** The authorities of the multi-Service market managers would be expanded to include responsibility for developing a five-year unified business plan, budget authority for the entire market, establishing common workload accounting processes, driving common clinical and business practices, and the authority to direct personnel to work in other locations within the market on a short-term basis. This expanded set of authorities is based on experiences derived from three of the largest MSMs: National Capital Region; San Antonio, Texas; and the Tidewater Area, Virginia.
- **MSM Option 4: Single Service – One Military Department Secretary Assigned Responsibility for the MHS.** Each identified multi-Service market, and the medical treatment facilities within it, would be assigned to a particular Military Department and thereby become a single-Service market. In a notional example, the Hawaii MSM would be designated as a Navy market, and all medical treatment facilities in the Hawaii MSM would become Navy facilities. Command and control of the market would be aligned under the Department of the Navy, and all business and clinical processes in the market would follow Navy procedures. Medical personnel would be assigned to the facilities in the market by their owning Service to meet beneficiary and clinical currency demands. This approach would solve the MSM governing issue by definition, as there would no longer be multi-Service markets, only large, multi-facility single-Service markets.

- **MSM Option 5: Executive Agent.** Each multi-Service market would be established as an entity of the Military Departments involved and assigned to a particular Military Department Secretary, who would operate the market as an Executive Agent on behalf of the multiple Departments involved. The major facilities could be either multi-Service facilities or “owned” by a single Service. The individual MTFs within the market would become multi-Service staffed facilities (and, as such, the market would remain “multi-Service”). An executive board of major stakeholders could be established to protect equities and promote a multi-Service management perspective. The day-to-day operation of the multi-Service market would be subject to the policy direction of the ASD(HA) as informed by the executive board. The Executive Agent would have budgetary and other authorities to direct single business and clinical processes throughout the market.
- **MSM Option 6: Military Command.** Each multi-Service market would be established as a Joint military command. The market commander would exercise command authority over the military medical treatment facilities within the market. These medical treatment facilities would no longer be Service-run, but would be subordinate Joint commands under the market area command. This is similar to the model currently in place in the National Capital Region.

### NATIONAL CAPITAL REGION (NCR) GOVERNANCE MODELS

Because of the unique nature of the existing model of governance in the National Capital Region, the Task Force separately considered governance models for this region. The six models developed by the Task Force are summarized below.

- **NCR Option 1: As Is – Current Structure Reports to Secretary of Defense/Deputy Secretary of Defense.** The Joint Task Force National Capital Region Medical (JTF CAPMED) would remain in place, reporting to the Secretary of Defense/Deputy Secretary of Defense. The medical treatment facilities currently directed by the JTF CAPMED would operate as subordinate Joint commands with the manning, budgetary, and organizational arrangements directed to-date by the Deputy Secretary.
- **NCR Option 2: JTF CAPMED Reports to a Combatant Commander.** The JTF CAPMED would remain in place, with the characteristics described in the preceding paragraph, but would report to the Commander, U.S. Northern Command (NORTHCOM), or another designated Combatant Command (COCOM) Commander.
- **NCR Option 3: NCR Reports to a Defense Health Agency.** Responsibility for management of the NCR medical market would be transferred to the DHA described in the “Overall MHS Governance Models” section above (provided that such an agency is established), and the NCR medical treatment facilities would operate under the agency’s authority, direction, and control. In general, these medical treatment facilities would operate with the manning, budgetary, and organizational arrangements directed to-date by the Deputy Secretary. If the Defense Health Agency is not adopted for purposes of overall MHS governance, then the NCR market and medical treatment facilities would be transferred to the existing TRICARE Management Activity.

- **NCR Option 4: NCR Reports to an Executive Agent.** The NCR Health System would be established as an entity of the three Military Departments. Day-to-day operational and administrative activities are supported by one of the Military Department Secretaries assigned as the Executive Agent. The Walter Reed National Military Medical Center (WRNMMC) and Fort Belvoir Community Hospital (FBCH) would be multi-Service facilities, not owned by a single Service. An executive board of major stakeholders could be established to protect equities and promote a multi-Service management perspective. The day-to-day operation of the NCR Health System would be subject to the policy direction of the ASD(HA) as informed by the executive board. Multi-Service staffing facilities would be sustained through agreements between the Services. This option would disestablish JTF CAPMED as a joint command but maintain a similar multi-Service management structure.
- **NCR Option 5: NCR Reports to a Single Service.** All medical treatment facilities in the NCR would be assigned to a particular Military Department Secretary, consistent with the MSM “Single Service” option above.
- **NCR Option 6: Enhanced MSM Management.** The Joint Task Force National Capital Region Medical would be disestablished and an NCR Market Management Office would be established with the characteristics described as “Enhanced MSM Management” in the “Multi-Service Market Governance Models” section above. The medical treatment facilities would continue to be staffed by personnel from all three Military Departments. The medical treatment facilities would be operated by the Military Departments that have historically operated them (i.e., Fort Belvoir Community Hospital would be an Army Hospital; Walter Reed National Military Medical Center, a Navy Medical Center).

A more complete description of each of these models, as well as the Task Force’s assessment of their relative strengths and weaknesses is contained in the respective sections to follow: MHS Governance, Multi-Service Market Governance, and National Capital Region Governance.

### TASK FORCE RECOMMENDATIONS

The members of the Task Force reached a consensus on the following general points:

- There is an opportunity to accelerate the adoption and implementation of more efficient, common clinical and business processes through reengineered and more streamlined shared services.
- There is an obligation in the current fiscal environment to more rapidly implement and effectively manage efficiencies than the current organizations are likely to do.
- There is an opportunity to provide a more coherent, cohesive, and effective long-term governance model for the MHS.

The Task Force reached its recommendations on specific governance models for each of the three decision areas – MHS Governance, MSM Governance, and NCR Governance – through a series of discussions and votes among the Task Force members. The voting process is described on page 24 of this report. The model receiving a majority or plurality of the members’ first place

votes constituted the Task Force's recommendations. Where there was a significant difference of views among Task Force members, the minority views are noted.

The Task Force's recommendations on specific governance models are the following:

- **Overall MHS Governance: MHS Option 2 – A Defense Health Agency (DHA) with Medical Treatment Facilities (MTFs) Remaining with the Military Departments**

Establish a Defense Health Agency that would be focused on consolidating and delivering a broader set of shared health services, and implementing common clinical and business processes. MTFs would remain under the respective Military Departments. The Task Force recommends the DHA be designated as a Combat Support Agency for its combat support mission responsibilities, which would include oversight by the Chairman, Joint Chiefs of Staff. This recommendation builds upon the decision by the Secretary of Defense in March 2011 to establish a Military Health System Support Activity and expand the delivery of shared services throughout the MHS.

The majority (five of nine members) of the Task Force favored this option. The minority was split as follows: DHA with MTFs placed under the Agency (two members); Unified Medical Command with Service Components (one member); and Single Service (one member). Results of this vote are depicted in Table 14 on page 46 of this report.

- **Multi-Service Market Governance: MSM Option 3 – Enhanced MSM Management**

Introduce enhanced MSM manager authorities for multi-Service medical markets in the DoD, to include providing budgetary and short-term personnel management authority to the market manager. The majority (seven of nine members) of the Task Force favored this option. The minority was split as follows: single Service (one member); Executive Agent (one member). Results of this vote are depicted in Table 28 on page 58 of this report.

- **National Capital Region Governance: NCR Option 6 – Enhanced MSM Management**

Transition JTF CAPMED to a market management office with enhanced MSM manager authorities, similar to the model that would be applied in all other MSM markets based on the MSM governance recommendation. The medical treatment facilities would continue to be staffed by personnel from all three Military Departments, and common clinical and business processes would be maintained. The medical treatment facilities would be operated by the Military Departments that have historically operated them (i.e., Fort Belvoir Community Hospital would be an Army Hospital; Walter Reed National Military Medical Center would be a Navy Medical Center).

The majority (five of nine members) of the Task Force favored this option. The minority was split as follows: NCR MTFs report to DHA (two members); NCR MTFs report to an Executive Agent (one member); and JTF CAPMED "As Is" Current Structure reports to Secretary of Defense/Deputy Secretary of Defense (one member). Results of this vote are depicted in Table 42 on page 70 of this report.

If these recommendations are adopted, the Task Force believes that implementation actions could begin during Fiscal Year (FY)12 with full implementation by the end of FY13 (although the Army expressed concern that this timetable is overly aggressive). A brief implementation plan for these recommendations is contained in the conclusion of this report. The Task Force recommends the immediate establishment of an implementation team, led by a senior OSD official, that would further delineate the specific milestones, concepts of operations, and detailed execution plans. The Task Force further recommends that the proposed MHS governance model be permitted sufficient time, following implementation, to be fully evaluated in its ability to achieve expected outcomes in terms of clear and measurable criteria for performance improvement, agility, and efficiency.

The Task Force members express their gratitude for the opportunity to serve in this vital capacity. The MHS is a unique and indispensable asset in the country's overall national security strategy. The performance of the MHS, especially over the last 10 years of war, has been historic and its operations exemplified by increasing joint activity and interoperability. We believe that the options and recommendations put forward in this report provide a pathway to a stronger and enduring governance model for the system, while maintaining the incredible performance of a military health system whose primary mission is to prepare for and go to war.

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## Purpose of Study

On June 14, 2011, the Deputy Secretary of Defense established a Task Force, consisting of representatives from the Military Departments, the Joint Staff, and the Office of the Secretary of Defense (OSD), to conduct a review of the current governance of the Military Health System (MHS). The Task Force was directed to evaluate options for the long-term governance of the MHS as a whole and the governance of multi-Service markets (MSMs), to include the National Capital Region (NCR), and, within 90 days, to provide a report with an assessment of the relative strengths and weaknesses and recommendations among the options evaluated.

In his memorandum establishing the Task Force, the Deputy Secretary noted that the pending conclusion of the consolidation of military medical facilities in the National Capital Region in fulfillment of the Base Realignment and Closure (BRAC) statutory obligation afforded the Department of Defense (DoD) a timely opportunity to consider both the NCR governance and larger MHS governance issues.

In addition, the Deputy Secretary of Defense stated that the consideration of these issues should be informed by the “long-term fiscal challenges the nation faces” and the need to “ensure the MHS is organized in a way that curtails expenses and achieves savings to the greatest extent possible in meeting its deeply important mission.”

Included with the tasking memorandum were the Terms of Reference that identified the Task Force’s objectives and scope, methodology (to include minimum inclusive criteria), the membership, and final deliverables. The memorandum and Terms of Reference are provided as Appendix 1 to this report.

## Task Force and Deliverables

### Group Composition

The Deputy Secretary of Defense named Dr. Peach Taylor (Deputy Assistant Secretary of Defense (Health Affairs) for Force Health Protection and Readiness) and Major General (Dr.) Doug Robb, Joint Staff Surgeon, to serve as co-chairs of the Task Force. Other members of the review group were directed to consist of one representative at the 1- or 2-Star general or flag officer or comparable Senior Executive Service level designated by the Secretaries of the Military Departments, the Chairman of the Joint Chiefs of Staff, the Under Secretary of Defense (Comptroller), the Under Secretary of Defense for Personnel and Readiness, and the Director, Cost Assessment and Program Evaluation. A representative from the Marine Corps was subsequently added to the Department of the Navy delegation.

The Task Force membership is listed in Table 1.

**TASK FORCE ON MILITARY HEALTH SYSTEM GOVERNANCE**

<b>Name</b>	<b>Organization</b>	<b>Position</b>	<b>Alternate</b>
<b>Dr. Peach Taylor</b>	Co-Chair	Deputy Assistant Secretary of Defense (Force Health Protection and Readiness)	Mr. Allen Middleton
<b>Maj Gen (Dr.) Doug Robb</b>	Co-Chair	Joint Staff Surgeon	COL James Rice
<b>BGen W. Mark Faulkner</b>	Office of the Chairman of the Joint Chiefs of Staff	Vice Director for Logistics (J-4)	COL James Rice
<b>Mr. Charles Milam</b>	OUSD/ Personnel and Readiness	Principal Director, Military Community and Family Policy	Ms. Carolee Van Horn
<b>Ms. Anne McAndrew</b>	OUSD/Comptroller	Director, Military Personnel and Construction Directorate	Mr. Kevin Lannon
<b>Dr. Jerry Pannullo</b>	Director/Cost Assessment and Program Evaluation (CAPE)	Director, Economic and Manpower Analysis Division	Mr. Michael Strobl Dr. Garrett Summers
<b>BG (Dr.) Tom Thomas</b>	Secretary of the Army	Assistant Surgeon General	Mr. Rich Beauchemin
<b>RADM Karen Flaherty</b>	Secretary of the Navy	Deputy Surgeon General	Mr. Jerry LaCamera
<b>BGen Robert Hedelund</b>	Marine Corps	Director, Marine and Family Programs	Ms. Kerry Lewis
<b>Maj Gen (Dr.) Tom Travis</b>	Secretary of the Air Force	Deputy Surgeon General	Brig Gen Michael Miller
<b>Task Force Advisors</b>			
<b>Mr. Jonathan Lee</b>	Office of the Deputy Secretary of Defense	Special Assistant to the Deputy Secretary of Defense	None
<b>Mr. John Casciotti</b>	Office of General Counsel	Associate Deputy General Counsel (Health Affairs)	None
<b>Ms. Bethany Bassett</b>	OASD/Legislative Affairs	Team Chief for Personnel and Readiness	LTC AnnMarie Amaral
<b>Ms Jennifer Cole</b>	Office of Director, Administration and Management	Organization and Management Planning	Mr. Tedd Ogren

**Table 1. Members, Alternates, and Advisors of the DoD Task Force on MHS Governance**

### Deliverables

The Task Force was directed to include an evaluation of at least the following four models for MHS governance, where primary authority would be vested in:

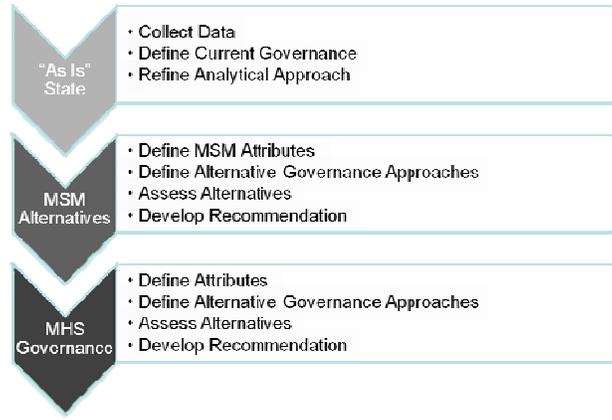
1. A Defense Agency/DoD Field Activity
2. A Unified Military Command
3. One or more Military Department Secretaries
4. A hybrid model incorporating features of the other three options

The Task Force also developed and evaluated options for the governance of MSMs, as well as options for the governance of the National Capital Region military health system in particular. Each model was to be evaluated based on criteria specified in the Terms of Reference, as well as any other criteria the Task Force determined appropriate. The Terms of Reference included a template for the Task Force to use to describe each option. This template included:

- The entity or entities having authority, direction, and control of the MHS as a whole;
- The head of this entity and reporting chain to the Secretary of Defense;
- The management, including supervisory chain(s), of individual medical treatment facilities (MTFs);
- The management, including supervisory chain(s) of multi-Service medical markets;
- The authority, direction, and control for mission and administrative support matters over MHS personnel among OSD, the Military Departments, and/or joint entities;
- The budgetary authority among OSD, the Military Departments, and/or joint entities;
- The policy making authority among OSD, the Services, and/or joint entities;
- The management of purchased care and other functions currently performed by the TRICARE Management Activity;
- The management of support services such as information technologies and systems, medical logistics, business functions, medical construction and facility operations, research and development, education and training, and other related functions; and
- The roles of the Assistant Secretary of Defense for Health Affairs, Military Department Secretaries, Service Chiefs, Surgeons General, and any other senior leaders in the MHS options considered.

## Approach

In order to effectively analyze options and provide a recommendation for governance models for the overall MHS, MSMs, and the NCR, the Task Force utilized a three-tiered approach outlined in Figure 1.



**Figure 1. Approach for Analyzing Governance Model Options**

By focusing initially on collecting data and defining the “As-Is” state of the MHS, the Task Force was informed on the current environment and complexities of the MHS. This in-depth overview set the stage for the analysis of the MSM and NCR governance options.

Following the MHS review, the Task Force identified and analyzed the current MSMs located in the United States and overseas. The Task Force reviewed the existing MSM manager authorities and the processes (e.g., DoD policies, local memorandums of agreement / memorandums of understanding (MOAs/MOUs)) by which they execute their missions. This review was informed by presentations from MSM leaders, including representatives from San Antonio, the Tidewater area, and the Kaiserslautern Military Community. Additionally, the Commander, Joint Task Force National Capital Region Medical (JTF CAPMED), presented information to the Task Force on both his command and MSM responsibilities.

Finally, the Task Force analyzed various MHS and MSM governance options. Because of some unique impacts of the NCR market and its existing governance structures, NCR governance options were separately developed and considered. In accordance with the Terms of Reference, the Task Force assessed the strengths and weaknesses of each option. The Task Force expanded the Terms of Reference criteria to guide the evaluation of each governance option. The Task Force then, through a series of deliberations and votes, developed recommendations for the governance structure for each of the three areas: overall MHS governance, MSM governance, and NCR governance.

### Criteria for Evaluation

The Task Force added two additional evaluation criteria to those in the Terms of Reference to allow for a more comprehensive analysis of the various options. The Task Force developed a weighting scheme to reflect the relative importance of the criteria, and used these weighted criteria to guide the evaluation of the MHS, MSM, and NCR governance options. The final seven criteria used by the Task Force are provided Table 2.

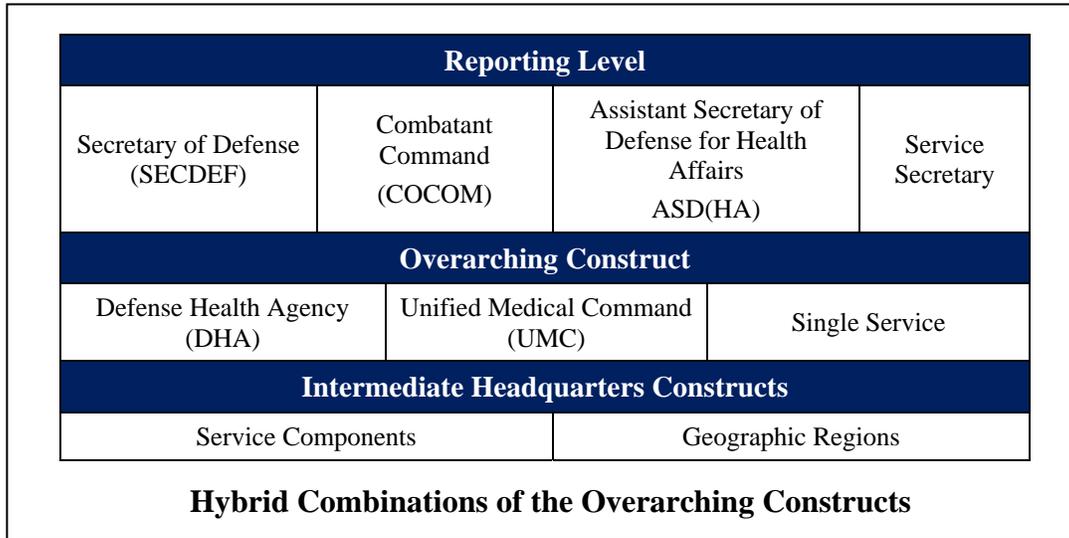
Criteria	Weighting
<b>1*</b> <b>Sustain a medically ready Active Duty (AD)/Reserve Component (RC) through high quality integrated health care.</b> The alternative should maintain or enhance the ability to provide medically ready warfighters.	<b>25%</b>
<b>2*</b> <b>Maintain a trained and ready deployable medical force.</b> The alternative should sustain the training necessary to meet all clinical and other requirements needed to provide a fully trained and current deployable medical force.	<b>23%</b>
<b>3*</b> <b>Provide high quality, integrated health care to non-AD/RC beneficiaries.</b> The alternative should maintain or enhance the ability of the system to sustain the current high quality of health care that it provides at the current levels of integration between the Services as well as the private sector.	<b>21%</b>
<b>4*</b> <b>Achieve significant cost savings through reduction in duplication and variation.</b> The alternative should result in a reduction of the system operating costs.	<b>17%</b>
<b>5</b> <b>Provide dispute resolution process and clear decision authority with clear accountability.</b> The alternative should provide clear decision authority and dispute resolution at the lowest appropriate level, including clear lines of accountability.	<b>6%</b>
<b>6</b> <b>Ease of implementation.</b> The alternative should be implementable taking into account Title 10 equities, short term costs and long-term savings, and decisions required inside and outside of the DoD.	<b>5%</b>
<b>7*</b> <b>Enhance interoperability.</b> The alternative should facilitate interoperability among the Services.	<b>3%</b>

**Table 2. Criteria for Evaluating MHS, MSM, and NCR Governance Options**

(\*) Indicates criteria already outlined in the Terms of Reference

**Development and Selection of Options**

The Task Force developed and evaluated a series of options for MHS Governance using a detailed investigation of organizational alternatives as shown in Figure 2. The Task Force evaluated various combinations of the building blocks resulting in the development of a set of alternatives for further consideration.



**Figure 2. Building Blocks Used for Development of MHS Governance Alternatives**

The Task Force narrowed the multiple options by applying the seven evaluation criteria in a series of votes. Each option was evaluated on a 1-5 scale with the higher number (5) indicating “strongest” application of the criteria and the lowest number (1) reflecting the “weakest.” Each vote was normalized through the identification of the “As Is” option as all “3s” to which all of the other alternatives in the vote were compared. As an example, Figure 3 depicts one of the voting sheets the Task Force used to evaluate one of the organizational options.

**TASK FORCE ON MILITARY HEALTH SYSTEM GOVERNANCE**

CRITERIA	WT	SCORING	As Is	DHA 2/ Hybrid 1	UMC 2	DHA 1/ Hybrid 2	SS Option 2
<b>1. Medically Ready AD/RC through high quality integrated health care</b> The alternative should maintain or enhance the ability to provide medically ready warfighters.	25%	1 = Weakest 2 = Weaker 3 = Neutral 4 = Stronger 5 = Strongest	3				
<b>2. Maintain training &amp; ready deployable medical force</b> The alternative should sustain the training necessary to meet all clinical and other requirements needed to provide a fully trained/current deployable medical force	23%	1 = Weakest 2 = Weaker 3 = Neutral 4 = Stronger 5 = Strongest	3				
<b>3. Provide high quality, integrated healthcare to non-AD/RC beneficiaries</b> The alternative should maintain or enhance the ability of the system to sustain the current high quality of healthcare that it provides at the current levels of integration between services as well as private sector.	21%	1 = Weakest 2 = Weaker 3 = Neutral 4 = Stronger 5 = Strongest	3				
<b>4. Achieve significant cost savings through reduction in duplication and variation</b> Alternative should result in a reduction of the system operating costs.	17%	1 = Weakest 2 = Weaker 3 = Neutral 4 = Stronger 5 = Strongest	3				
<b>5. Dispute resolution and clear decision authority with clear accountability</b> Alternative should provide clear decision authority and dispute resolution at the lowest appropriate level, including clear lines of accountability.	6%	1 = Weakest 2 = Weaker 3 = Neutral 4 = Stronger 5 = Strongest	3				
<b>6. Ease of implementation</b> Alternative should be implementable taking in to account Title 10 equities; short term costs, long term savings; and decisions required inside/outside of the DoD.	5%	1 = Weakest 2 = Weaker 3 = Neutral 4 = Stronger 5 = Strongest	3				
<b>7. Enhance interoperability</b> Alternative should facilitate interoperability among Services.	3%	1 = Weakest 2 = Weaker 3 = Neutral 4 = Stronger 5 = Strongest	3				

**Figure 3. Sample Voting Sheet for Assessing Organizational Models**

Analysis of the voting results indicated that some voters, rather than arraying the alternatives from weakest to strongest, tended to score their preferred choice as strongest (“5”) and all other alternatives as weakest (“1”). This was particularly evident in the later voting that determined the final options for the MHS, MSM, and NCR governance constructs. In those cases, the votes were both scored and ranked for each voting member.

### Estimate of Staffing Requirements

In support of the Terms of Reference criteria to evaluate options based on the potential to achieve significant cost savings through reduction in duplication and variation, the Task Force collected data on the organizational structure and staffing levels (military, civilian, and contractor) of the existing headquarters, intermediate command, and field activities of Health Affairs (HA), TRICARE Management Activity (TMA), the offices of the Surgeons General, and the JTF CAPMED. The purpose was to develop a baseline of existing headquarters staffing and to provide an initial analysis of whether the options under consideration offered greater or lesser efficiencies in overall headquarters staffing.

Our analysis was based on, and extended parts of, a similar analytical model performed by the Center of Naval Analyses in support of the 2006 MHS Governance work group. The Task Force recognized the highly preliminary nature of the data presented here. The 90-day review period did not allow for a more rigorous approach, but rather a “rough order of magnitude” estimate of staffing increases or reductions based on the organizational construct being considered. The preliminary findings suggested that the Defense Health Agency with medical treatment facilities, Defense Health Agency without medical treatment facilities, and single-Service models would achieve a similar savings in Full Time Equivalents (FTEs) while the Unified Medical Command shows a growth in FTEs required.

A high-level description of the initial baseline estimates is provided in Appendix 5 to this report. Nonetheless, it is the consensus of the Task Force that a more comprehensive analysis should be undertaken by those responsible for implementing recommendations put forward by this Task Force and accepted by the Deputy Secretary of Defense.

## **MHS Governance Background**

Since the Department of Defense was first established in 1947, the issue of MHS governance has been the subject of multiple studies, internal and external Task Forces, and recommendations from Congress, Defense Boards, and independent think tanks. The historical record shows that more than 15 studies have been performed. Table 3 below summarizes the key studies performed over the last 30 years that informed the Task Force’s deliberations.

<b>Year</b>	<b>Study</b>	<b>Requester</b>	<b>Author</b>	<b>Recommendation</b>	<b>Outcomes</b>
2006	Unified Medical Command Working Group	Deputy Secretary of Defense	Internal Working Group	Unified Medical Command (UMC)	Deputy Secretary of Defense Memo (Nov 2006) directed further consolidation, but not UMC
2006	Defense Business Board	Deputy Secretary of Defense	External Board	Unified Medical Command	
2003	RAND Report	Under Secretary of Defense for Personnel and Readiness (USD P&R)	The RAND Corporation	Modify current structure to unify health plan management	Establishment of multi-Service market responsibilities and authorities.
2000	Defense Medical Oversight Committee (DMOC)	Chairman, DMOC	Internal Team with KPMG LLP	Unified Medical Command	Not implemented
1991	DoD Organization of DoD Medical Care	Deputy Secretary of Defense	Office of the Secretary of Defense, Director of Administration and Management (OSD DA&M)	Single leader (did not specify UMC or a Defense Health Agency)	Establishment of Defense Health Program (DHP)
1983	Defense Health Agency Feasibility Study	Senate Armed Services Committee	SRA International, Inc.	Defense Health Agency	None

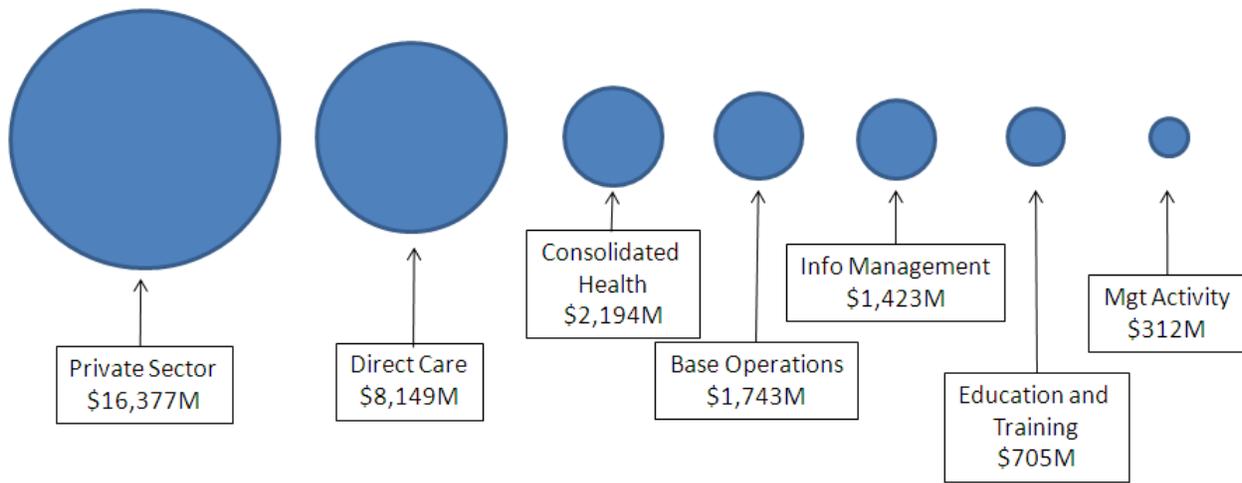
**Table 3. Summary of MHS Governance Studies, 1983-Present**

Although many of the various task forces and study groups recommended major organizational realignments, the Department of Defense did not implement these overarching recommendations. Instead, the Department implemented a number of important policy and program changes that have incrementally increased the interoperability and jointness of both combat and peacetime health care delivery.

Another critical factor that led to these studies and many programmatic changes in the Department was the many efforts to control the increase in health care costs. In particular, over the last 10 years, the Department has experienced significant growth in health care costs –

increases driven principally by four factors: (1) new and expanded health care benefits, particularly TRICARE For Life, which offered new benefits for Medicare-eligible military retirees and retired family members; (2) an increased number of overall military beneficiaries, as military end-strengths were increased for combat operations; (3) increases in the utilization of services on a per capita basis, particularly behavioral health, orthopedic and emergency room services; and (4) general health care inflation consistent with the rest of American society as new technology, financial incentives, and an aging population all serve as inflationary influences.

The focus on governance, in this respect, is to create a system that is both more efficient in terms of headquarter size, but more importantly, that is more agile, has greater unity of effort, and can rapidly and comprehensively implement cost-effective approaches to health care delivery. Figure 4 highlights the relative budget size of the headquarters function as compared to other major components of the Defense Health Program (DHP).



**Figure 4. Relative Size of Defense Health Program (DHP) Budget Activity Groups**

The Task Force role was to develop effective governance constructs for the MHS, MSM, and NCR that can influence and shape a more cost-effective and efficient delivery of direct and purchased health care.

## Current Structure of MHS Governance

The Task Force reviewed the current structure and state of the MHS to lay a foundation for comparing options. The organization and governance structure of the MHS is depicted in Figure 5 (the current governance of multi-Service markets and of the National Capital Region is discussed separately in the sections below).

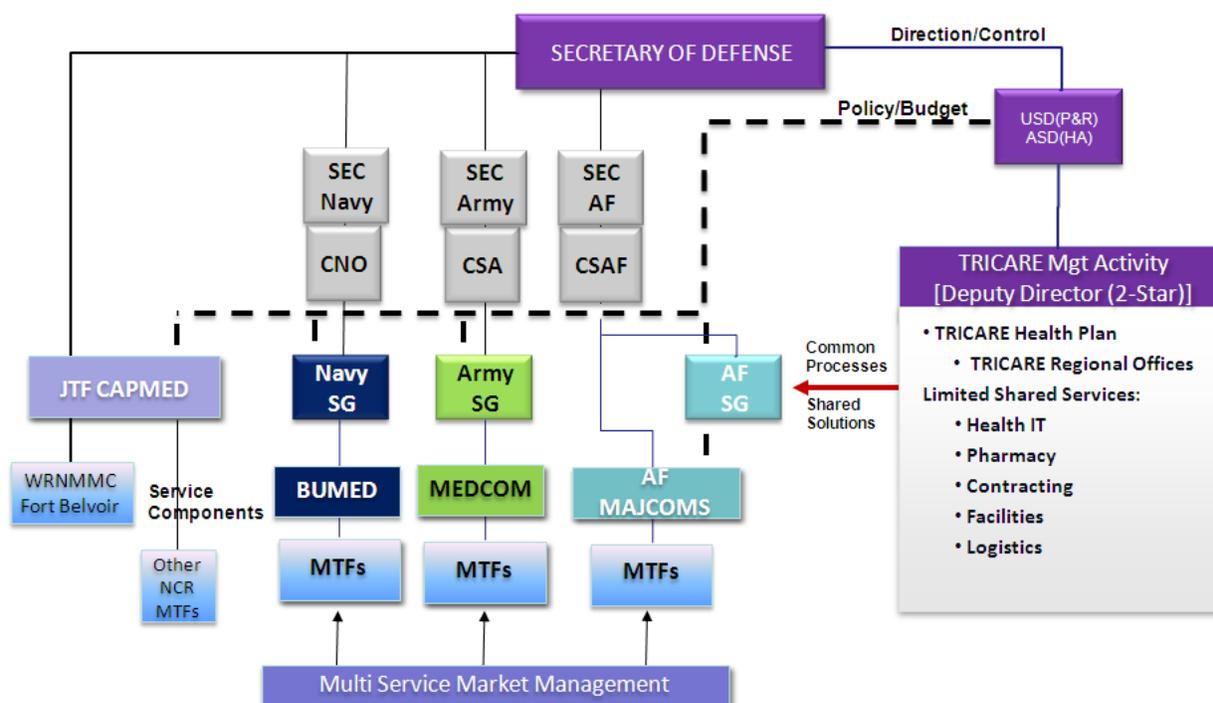


Figure 5. Current Structure of MHS Governance

The Assistant Secretary of Defense for Health Affairs (ASD(HA)) reports to the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) and serves as the senior medical advisor to the Secretary of Defense. The ASD(HA) is provided with considerable authorities that are unique within the Department.

According to DoD Directive 5136.01, “Assistant Secretary of Defense for Health Affairs,” subject to the authority, direction, and control of the USD(P&R), the ASD(HA): “shall exercise authority, direction and control over DoD medical and dental personnel authorizations and policy, facilities, programs, funding, and other resources in the Department of Defense.” The DoD Directive clarifies this authority to state that the ASD(HA) “may not direct a change in the structure of the chain of command within a Military Department or with respect to medical personnel assigned to that command.” The ASD(HA) is responsible for creating and submitting a unified medical budget. As a major part of this requirement, the Defense Health Program (DHP) is a separate appropriation in the Defense budget, with the ASD(HA) responsible for allocating funds to the Military Departments for their respective medical systems, as well as to the TRICARE Management Activity (TMA). In addition to these authorities, the ASD(HA) is currently dual-hatted as the Director, TMA.

The Secretaries of the Military Departments establish their own organizational and reporting chains for their respective health systems. Other than the National Capital Region, the Military

Departments each manage their own medical treatment facilities, the commanders of which report through their respective chains to the Military Department Secretary. The Army and Navy have vested their Surgeons General with command authorities through intermediate headquarters over the MTF commanders. The Surgeon General of the Air Force serves as the senior medical advisor to the Chief of Staff and Secretary of the Air Force; MTF commanders do not report to the Air Force Surgeon General, but rather directly to their local line commanders.

Each of the Military Departments assigns their medical personnel to Table of Organization and Equipment (TOE) or Table of Distribution and Allowance (TDA) requirements/authorizations documents. The TOE documents prescribe the wartime mission, organizational structure, and personnel and equipment requirements for a military unit. The TDA documents prescribe the organizational structure and personnel and equipment requirements of a military unit for which there is no TOE. The Army has traditionally placed a much higher number of their personnel in TOE (wartime) organizational structures, even in stateside locations, while the Navy and Air Force placed fewer of their stateside active duty forces into TOE organizations. Instead, upon deployment, the TDA forces are assigned to TOE units. The distinction between TOE and TDA forces becomes important in the governance discussion as the assignment of both TOE and TDA forces creates differing command relationships, particularly in medical treatment facilities, as the TOE forces are almost always assigned and led through Service-specific chains of command. TOE forces may be “embedded” within a TDA unit, but their reporting structures don't follow the TDA chain of command.

In 2003, following the consolidation of TRICARE Regions and the award of new TRICARE contracts, the Under Secretary of Defense for Personnel and Readiness issued a policy memorandum on TRICARE governance (see Appendix 2). This memorandum identified 11 multi-Service markets (MSMs) in the United States (it did not address MSMs in overseas locations); identified the single senior market manager in these MSMs; stipulated the process and appeal route for resolving disputes within the Services; and outlined the business planning process in these markets. The current governance of multi-Service markets is discussed further in the section titled “Multi-Service Market Governance” later in the report.

In 2007, an additional medical organizational structure and new reporting chain was established with the creation of the Joint Task Force National Capital Region Medical (JTF CAPMED) to manage the delivery of health services in the NCR market and to oversee the execution of the BRAC-directed transitions (see Appendix 3). The command includes the two post-BRAC inpatient medical facilities in the NCR, the Walter Reed National Military Medical Center (WRNMMC), and Fort Belvoir Community Hospital (FBCH), as well as several other clinics in the region. The two inpatient medical facilities are Joint Commands assigned to the JTF, with the JTF Commander reporting to the Secretary of Defense through the Deputy Secretary of Defense, a unique reporting relationship within the MHS. The current governance of the National Capital Region is discussed further in the National Capital Region Governance section of the report.

The ASD(HA) closely coordinates policy and programming decisions with the Military Departments and the Commander, JTF CAPMED, through a structured policy review and decision-making process.

In March 2011, the Secretary of Defense, as part of a Department-wide organizational efficiency review, directed the ASD(HA) to rename and reorganize the TRICARE Management Activity to become the MHS Support Activity. This re-organization was intended to separate and formalize

the TMA functional responsibilities that extend well beyond TRICARE Health Plan activities and drive greater efficiency in the delivery of shared services in the MHS. The pertinent sections of this memorandum are provided as Appendix 4. The specific actions to implement this reorganization have not yet been executed, pending decisions on the broader governance issues being considered by the Task Force.

It is important to note that the Task Force agrees that a great opportunity exists to accelerate the process for a shared services model across a range of common MHS activities. These activities include, but are not limited to: medical education and training, medical logistics, facility planning and construction, health information technology, medical research and development, public health, acquisition, and other common clinical and business processes. A more detailed evaluation and plan for delivering shared services is recommended.

### **Options for Future MHS Governance**

The Task Force considered multiple variations of organizational models for overall governance of the MHS. A detailed description of each organizational variation is provided in Volume II, Appendix 1, to be delivered at a later date. After evaluating all of these models, the Task Force selected the following five MHS governance options to develop for further consideration. These options are described in detail below, to include reporting chains, responsibilities, and authorities as required by the Terms of Reference.

#### **MHS Option 1: As Is - Current Structure**

The current functions, responsibilities, and reporting relationships of the Military Departments and the TRICARE Management Activity (TMA) would be maintained as described below. Modification to reporting relationships in multi-Service markets and in the National Capital Region is possible. Specifically, the direct care system of 56 hospitals, 363 medical clinics, and 282 dental clinics would continue to be operated by the three Military Departments; TMA would manage the TRICARE health plan and lead collaborative efforts on selected shared support services; the Assistant Secretary of Defense for Health Affairs (ASD(HA)) would retain MHS-wide policy and budgetary authority.

## TASK FORCE ON MILITARY HEALTH SYSTEM GOVERNANCE

### Elements and Authorities of MHS Option 1: As Is - Current Structure

Item	TOR Elements	Outcome
1	Entity having authority, direction, and control of MHS as a whole.	The ASD(HA) would be responsible for all authority, direction, and control of policy and resources of the MHS as a whole, consistent with DoD Directive 5036.01.
2	Head of entity or entities, and the reporting chain to the Secretary of Defense.	Military Department reporting chains would remain as they currently exist with Service Surgeons General reporting to their Service Chiefs who would report to their Military Department Secretaries who would report to the Secretary of Defense.
3	Management and supervisory chains of MTFs.	MTF commanders would report through their established Military Department chains of command.
4	Management and supervisory chains of multi-Service markets.	Based on the selection for MSM governance (see Section, “Multi-Service Market Governance” further in this report).
5	The authority, direction, and control for mission/administrative support matters over MHS personnel among OSD, the Military Departments, and/or joint entities	The authority, direction, and control over MHS personnel would reside within the Military Departments.
6	The budgetary authority for the Defense Health Program (DHP) among OSD, the Military Departments and/or joint entities.	The DHP would be sustained, and authority over the DHP would reside with the ASD(HA).
7	The policymaking authority among OSD, the Services, and/or joint entities.	The ASD(HA) would execute policy.
8	Management of purchased care and other functions currently performed by the TRICARE Management Activity.	The Director, TMA (currently dual-hatted by the ASD(HA)) would manage purchased care and other TMA functions.
9	Management of information technologies and systems, medical logistics, business functions, medical construction and facility operations, management support functions, readiness planning, medical research, education and training, and other shared services, related functions.	Shared services activities, including but not limited to, this listing would be delivered through a collaborative process between the ASD(HA) and the Military Departments.
10	Roles of Assistant Secretary of Defense for Health Affairs, Military Department Secretaries, Service Chiefs, Military Department Surgeons General, a Joint Commander (if any), a Defense Agency or Field Activity Director (if any), and any other senior leaders in the MHS option being considered.	<p>The ASD(HA) would continue the responsibilities outlined in DoD Directive 5136.01, “Assistant Secretary of Defense for Health Affairs,” and as Director, TRICARE Management Activity.</p> <p>The Military Departments would continue to be responsible for management and oversight of their military medical personnel, medical readiness programs, and health care delivery within their respective medical treatment facilities. The Military Department Secretaries would be responsible for assigning duties to their respective Surgeons General and organizing their medical forces.</p>
11	Effect on the Guard and Reserve forces.	No effect would be anticipated on the Guard and Reserve forces, and they would remain aligned with their respective Service.

**Table 4. Elements and Authorities of MHS Option 1: As Is - Current Structure**

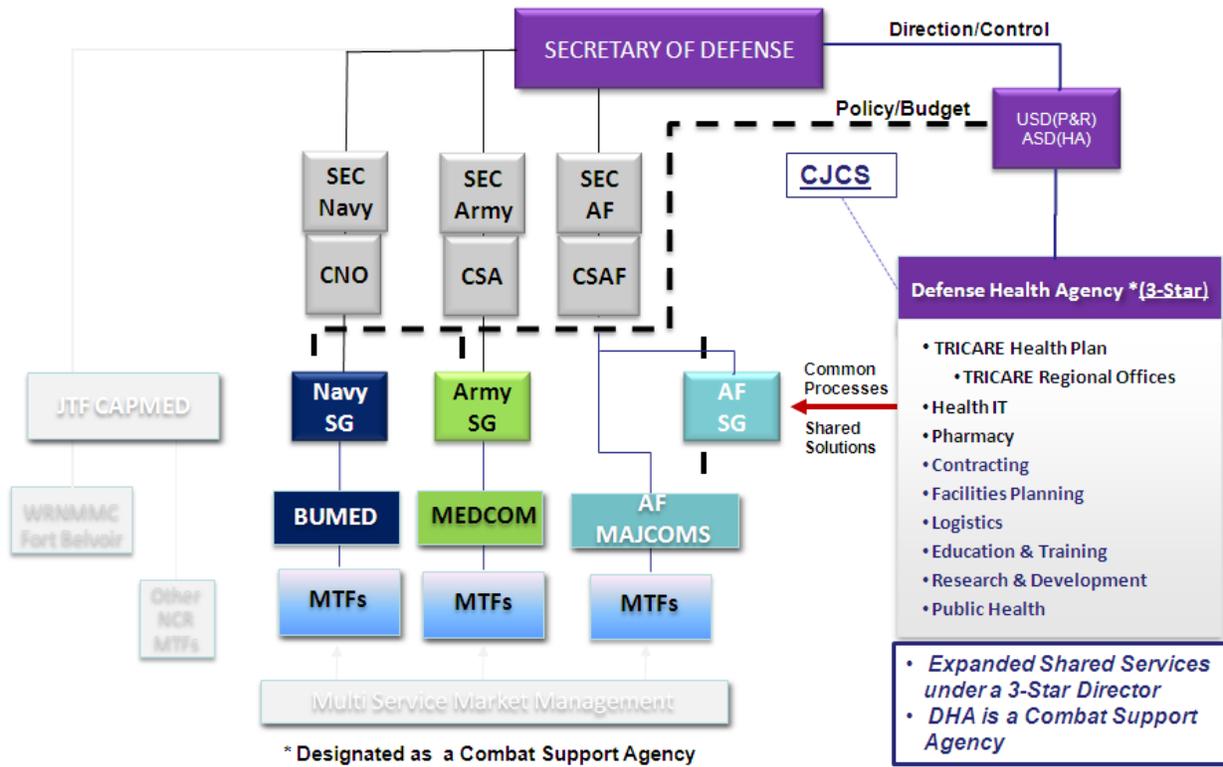
**Strengths, Weaknesses, and Barriers of MHS Option 1: As Is - Current Structure**

<b>Strengths of As Is - Current Structure</b>	
<ul style="list-style-type: none"> <li>• <b>Ease of Implementation:</b> This organizational construct remains as it is, without any organizational upheaval.</li> </ul>	
<b>Weaknesses of As Is - Current Structure</b>	
<ul style="list-style-type: none"> <li>• <b>Lines of Authority:</b> Does not establish undivided MHS authority, direction, and control over entire system.</li> <li>• <b>Enhance Interoperability:</b> This option fails to take advantage of consensus opportunities to more rapidly implement common clinical and business processes across the system.</li> <li>• <b>Achieve Significant Cost Savings through Reduction in Duplication and Variation:</b> Fails to introduce a broader set of shared services that can be delivered more efficiently to the end customer.</li> </ul>	
<b>Barriers to As Is - Current Structure</b>	<b>Mitigation Strategies for As Is - Current Structure</b>
<ul style="list-style-type: none"> <li>• There are no barriers to implementation</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>

**Table 5. Strengths, Weaknesses, and Barriers of MHS Option 1: As Is - Current Structure**

**MHS Option 2: A Defense Health Agency (DHA) with Medical Treatment Facilities (MTFs) Remaining in the Military Departments**

A Defense Health Agency would be established (replacing TMA) and would be focused on consolidating and delivering a far broader set of shared health care support services. MHS-wide shared services activities include, but are not limited to: the TRICARE health plan; pharmacy programs; medical education and training; medical logistics; facility planning; health information technology; medical research and development; health information technology; facility planning; public health; acquisition; and other common clinical and business processes. The Task Force recommends the DHA be led by an 3-Star general or flag officer who reports to the Assistant Secretary of Defense (Health Affairs) and that the DHA be designated a Combat Support Agency to fulfill support functions for joint operating forces across the range of military operations, and in support of combatant commanders executing military operations. The Chairman of the Joint Chiefs of Staff oversees the planning and execution of each CSA’s combat support missions and, among other responsibilities, provides military advice and planning guidance to the CSAs and the combatant commanders in the preparation of their operational plans.



**Figure 6. MHS Option 2: Defense Health Agency (DHA) with Medical Treatment Facilities (MTFs) Remaining in the Military Departments**

The Military Departments would retain ownership and oversight of their respective medical treatment facilities (MTFs). The specific authorities, responsibilities, and reporting relationships of the DHA are provided below in Table 6.

**TASK FORCE ON MILITARY HEALTH SYSTEM GOVERNANCE**

**Elements and Authorities of MHS Option 2: A Defense Health Agency with Medical Treatment Facilities (MTFs) in Military Departments**

Item	TOR Elements	Outcome
<b>1</b>	Entity having authority, direction, and control of MHS as a whole.	The ASD(HA) would be responsible for all authority, direction, and control of policy and resources of the MHS as a whole, consistent with DoD Directive 5036.01.
<b>2</b>	Head of entity or entities, and the reporting chain to the Secretary of Defense.	Component reporting chains would remain as they currently exist with Service Surgeons General reporting to their Service Chiefs who would report to their Military Department Secretaries who would report to the Secretary of Defense. The Director, Defense Health Agency (DHA), would report to the ASD(HA) who would report to the USD (P&R) who would report to the Secretary of Defense.
<b>3</b>	Management and supervisory chains of MTFs.	MTF commanders would report through their established Military Department chain of command.
<b>4</b>	Management and supervisory chains of multi-Service markets.	Based on the option selected for MSM governance (see Section, “Multi-Service Market Governance” further in this report).
<b>5</b>	The authority, direction, and control for mission and administrative support matters over MHS personnel among OSD, the Military Departments, and/or joint entities.	The authority, direction, and control over MHS personnel would reside within the Military Departments, except for those assigned directly to the DHA.
<b>6</b>	The budgetary authority for the Defense Health Program (DHP) among OSD, the Military Departments and/or joint entities.	The DHP would be sustained, and authority over the DHP would reside with the ASD(HA). The Service Surgeons General and the DHA would develop their own DHP inputs to ASD(HA).
<b>7</b>	The policymaking authority among OSD, the Services, and/or joint entities.	The ASD(HA) would execute policy through the Director, DHA.
<b>8</b>	Management of purchased care and other functions currently performed by the TRICARE Management Activity.	The Director, DHA, would assume control of TRICARE contracts and all other TMA functions, with the exception of select financial management activities which would migrate to the OASD(HA).
<b>9</b>	Management of information technologies and systems, medical logistics, business functions, medical construction and facility operations, management support functions, readiness planning, medical research, education and training, and other shared services and related functions.	All shared services activities, including but not limited to, this listing would be delivered under the authority, direction and control of the Director, DHA.
<b>10</b>	Roles of Assistant Secretary of Defense for Health Affairs, Military Department Secretaries, Service Chiefs, Military Department Surgeons General, a Joint Commander (if any), a Defense Agency or Field Activity Director (if any), and any other senior leaders in the MHS option being considered.	The ASD(HA) would retain most responsibilities outlined in DoD Directive 5136.01, “Assistant Secretary of Defense for Health Affairs,” and would supervise the Director, DHA.  The Military Departments would continue to be responsible for management and oversight of their military medical personnel, medical readiness programs, and health care delivery within their respective medical treatment facilities. The Military Department Secretaries would be responsible for assigning duties to their respective Surgeons General and organizing their medical forces.  The Director, DHA, would assume all responsibilities currently

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Item	TOR Elements	Outcome
		outlined in DoD Directive 5136.12 “TRICARE Management Activity”, and would have the authority to issue program guidance regarding medical research and development, health information technology, military medical logistics, military medical construction, medical education and training, and all other responsibilities as provided by the Secretary of Defense.
<b>11</b>	Effect on the Guard and Reserve forces.	No effect is anticipated on the Guard and Reserve forces, and they would remain aligned with their respective Service.

**Table 6. Elements and Authorities of MHS Option 2: Defense Health Agency with Medical Treatment Facilities (MTFs) in Military Departments**

**Strengths, Weaknesses, and Barriers of MHS Option 2: Defense Health Agency with Medical Treatment Facilities (MTFs) in Military Departments**

Strengths of a Defense Health Agency with MTFs in Military Departments	
<ul style="list-style-type: none"> <li>• <b><u>Achieve Significant Cost Savings through Reduction in Duplication and Variation:</u></b> The DHA would be focused on the most common theme emphasized by the Task Force - implementation of an organizational model that would accelerate implementation of shared services, identify and proliferate common clinical and business practices, and consider entirely new approaches to delivering shared activities. A single clinical and business system would allow for significant savings.</li> <li>• <b><u>Ease of Implementation:</u></b> This organizational construct would retain those elements of the existing MHS governance structure that do not require major organizational upheaval (as would any Unified Medical Command model or more comprehensive DHA option). Would place a general or flag officer, of any medical corps, as the director, creating a fourth military-led entity of the MHS.</li> <li>• <b><u>Readiness Mission:</u></b> The establishment of the DHA as a Combat Support Agency would provide a means for line oversight of the MHS and DHA activities through the Chairman, Joint Chiefs of Staff – ensuring readiness missions and line priorities would remain paramount.</li> <li>• <b><u>Other:</u></b> This organizational option, while building upon existing structures, also would have the advantage of serving as a potential platform for assessment of future governance constructs.</li> </ul>	
Weaknesses of a Defense Health Agency with MTFs in Military Departments	
<ul style="list-style-type: none"> <li>• <b><u>Lines of Authority:</u></b> Would not establish undivided MHS authority, direction, and control over the entire system, and would add complexity to the coordination of deployments between Services and the DHA.</li> </ul>	
Barriers to a Defense Health Agency with MTFs in Military Departments	Mitigation Strategies for a Defense Health Agency with MTFs in Military Departments
<ul style="list-style-type: none"> <li>• <b><u>Other:</u></b> Would require an approach for Health Affairs to oversee and manage its financial and internal control responsibilities at the same time that dual-hatting is eliminated.</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate modifications to OSD/Health Affairs staffing levels, in light of enhanced oversight mission, would be explored.</li> </ul>

**Table 7. Strengths, Weaknesses, and Barriers of MHS Option 2: Defense Health Agency with Medical Treatment Facilities (MTFs) in Military Departments**

### MHS Option 3: A Defense Health Agency with Medical Treatment Facilities (MTFs) placed under the Agency

A Defense Health Agency would be established with the functions and reporting relationships described in the DHA option above. Additionally, all MTFs would be transferred to the DHA and would operate under its authority, direction, and control. The Military Departments would continue to own all military personnel and be responsible for organizing, training, and equipping their deployable military medical forces. Personnel requirements of the Services' operational forces needed for deployment and/or training would be requested through the Director, DHA.

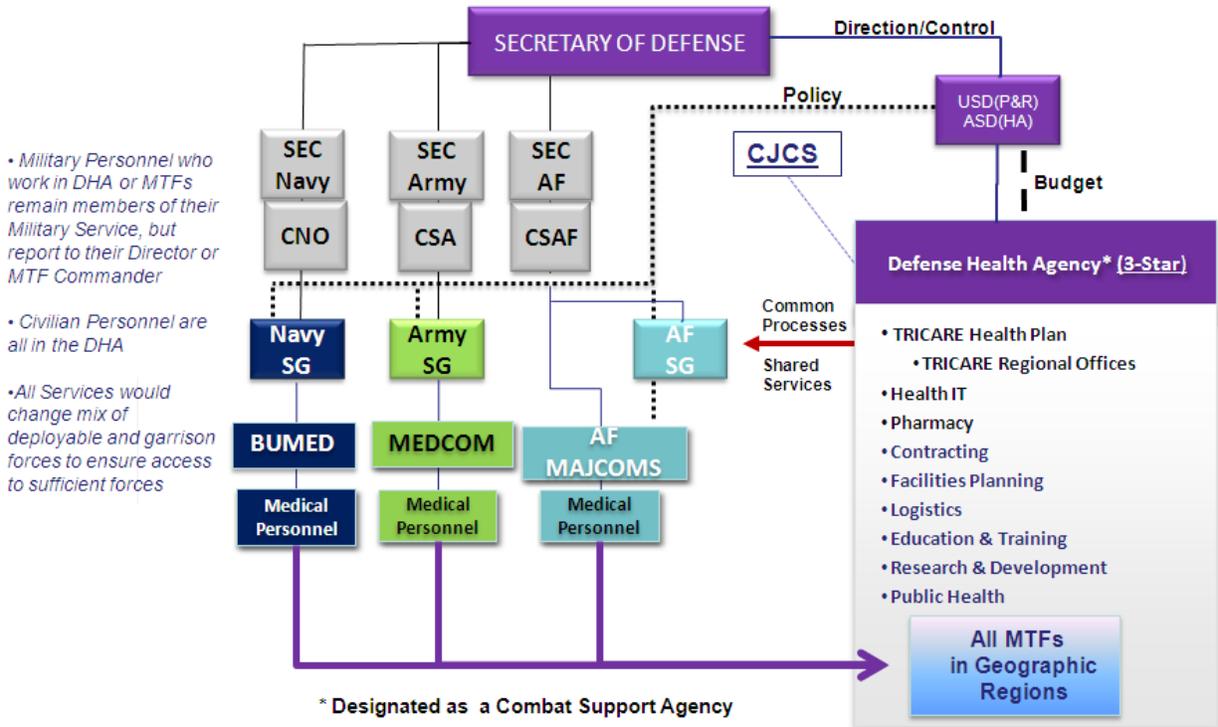


Figure 7. MHS Option 3: Defense Health Agency with Medical Treatment Facilities (MTFs) placed under the authority, direction, and control of the Agency

### Elements and Authorities of MHS Option 3: Defense Health Agency with Medical Treatment Facilities (MTFs) under the Agency

Item	TOR Elements	Outcome
1	Entity having authority, direction, and control of MHS as a whole.	The Director, DHA, would be responsible for authority, direction, and control of the MHS. ASD(HA) would have an oversight and policy role. Military Departments would be responsible for the size and capabilities of the active duty medical forces.
2	Head of entity or entities, and reporting chain to the Secretary of Defense.	Component reporting chains for headquarters and TOE-assigned military personnel would remain as they currently exist. Service Surgeons General would continue reporting to their Service Secretaries who would report to the Secretary of Defense, but overall reporting chains would be changed for garrison care. The Director, DHA reports to the ASD(HA), who reports to the

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<b>Item</b>	<b>TOR Elements</b>	<b>Outcome</b>
		USD (P&R), reporting to the Secretary of Defense.
<b>3</b>	Management and supervisory chains of MTFs.	MTF commanders would report through intermediate commands established by the Director, DHA.
<b>4</b>	Management and supervisory chains of multi-Service markets.	As all medical treatment facilities would be operated by the DHA, vice the Services, the concept of multi-Service markets would no longer be applicable.
<b>5</b>	The authority, direction, and control for mission and administrative support matters over MHS personnel among OSD, the Military Departments, and/or joint entities.	The Director, DHA, would have authority, direction, and control over MHS personnel assigned to the medical treatment facilities within rules established with the Military Department Secretaries. TOE forces would report through Service structures.
<b>6</b>	The budgetary authority for the Defense Health Program (DHP) among OSD, the Military Departments and/or joint entities.	Authority over the DHP would reside with the Director, DHA, with oversight from ASD(HA).
<b>7</b>	The policymaking authority among OSD, the Services, and/or joint entities.	The ASD(HA), subject to the authority, direction, and control of USD (P&R), would be the senior policy authority in the MHS. Director, DHA, would execute policy through the DHA structure. Policy matters would be coordinated with the Director, DHA, and Military Department Secretaries.
<b>8</b>	Management of purchased care and other functions currently performed by TMA.	The Director, DHA, would assume control of TRICARE contracts and all other TMA functions.
<b>9</b>	Management of information technologies and systems, medical logistics, business functions, medical construction and facility operations, management support functions, readiness planning, medical research, education/training, and other shared services and related functions.	The Director, DHA, would control all shared and common functions.
<b>10</b>	Roles of Assistant Secretary of Defense for Health Affairs, Military Department Secretaries, Service Chiefs, Military Department Surgeons General, a Joint Commander (if any), a Defense Agency or Field Activity Director (if any), and any other senior leaders in the MHS option being considered.	The ASD(HA) would retain policy-making activities, and would supervise the Director, DHA. The Service Components would continue to be responsible for management and oversight of their medical readiness programs. The Director, DHA, would assume budgetary control of the DHP and all responsibilities currently outlined in DoD Directive 5136.12, "TRICARE Management Activity," and would have the authority to issue program guidance regarding medical research and development, health information technology, military medical logistics, military medical construction, medical education and training, and all other responsibilities as provided by the Secretary of Defense. The Director, DHA, would also have overall supervision of all medical treatment facilities.
<b>11</b>	Effect on the Guard and Reserve forces.	No effect is anticipated on the Guard and Reserve forces, and they would remain aligned with their respective Service.

**Table 8. Elements and Authorities of MHS Option 3: Defense Health Agency (DHA) with Medical Treatment Facilities (MTFs) under the Agency**

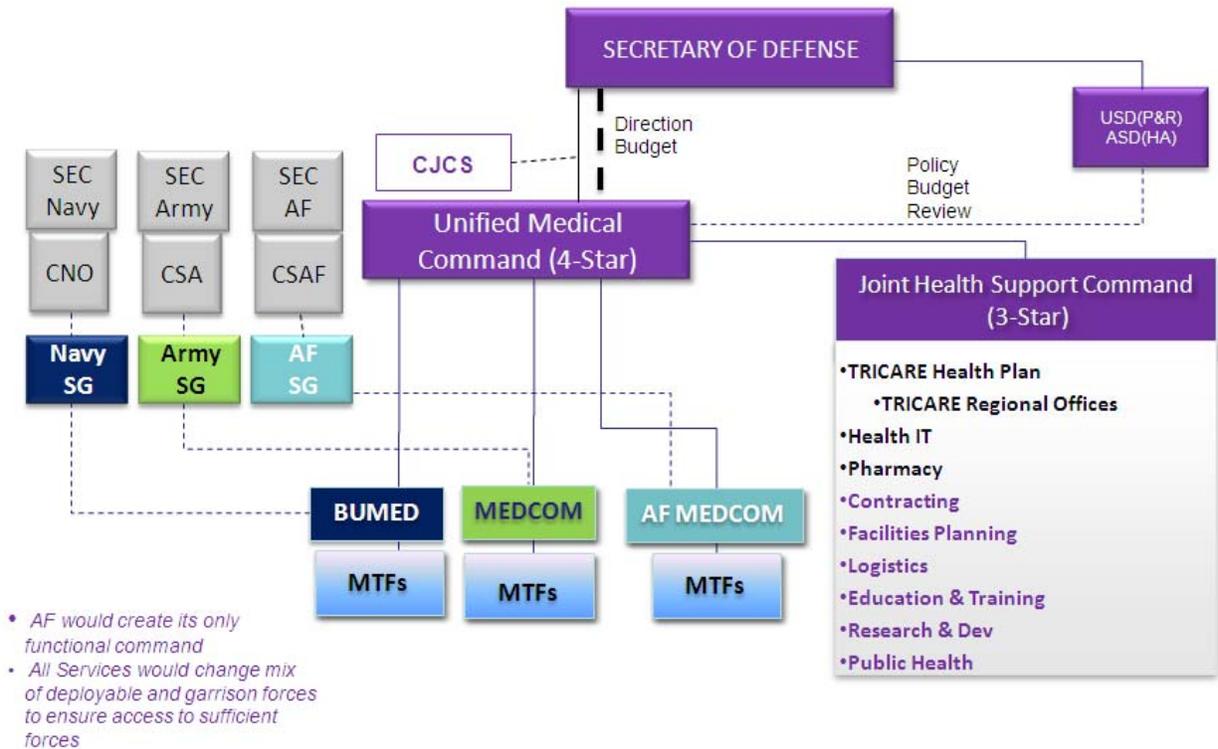
**Strengths, Weaknesses, and Barriers of MHS Option 3: Defense Health Agency with Medical Treatment Facilities (MTFs) under the Agency**

Strengths of a DHA with MTFs under the Agency	
<ul style="list-style-type: none"> <li>• <b>Dispute Resolution/Lines of Authority/Accountability:</b> Would place management of all medical treatment facilities under one authority (Director, DHA), albeit at the expense of long-standing practice of management by Military Departments. The Director, DHA, would report directly to the ASD(HA).</li> <li>• <b>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</b> As with Option 2, the DHA would be focused on the most common theme emphasized by the Task Force – an organizational model that would accelerate implementation of shared services models that identify and proliferate best practices and consider entirely new approaches to delivering shared activities. Further, placement of medical treatment facilities under the DHA would allow for even more rapid implementation of unified clinical and business systems, which could create significant savings.</li> <li>• <b>Other:</b> Would align management of purchased care (TRICARE) and direct care (medical treatment facilities) under one entity, creating potential for greater coordination and cost-effective distribution of resources between the two sources of care.</li> </ul>	
Weaknesses of a DHA with MTFs under the Agency	
<ul style="list-style-type: none"> <li>• <b>Medical Readiness:</b> Concerns were expressed that an organization this large with this many authorities could jeopardize Services priorities. A comprehensive DHA could reduce command and leadership development opportunities.</li> <li>• <b>Dispute Resolution/Lines of Authority/Accountability:</b> This model may elevate management disputes to the highest levels of the DoD, as local line command disputes with the DHA command structure may need to be adjudicated at the level of the Secretary of the Military Department /ASD(HA) level.</li> <li>• <b>Ease of Implementation:</b> Moving all medical treatment facilities to the DHA would be a major reorganization.</li> <li>• <b>Other:</b> Could mix the DHA mission between support of MHS-wide functions and direct operation of hospitals and clinics. The Military Department’s representatives on the Task Force believed that operation of the direct care system is a Military Department responsibility.</li> </ul>	
Barriers to a DHA with MTFs under the Agency	Mitigation Strategies for a DHA with MTFs under the Agency
<ul style="list-style-type: none"> <li>• Would require increase or transfer of personnel into OSD manpower levels for Health Affairs to accommodate the migration of financial management/oversight personnel from the field activity to OSD.</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate modifications to OSD/Health Affairs staffing levels, in light of enhanced oversight mission, would be explored.</li> </ul>

**Table 9. Strengths, Weaknesses, and Barriers of MHS Option 3: Defense Health Agency with MTFs under the Agency**

**MHS Option 4: Unified Medical Command (UMC) with Service Components**

A tenth unified combatant command (U.S. Medical Command) would be established, led by a 4-Star general or flag officer and reporting directly to the Secretary of Defense. Medical forces would be provided by Service Components, but the Unified Medical Command would be responsible for overall direction and leadership of the Military Health System. Components would establish subordinate medical command structures which would manage the medical treatment facilities. This option for a Unified Medical Command would include a Unified Medical Command Headquarters and a subordinate Joint Health Support Command to manage shared services as well as the TRICARE Health Plan. The proposed structure of this Unified Medical Command is depicted in Figure 8. Services maintain control of their deployable forces (TOE) with force generation responsibilities. The U.S. Medical Command would have operational control of the garrison (TDA) forces that would be identified through a Joint Table of Distribution (JTD) or Joint Manning Document (JMD). The ASD(HA) would continue to have a policy role.



**Figure 8. MHS Option 4. Unified Medical Command with Service Components**

**Elements and Authorities of MHS Option 4: Unified Medical Command with Service Components**

Item	TOR Elements	Outcome
1	Entity having authority, direction, and control of MHS as a whole.	The Commander, U.S. Medical Command, would be responsible for authority, direction, and control of the MHS as a whole through its components.

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<b>Item</b>	<b>TOR Elements</b>	<b>Outcome</b>
<b>2</b>	Head of entity or entities, and reporting chain to the Secretary of Defense.	The Commander, U.S. Medical Command, would report directly to the Secretary of Defense.
<b>3</b>	Management and supervisory chains of MTFs.	MTF commanders would report through their components to the U.S. Medical Command.
<b>4</b>	Management and supervisory chains of multi-Service markets.	The Commander, U.S. Medical Command, would designate the Market manager. Supervisory chains would continue through their Service Components. Larger, complex entities like the NCR may report outside component chains.
<b>5</b>	Authority, direction, and control for mission/administrative support matters over MHS personnel among OSD, Military Departments, and/or joint entities.	The authority, direction, and control over assigned MHS personnel would reside within the Service Components of the U.S. Medical Command, who report to the UMC commander.
<b>6</b>	The budgetary authority for the Defense Health Program (DHP) among OSD, the Military Departments and/or joint entities.	Authority over the DHP would reside with the Commander, U.S. Medical Command.
<b>7</b>	The policymaking authority among OSD, the Services, and/or joint entities.	The ASD(HA), subject to the authority, direction and control of the USD (P&R), would be the senior policy authority within the MHS. Policy matters would be coordinated with the UMC commander and Military Departments.
<b>8</b>	Management of purchased care and other functions currently performed by the TRICARE Management Activity.	The Commander, U.S. Medical Command, would assume control of TRICARE contracts and all other TMA functions.
<b>9</b>	Management of information technologies and systems, medical logistics, business functions, medical construction and facility operations, management support functions, readiness planning, medical research, education/training, and other shared services/related functions.	The Commander, U.S. Medical Command would be responsible for managing and directing shared and common functions through the subordinate Joint Health Support Command.
<b>10</b>	Roles of Assistant Secretary of Defense for Health Affairs, Military Department Secretaries, Service Chiefs, Military Department Surgeons General, a Joint Commander (if any), a Defense Agency or Field Activity Director (if any), and any other senior leaders in the MHS option being considered.	<p>The ASD(HA) responsibilities would be delineated in an updated DoD Directive focused only on policy-making activities.</p> <p>The Service Components would continue to be responsible for management and oversight of their military medical personnel and medical readiness programs. The Service Secretaries would be responsible for assigning duties to their respective Surgeons General and organizing their medical forces.</p> <p>The Unified Command Plan (UCP) would establish the missions and responsibilities for the UMC, which should include responsibilities currently outlined in DoD Directive 5136.12, "TRICARE Management Activity," and would have the authority to issue operational and program guidance regarding medical research/development, health information technology, medical logistics, medical construction, medical education and training.</p>
<b>11</b>	Effect on the Guard and Reserve forces.	No effect is anticipated on the Guard and Reserve forces, and they would remain aligned with their respective Service.

**Table 10. Elements and Authorities of MHS Option 4: Unified Medical Command with Service Component**

**Strengths, Weaknesses, and Barriers of MHS Option 4: Unified Medical Command with Service Components**

Strengths of a Unified Medical Command with Service Components	
<ul style="list-style-type: none"> <li>• <b><u>Dispute Resolution/Lines of Authority/Accountability:</u></b> Clear lines of authority would be established.</li> <li>• <b><u>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</u></b> There would be central control of common business and clinical processes, and implementation would be achieved more readily with command and control throughout the medical structure to ensure compliance.</li> <li>• <b><u>Ease of Implementation:</u></b> JTF CAPMED, if retained in its current form, could be addressed as a Region directly reporting to the Commander, U.S. Medical Command.</li> </ul>	
Weaknesses of a Unified Medical Command with Service Components	
<ul style="list-style-type: none"> <li>• <b><u>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</u></b> In any UMC model that maintains Service Components (the common model for all unified commands), the overall management headquarters overhead would increase above “As Is” and all other organizational models.</li> <li>• <b><u>Dispute Resolution/Lines of Authority/Accountability:</u></b> The current structure of civilian authority over components of the MHS (the ASD(HA) and Military Department Secretaries) would not be maintained; the first civilian official in the authority chain would be the Secretary of Defense.</li> <li>• <b><u>Ease of Implementation:</u></b> This action would represent a significant departure in governance for all existing organizations (Health Affairs, TMA, Military Department Secretaries, Military Service Chiefs, Service Medical Departments). For the Air Force, this includes creating a medical component command for operation of Air Force medical treatment facilities; the Navy would need to redesign how garrison billets are mapped to operational requirements.</li> </ul>	
Barriers to a Unified Medical Command with Service Components	Mitigation Strategies for a Unified Medical Command with Service Components
<ul style="list-style-type: none"> <li>• <b><u>Medical Readiness:</u></b> Would alter the process for deployment of forces.</li> <li>• <b><u>Other:</u></b> A new Unified Command would have to be established by the President of the United States.</li> </ul>	<ul style="list-style-type: none"> <li>• It is understood that the establishment of the UMC would require a disciplined implementation with major changes in all activities.</li> </ul>

**Table 11. Strengths, Weaknesses, and Barriers of MHS Option 4: Unified Medical Command with Service Components**

**MHS Option 5: Single Service – One Military Department Secretary Assigned Responsibility for the MHS**

One Military Department Secretary would be assigned responsibility for the management of the MHS. Military medical treatment facilities would be transferred to the authority, direction and control of the designated Military Department (e.g., if Navy is the designated Service, all hospitals and clinics would become Navy medical facilities). Each Military Department would continue to be responsible for organizing, training and equipping its deployable military medical (TOE) forces, but this would occur through assignment to operational platforms in medical treatment facilities run by the designated Military Department Secretary. The medical treatment facilities would be run by the designated Military Department, and would be staffed by personnel from all of the Military Departments. The designated Military Department would operate the TRICARE health plan and would have control over the Defense Health Program. The Assistant Secretary of Defense for Health Affairs (ASD(HA)) would retain policy authority within the MHS. This option is depicted in Figure 9.

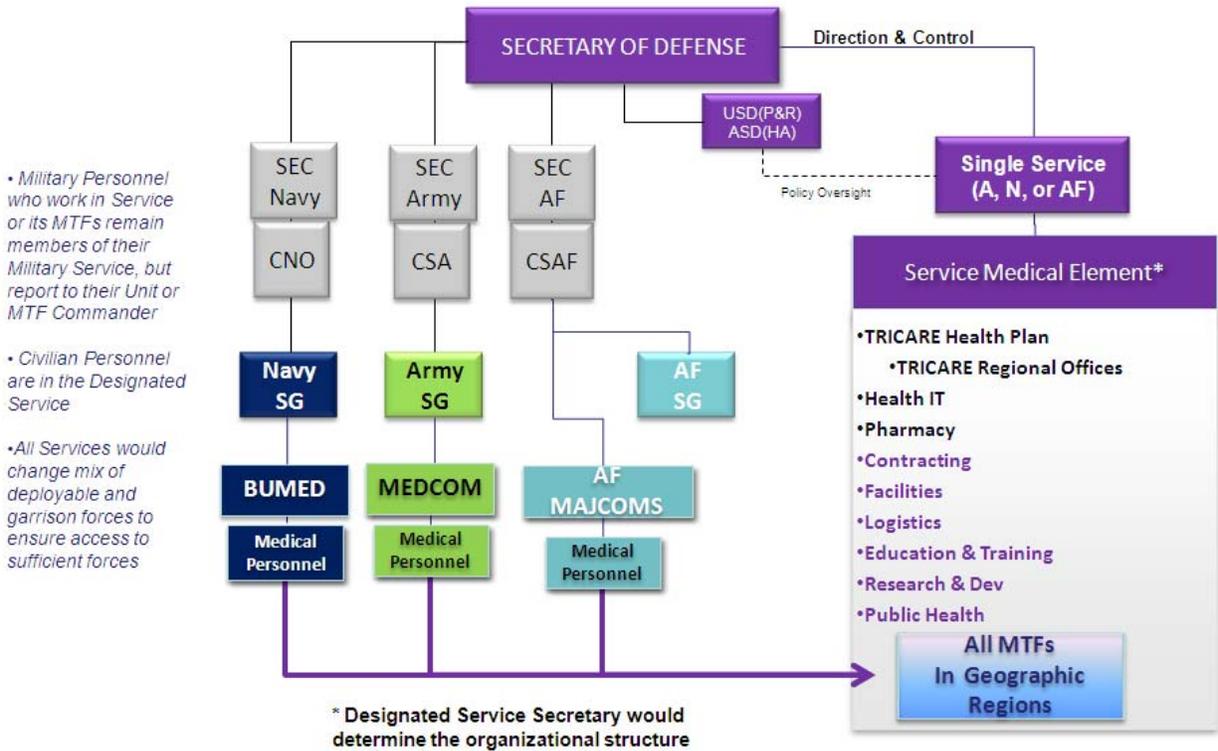


Figure 9. MHS Option 5: Single Service

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### Elements and Authorities of MHS Option 5: Single Service

Item	TOR Elements	Outcome
1	Entity having authority, direction, and control of MHS as a whole.	The designated Military Department Secretary would be responsible for the management and oversight of the MHS.
2	Head of alternative and reporting chain to the Secretary of Defense.	The designated Military Department Secretary would establish a medical organizational model as they determine is best suited to manage the MHS (likely with geographic or regional intermediate headquarters). The leader of the medical organization would report to the Military Department Secretary. The Military Department Secretary would report to the Secretary of Defense.
3	Management and supervisory chains of MTFs.	MTF commanders would report through the organizational model that the designated Military Department Secretary has put into place, through the Military Department chain of command. There may be an intermediate command structure put in to place by the Military Department Secretary based on geographic or functional mission considerations.
4	Management and supervisory chains of multi-Service markets.	There would be no multi-Service markets. All MSMs would function under one Service.
5	The authority, direction, and control for mission and administrative support matters over MHS personnel among OSD, the Military Departments, and/or joint entities.	The Military Department Secretary would have authority, direction, and control over MHS TDA personnel assigned to the medical treatment facilities. TOE forces would report through their separate Service structures.
6	The budgetary authority for the Defense Health Program among OSD, the Military Departments and/or joint entities.	Authority over the DHP would reside with the designated Military Department Secretary.
7	The policymaking authority among OSD, the Services, and/or joint entities.	The ASD(HA), subject to the authority, direction and control of the USD(P&R), would serve as the senior medical advisor to the Secretary of Defense, and retains policy authority within the MHS. The designated Military Department Secretary would execute ASD(HA) policy directives.
8	Management of purchased care and other functions currently performed by the TRICARE Management Activity.	The designated Military Department Secretary would assume control of TRICARE contracts and all other TMA functions.
9	Management of information technologies and systems, medical logistics, business functions, medical construction and facility operations, management support functions, readiness planning, medical research, education and training, and other shared services and related functions.	Medical shared services activities would move to the single designated Military Department Secretary.
10	Roles of Assistant Secretary of Defense for Health Affairs, Military Department Secretaries, Service Chiefs, Military Department Surgeons General, a Joint Commander (if any), a Defense Agency or Field Activity Director (if any), and any other senior leaders in the MHS option being considered.	<p>The ASD(HA) would retain most responsibilities as delineated in an updated DoD Directive and focused on policy-making activities.</p> <p>The Service Components would be responsible for identifying their requirements for medical support to the designated Military Department Secretary.</p> <p>The designated Military Department Secretary would assume all responsibilities currently outlined in DoD Directive 5136.12, "TRICARE Management Activity," and would have the authority to issue operational and program guidance regarding</p>

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Item	TOR Elements	Outcome
		medical research and development, health information technology, military medical logistics, military medical construction, medical education and training, and all other responsibilities as provided by the Secretary of Defense.
<b>11</b>	Effect on the Guard and Reserve forces	No effect is anticipated on the Guard and Reserve forces, and they would remain aligned with their respective Service.

**Table 12. Elements and Authorities of MHS Option 5: Single Service**

**Strengths, Weaknesses, and Barriers of MHS Option 5: Single Service**

Strengths of a Single Service	
<ul style="list-style-type: none"> <li>• <b><u>Dispute Resolution/Lines of Authority/Accountability:</u></b> Clear lines of authority and chain of command from Secretary through the MTF commander would be established.</li> <li>• <b><u>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</u></b> With shared services, there would be one set of business and clinical processes and implementation would be achieved more readily with command and control in a single Service. It also would eliminate the issues that arise with multi-Service markets. This option would create the most significant savings in headquarters overhead of any organizational option.</li> </ul>	
Weaknesses of a Single Service	
<ul style="list-style-type: none"> <li>• <b><u>Medical Readiness:</u></b> With medical personnel still “owned” by their Components, a requirement for coordination between Service Chiefs and Military Department Secretaries on readiness and personnel issues would remain.</li> <li>• <b><u>Ease of Implementation:</u></b> There is no known precedent or example where this approach has been tested in other military medical organizations worldwide. The Navy/USMC medical support model does not have the mission for all of the DoD; however, it is representative of how a Single Service model could work. Additionally, this option would entail a large scale reorganization to include re-mapping of Service medical personnel to operational platforms.</li> <li>• <b><u>Dispute Resolution/Lines of Authority/Accountability:</u></b> Issues would be adjudicated at a higher level (Military Department Secretary).</li> </ul>	
Barriers to a Single Service	Mitigation Strategies for a Single Service
<ul style="list-style-type: none"> <li>• There would be a need to overcome perceptions of bias toward the facilities serving the forces of the designated Military Department Secretary, and the level at which these issues would need to be adjudicated.</li> </ul>	<ul style="list-style-type: none"> <li>• Management controls and oversight processes would need to be transparent.</li> </ul>

**Table 13. Strengths, Weaknesses, and Barriers of MHS Option 5: Single Service**

**Task Force Voting Results: MHS Governance**

Vote	<b>MHS Option 1: As Is - Current Structure</b>		<b>MHS Option 2: DHA with MTFs Remaining in the Military Departments</b>		<b>MHS Option 3: DHA with MTFs placed under the Agency</b>		<b>MHS Option 4: UMC with Service Components</b>		<b>MHS Option 5: Single Service</b>	
	Raw Score	Ranked Score	Raw Score	Ranked Score	Raw Score	Ranked Score	Raw Score	Ranked Score	Raw Score	Ranked Score
<b>A</b>	3	3	3.81	1	3.5	2	2.75	4	2.52	5
<b>B</b>	3	3	4	2	2	4	5	1	1	5
<b>C</b>	3	2	4.67	1	1.89	4	1.75	5	2.92	3
<b>D</b>	3	2	5	1	1	4	1	4	1	4
<b>E</b>	3	4	3.84	1	3.12	2	3.03	3	2.09	5
<b>F</b>	3	4	2.95	5	3.24	3	3.25	2	3.25	1
<b>G</b>	3	4	3	3	3.35	1	2.93	5	3.32	2
<b>H</b>	3	4	3.69	2	4.21	1	2.53	5	3.42	3
<b>I</b>	3	4	3.91	1	3.67	2	3.01	5	3.49	3
<b>Average</b>	<b>3</b>	<b>3.33</b>	<b>3.87</b>	<b>1.89</b>	<b>2.89</b>	<b>2.56</b>	<b>2.81</b>	<b>3.78</b>	<b>2.56</b>	<b>3.44</b>

**Table 14. Task Force Voting Results for MHS Governance**

Note: Raw Score Scale: (1) weakest and (5) strongest based on the application of the weighted criteria.

Ranked Score derived from the raw score and ordered from first (1) to last (5).

**Task Force Recommendation:**

The Task Force recommends implementation of MHS Option 2 - Establish a Defense Health Agency with MTFs remaining with the Military Departments. This Defense Health Agency would be focused on consolidating and delivering a broader set of shared health services, and implementing common clinical and business processes. This recommendation builds upon the direction in Secretary Gates' March 2011 memorandum that directed greater shared services within the MHS.

The Task Force recommends the DHA be designated as a Combat Support Agency for its combat support mission responsibilities, which would include oversight by the Chairman, Joint Chiefs of Staff.

The Task Force further recommends that the Director, Defense Health Agency, be a 3-Star general or flag officer, providing comparability with the Service Surgeons General, and to provide senior military oversight of the DHA.

The majority (five of nine members) of the Task Force favored this option. The minority was split as follows: DHA with MTFs placed under the Agency (two members); Unified Medical Command with Service Components (one member); and Single Service (one member).

## Multi-Service Market Governance

### Background

The MHS engaged in numerous efforts over the past 25 years to manage the delivery and coordination of health services in geographic “market” areas with medical treatment facilities from more than one Military Department. Numerous past MHS Governance studies sought to address these multi-Service markets (MSMs). In most previous studies, weaknesses in the governance structure within these markets have been cited as the leading reason for a sub-optimized direct care system.

One underlying concern is that in the absence of a formal process to manage these Service-run medical facilities, there may be both unnecessary duplication of services (inefficiency) and missed opportunities for greater collaboration and sharing. This could result in sub-optimization of medical skills (for graduate medical education, ongoing maintenance of provider competency and currency, and enlisted skills training) and the sub-optimization of direct care system capacity. Various pilot projects have aimed to improve the process by which the combined medical capabilities of the local Army, Navy, and Air Force medical treatment facilities are better integrated to optimize the direct care delivery systems, and ensure available capacity is optimized before health care is referred to the private sector through TRICARE.

The most recent OSD policy direction regarding MSM management is the Under Secretary of Defense for Personnel and Readiness memorandum, dated November 4, 2003, which designated the responsibilities and authorities of market managers to include coordinating activities regarding common appointing, referral management, capacity and workload planning, and development of a consolidated business plan. This memorandum is provided in Appendix 2. The initial implementation of the MSM concept resulted in a consolidation of the MSMs under varying models for executing the MSM authorities. This implementation has demonstrated examples of success in the delivery of health care in certain markets. It was clear from the comments received from several current market managers that more authorities are needed in order for market management to achieve the next level of efficiency and effectiveness.

Consistent with the direction in the Terms of Reference for the Task Force to recommend a way ahead for management of MSMs, the Task Force addressed questions related to the mission, responsibilities, authorities, locations, and reporting structure of the MHS, as well as whether multiple variations of MSM governance should persist. The following questions guided the discussion on governance options and responsibilities of the MSM communities:

1. Does the “value” created by the MSMs outweigh the costs in creating, staffing, and sustaining an MSM office?
2. What missions, responsibilities, and authorities should a MSM manager have? To whom is a multi-Service market manager responsible?
3. What are the locations where MSMs need to be established?
4. Of the models that exist today to manage MSMs, should the Department continue to allow multiple variations of MSM management models?

### Identification of Multi-Service Markets

The Task Force reviewed the November 2003 USD (P&R) policy memorandum on TRICARE Governance to understand the multi-Service markets identified, and to determine if the market listings were still current and comprehensive.

The Task Force determined that two of the markets in the 2003 memorandum could be removed from consideration: (1) Fort Jackson/Shaw Air Force Base (AFB), South Carolina – as the downsizing from hospital to clinic at Shaw AFB reduced the “catchment area” and the two installations no longer had overlapping service areas; and (2) San Diego, California – as this is a single-Service market managed entirely by Navy Medicine.

The Task Force also identified four overseas markets for inclusion in the multi-Service market definition: (1) Kaiserslautern Military Community, Germany; (2) Guam; (3) Okinawa, Japan, and (4) Osan Community, South Korea with the relocation of the 121 Army hospital from Seoul.

Table 15 represents the current multi-Service markets for which all subsequent organizational options and recommendations will pertain (other than for the NCR, which is considered separately in the section on National Capital Region Governance further in the report).

Market	Army	Navy	Air Force
<b>U.S. MSMs</b>			
National Capital Region	Hospital	Hospital	Clinic
Tidewater, VA	Clinic	Hospital	Hospital
Puget Sound, WA	Hospital	Hospital	Clinic
Colorado Springs, CO	Hospital		Clinic
San Antonio, TX	Hospital		Clinic
Oahu, HI	Hospital	Clinic	Clinic
Fort Bragg/Pope, NC	Hospital		Clinic
Anchorage, AK	Clinic		Hospital
Mississippi Gulf Region, MS		Clinic	Hospital
Naval Hospital Charleston / Charleston AFB, SC		Hospital	Clinic
Fairbanks, AK	Hospital		Clinic
<b>Overseas MSMs</b>			
Okinawa, Japan		Hospital	Clinic
Kaiserslautern , Germany	Hospital		Clinic
Osan Community, South Korea	Hospital		Clinic
Guam		Hospital	Clinic

**Table 15. United States and Overseas MSMs**

### Options for MSM Governance

A number of models were considered to enhance the integration of military medical care in MSMs. Through a series of discussions with representatives from existing MSM organizational models, the Task Force outlined six broad MSM constructs for consideration:

1. Informal MSM Management
2. Existing MSM Management
3. Enhanced MSM Management
4. Single Service MSM Management
5. Executive Agent MSM Management
6. Command Authority

The attributes and authorities as well as the strengths, weaknesses, and barriers to each model are elaborated below.

### MSM Option 1: Informal Multi-Service Market Management

This option presents the case that the value of the MSM offices are low, and that reducing this overhead cost will outweigh the value of coordination. Under this option, the responsibilities of the existing MSM managers would be limited to the most basic elements of informally coordinating activities between medical commanders in a market. MTF Commanders could meet and share information on an ongoing basis, but there would be no requirement to formally collaborate. This model for governance would essentially eliminate MSM governance and any central coordinating role. This would effectively allow MSMs to run on their own as the respective local MTF Commanders deem necessary.

#### Elements and Authorities of MSM Option 1: Informal Multi-Service Market Management

Item	TOR Elements	Outcome
<b>1</b>	Management and supervisory chains of MTFs.	MTF commanders would report through their Component organizations (however the Components determine is the best organizational model for their Service).
<b>2</b>	Management and supervisory chains of multi-Service markets.	There would be no designated MSM. The frequency and intensity of coordination of activities is entirely subject to the preferences of local commanders. Supervisory chains for the MTF commanders would continue as their Service Component directs.
<b>3</b>	The authority, direction, and control for mission and administrative support matters over MSM personnel.	The authority, direction, and control over MSM personnel would reside within Service Components.
<b>4</b>	The budgetary authority for the Defense Health Program (DHP) within the MSM.	The DHP would be distributed through the Military Departments to the individual medical treatment facilities within an MSM.
<b>5</b>	Management of MSM-specific shared services and related functions.	The MTF commanders would be responsible for coordinating activities regarding, referral management, capacity, and workload planning.

**Table 16. Elements and Authorities of MSM Option 1: Informal MSM Management**

**Strengths, Weaknesses, and Barriers of MSM Option 1: Informal MSM Management**

<b>Strengths of Informal MSM Management</b>	
<ul style="list-style-type: none"> <li>• <b>Ease of Implementation:</b> Would be little change to current structures; although MTF commanders in a market would not be obligated to sustain formal planning and coordination processes, it is likely that most commanders would sustain the coordination activities already in place (e.g., referral management processes).</li> </ul>	
<b>Weaknesses of Informal MSM Management</b>	
<ul style="list-style-type: none"> <li>• <b>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</b> Would not focus on optimization of services within a medical market; success and implementation of common processes would be reliant on local leaders.</li> <li>• <b>Enhance Interoperability:</b> Could reverse the successes in existing MSM offices, including the NCR.</li> </ul>	
<b>Barriers to Informal MSM Management</b>	<b>Mitigation Strategies for Informal MSM Management</b>
<ul style="list-style-type: none"> <li>• None.</li> </ul>	<ul style="list-style-type: none"> <li>• None.</li> </ul>

**Table 17. Strengths, Weaknesses, and Barriers of MSM Option 1: Informal MSM Management**

### MSM Option 2: Existing Multi-Service Market Management

This option would maintain the MSM authorities as specified in the 2003 USD (P&R) policy memo. Multi-Service market managers would be designated with responsibilities to create a unified one-year business plan and facilitate the adoption of common business and clinical practices. This is the current practice in most stateside regions, based on the existing TRICARE Governance policy, and would now be expanded to overseas MSMs. Both the San Diego and Fort Jackson/Shaw Air Force Base markets would no longer be deemed multi-Service markets. All other authorities and responsibilities would remain without change.

#### Elements and Authorities of MSM Option 2: Existing MSM Management

Item	TOR Elements	Outcome
1	Management and supervisory chains of MTFs.	MTF commanders would report through Military Departments.
2	Management and supervisory chains of multi-Service markets.	The designated MSM managers would have responsibilities for coordinating business plans and leading a collaborative process within their markets, consistent with the direction in the USD(P&R) November 2003 memorandum and with the memorandums of agreement established within their market. Supervisory chains for the MSM manager would continue as their Service Component directs.
3	The authority, direction, and control for mission and administrative support matters over MSM personnel.	The authority, direction, and control over MSM personnel would reside within Service Components.
4	The budgetary authority for the Defense Health Program (DHP) within the MSM.	The DHP would be distributed through the Military Departments to the individual medical treatment facilities within an MSM.
5	Management of MSM-specific shared services and related functions.	The senior market manager would be responsible for coordinating activities regarding common appointing, referral management, capacity and workload planning, and development of a consolidated business plan.

Table 18. Elements and Authorities of MSM Option 2: Existing MSM Management

#### Strengths, Weaknesses, and Barriers of MSM Option 2: Existing MSM Management

Strengths of Existing MSM Management	
<ul style="list-style-type: none"> <li><b>Ease of Implementation:</b> This option would require very little organization change.</li> </ul>	
Weaknesses of Existing MSM Management	
<ul style="list-style-type: none"> <li><b>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</b> Although some markets have created common business and clinical practices (to include referral management), most locations report being limited by the lack of budgetary authority.</li> <li><b>Dispute Resolution/Lines of Authority/Accountability:</b> While allowing for coordination, this model would have no forcing mechanism. This means that the market would function effectively until an MTF commander decided that cooperating was no longer in his or her best interest. There would be no guarantees of long-term consistency or governance improvement. This model has shown to be heavily personality dependent on success, although the 2003 policy letter has specific dispute resolution through the relevant Service SGs and ultimately, if needed to ASD(HA).</li> </ul>	
Barriers to Existing MSM Management	Mitigation Strategies for Existing MSM Management
<ul style="list-style-type: none"> <li>Implementation in those regions without formal MSM offices (e.g., overseas).</li> </ul>	<ul style="list-style-type: none"> <li>Would require initial training and support for new MSMs.</li> </ul>

Table 19. Strengths, Weaknesses, and Barriers of MSM Option 2: Existing MSM Management

**MSM Option 3: Enhanced Multi-Service Market Management**

The authorities of the multi-Service market managers would be expanded to include responsibility for developing a five-year unified business plan, budget authority for the entire market, establishing common workload accounting processes, driving common clinical and business practices, and the authority to direct personnel to work in other locations within the market on a short-term basis. This expanded set of authorities is based on experiences derived from three of the largest MSMs: National Capital Region,; San Antonio, Texas; and the Tidewater area, Virginia.

**Elements and Authorities of MSM Option 3: Enhanced Multi-Service Market Management**

<b>Item</b>	<b>TOR Elements</b>	<b>Outcome</b>
<b>1</b>	Management and supervisory chains of MTFs.	MTF commanders would report through their Component organizations (however the Components determine would be the best organizational model for their Service).
<b>2</b>	Management and supervisory chains of multi-Service markets.	The designated MSM managers would have additional responsibilities and authorities. They would develop a unified business plan for the market covering a five year period; be empowered to develop and implement common business and clinical processes throughout the market; use a common workload accounting process; establish a single credentialing process and system; have direct budget authority for all medical treatment facilities in the market; and have authority to re-direct personnel within the market for short-term (less than six months) reassignment. Supervisory chains for the MSM manager would continue through their Service chains as their Service Component directs. Dispute resolution would continue as in the past to the Service SGs and to ASD(HA), as needed.
<b>3</b>	The authority, direction, and control for mission and administrative support matters over MSM personnel.	The authority, direction, and control over MSM personnel would reside within Military Departments, although the market manager would have the authority to direct short-term reassignment of personnel as demand for health care in that market dictates.
<b>4</b>	The budgetary authority for the Defense Health Program (DHP) within the MSM.	DHP would be distributed directly from OSD to the MSM manager.
<b>5</b>	Management of MSM-specific shared services and related functions.	The senior market manager would be responsible for coordinating and directing common activities to include: common appointing, referral management, capacity/workload planning, and development of a consolidated business plan. This change has the potential for significant savings in the direct care and purchased care sectors.

**Table 20. Elements and Authorities of MSM Option 3: Enhanced MSM Management**

**Strengths, Weaknesses, and Barriers of MSM Option 3: Enhanced MSM Management**

<b>Strengths of Enhanced MSM Management</b>	
<ul style="list-style-type: none"> <li>• <b>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</b> Would address the weaknesses that were identified by current multi-Service market managers by providing them with certain enhanced authorities. It would allow for market management to be driven in a timelier and more effective manner by the market leader, a change with the potential for significant savings in the direct care and private sector care systems.                             <ul style="list-style-type: none"> <li>○ A five-year business plan would require local commanders to take the long view on what they hope to achieve in terms of investments and market recapture.</li> <li>○ The markets would determine their market management office resources; staff would come from internal sources, but would be dedicated to market manager responsibilities.</li> <li>○ A single budget authority would incentivize all MTFs to seek market optimization opportunities.</li> </ul> </li> <li>• <b>Enhance interoperability:</b> The market manager would have authority to direct adoption of local clinical and business processes (such as credentialing, referral management, financial management processes) that would provide for a more seamless experience for both patients and staff in the market.</li> </ul>	
<b>Weaknesses of Enhanced MSM Management</b>	
<ul style="list-style-type: none"> <li>• <b>Dispute Resolution/Lines of Authority/Accountability:</b> Full command and control authorities would not be in place, and a dispute resolution process that requires inter-Service cooperation persists; Services would forfeit some budgetary control for MTFs under their authority and control.</li> </ul>	
<b>Barriers to Enhanced MSM Management</b>	<b>Mitigation Strategies for Enhanced MSM Management</b>
<ul style="list-style-type: none"> <li>• MHS leadership must design a new process for directing budgets to market managers, and the process for implementing shared service approaches.</li> <li>• MSM Management Offices with proper staffing, development, and capabilities are needed to run this complex set of tasks.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation Team must design business processes that ensure transparency and clarity of responsibilities.</li> <li>• Market managers could leverage commercial and U.S. Government expertise to develop market staff with deep expertise in the management of healthcare systems.</li> </ul>

**Table 21. Strengths, Weaknesses, and Barriers of MSM Option 3: Enhanced MSM Management**

### MSM Option 4: Single Service

Each identified MSM, and the medical treatment facilities within it, would be assigned to a particular Military Department and thereby become a Single Service market. In a notional example, the Hawaii MSM would be designated as a Navy market, and all medical treatment facilities in the Hawaii MSM would become Navy facilities. Command and control of the market would be aligned under the Department of the Navy, and all business and clinical processes in the market would follow Navy procedures. Medical personnel would be assigned to the facilities in the market by their owning Service to meet beneficiary and clinical currency demands. This approach would solve the MSM governing issue by definition, as there would no longer be multi-Service markets, only large, multi-facility single-Service markets.

### Elements and Authorities of MSM Option 4: Single Service

Item	TOR Elements	Outcome
1	Management and supervisory chains of MTFs.	MTF commanders would report through the Service designated to lead that market.
2	Management and supervisory chains of MSMs	The market would no longer be “multi-Service.”
3	The authority, direction, and control for mission and administrative support matters over MSM personnel.	The authority, direction, and control over MSM personnel would reside with the designated Service.
4	The budgetary authority for the Defense Health Program (DHP) within the MSM.	The DHP appropriation would be distributed through the Military Department for those markets in which the Military Department serves as Single Service.
5	Management of MSM-specific shared services and related functions.	The Senior Service official in the market would be responsible for directing the activities of the subordinate medical treatment facilities in his/her chain of command.

Table 22. Elements and Authorities of MSM Option 4: Single Service

### Strengths, Weaknesses, and Barriers of MSM Option 4: Single Service

Strengths of MSM Single Service	
<ul style="list-style-type: none"> <li><b>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</b> This option permits rapid implementation of common processes and approaches within the market.</li> </ul>	
Weaknesses of MSM Single Service	
<ul style="list-style-type: none"> <li><b>Ease of Implementation:</b> There would be complexities in establishing a Single Service similar to an EA. Transfer of medical treatment facilities and other medical campuses, as well as MOA process to place personnel within another Service’s organization, would be complex.</li> <li><b>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</b> Would create a high degree of variation in market management approaches across the MHS, as processes will be Service-specific.</li> </ul>	
Barriers to MSM Single Service	Mitigation Strategies for MSM Single Service
<ul style="list-style-type: none"> <li>Process for selecting the Service lead may be difficult to adjudicate.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation Team must design business processes that ensure transparency and clarity of responsibilities.</li> </ul>

Table 23. Strengths, Weaknesses, and Barriers of MSM Option 4: Single Service

**MSM Option 5: Executive Agent**

Each multi-Service market would be established as an entity of the Military Departments involved and assigned to a particular Military Department Secretary, who would operate the market as an Executive Agent on behalf of the multiple Departments involved. The major facilities could be either multi-Service facilities or “owned” by a single Service. The individual MTFs within the market would become multi-Service staffed facilities (and, as such, the market would remain “multi-Service”). An executive board of major stakeholders could be established to protect equities and promote a multi-Service management perspective. The day-to-day operation of the multi-Service market would subject to the policy direction of the ASD(HA) as informed by the executive board. The Executive Agent would have budgetary and other authorities to direct single business and clinical processes throughout the market.

**Elements and Authorities of MSM Option 5: Executive Agent**

Item	TOR Elements	Outcome
1	Management and supervisory chains of MTFs.	The market manager would have mission and budgetary control over the medical treatment facilities within the market area. The major facilities could be either multi-Service facilities or “owned” by a single Service.
2	Management and supervisory chains of multi-Service markets.	Supervisory chains for the MSM manager/Executive Agent would continue as their Executive Agent directs.
3	The authority, direction, and control for mission and administrative support matters over MSM personnel.	The authority, direction, and control over MSM personnel would reside within the Executive Agent, subject to policy direction of the ASD(HA) as informed by an executive oversight board.
4	The budgetary authority for the Defense Health Program (DHP) within the MSM.	The DHP would be distributed through the Military Department of each market’s Executive Agent to the market EA, and subsequently to each MTF within an MSM.
5	Management of MSM-specific shared services and related functions.	Appointing, referral management, credentialing, business planning, and other activities in the market would be directed by the designated Executive Agent.

**Table 24. Elements and Authorities of MSM Option 5: Executive Agent**

**Strengths, Weaknesses, and Barriers of MSM Option 5: Executive Agent**

Strengths of MSM Executive Agent	
<ul style="list-style-type: none"> <li>• <b>Ease of Implementation:</b> There is a well-designed process for establishing Executive Agents, and would leverage existing Service budget processes.</li> <li>• <b>Dispute Resolution/Lines of Authority/Accountability:</b> This option shares similarities with the Single Service model, and would allow the Executive Agent to direct common processes and approaches within the market.</li> </ul>	
Weaknesses of MSM Executive Agent	
<ul style="list-style-type: none"> <li>• <b>Ease of Implementation:</b> There are complexities in establishing the Executive Agent, and would require Secretary of Defense decision to establish the Executive Agent and/or alter of the Executive Agent. Additionally, ODA&amp;M has indicated that the entire DoD process for Executive Agent designation may need to be reviewed.</li> <li>• <b>Enhance Interoperability:</b> Would create a high degree of variation in market management approaches as processes would be Service-specific based on which Service is the Executive Agent of a particular market.</li> </ul>	
Barriers to MSM Executive Agent	Mitigation Strategies for MSM Executive Agent
<ul style="list-style-type: none"> <li>• Process for selecting the Executive Agent may be difficult to adjudicate.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation Team must develop Executive Agent selection processes that use common, transparent criteria.</li> </ul>

**Table 25. Strengths, Weaknesses, and Barriers of MSM Option 5: Executive Agent**

### MSM Option 6: Command Authority

Each multi-Service market would be established as a Joint military command. The market commander would exercise command authority over the medical treatment facilities within the market. These MTFs would no longer be Service-run, but would be subordinate Joint commands under the market area command. This is similar to the current model in the NCR.

#### Elements and Authorities of MSM Option 6: Command Authority

Item	TOR Elements	Outcome
1	Management and supervisory chains of MTFs.	MTF commanders would report to the Market Commander.
2	Management and supervisory chains of multi-Service markets.	The Market Commander would report to the Secretary of Defense, or a Combatant Commander.
3	The authority, direction, and control for mission and administrative support matters over MSM personnel.	The authority, direction, and control over the MSM would reside with the Market Commander.
4	The budgetary authority for the Defense Health Program (DHP) within the MSM.	The DHP would be distributed directly to the Market Commander.
5	Management of MSM-specific shared services and related functions.	The Market Commander would be responsible for directing all activities and processes within their area.

**Table 26. Elements and Authorities of MSM Option 6: Command Authority**

### Strengths, Weaknesses, and Barriers of MSM Option 6: Command Authority

Strengths of MSM Command Authority	
<ul style="list-style-type: none"> <li>• <b>Dispute Resolution/Lines of Authority/Accountability:</b> Command authority would allow rapid implementation of common processes and approaches within the market.</li> <li>• Command authority and Joint Manning Documents (JMDs) would allow for allocation and reassignment of personnel within the market as needed.</li> </ul>	
Weaknesses of MSM Command Authority	
<ul style="list-style-type: none"> <li>• <b>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</b> Higher overhead costs unless resources would be removed from other Service command and intermediate command offices.</li> <li>• <b>Other (Organizational) Alignment:</b> This option only appears to be an effective alternative if it is aligned with a larger MHS Governance decision to direct a unified command.</li> </ul>	
Barriers to MSM Command Authority	Mitigation Strategies for MSM Command Authority
<ul style="list-style-type: none"> <li>• <b>Ease of Implementation:</b> It would require transformation of market and MTFs from Service leads to joint market commands.</li> <li>• <b>Medical Readiness:</b> Alters process for the deployment of forces through the global force manpower allocation process.</li> </ul>	<ul style="list-style-type: none"> <li>• MHS leadership would need to work closely with Military Departments to institute a sophisticated dispute adjudication process.</li> <li>• MHS leadership would need to establish a process that allows for timely escalation of issues if the joint commands fail to support deployment requirements.</li> </ul>

**Table 27. Strengths, Weaknesses, and Barriers of MSM Option 6: Command Authority**

### Task Force Voting Results: MSM Governance

Vote	MSM Option 1: Informal MSM Management		MSM Option 2: Existing MSM Management		MSM Option 3: Enhanced MSM Management		MSM Option 4: Single Service		MSM Option 5: Executive Agent		MSM Option 6: Command Authority	
	Raw Score	Ranked Score	Raw Score	Ranked Score	Raw Score	Ranked Score	Raw Score	Ranked Score	Raw Score	Ranked Score	Raw Score	Ranked Score
<b>A</b>	2.86	3	3	2	3.44	1	2.73	4	2.66	5	2.12	6
<b>B</b>	2	5	3	2	3	1	1	4	1	6	2	3
<b>C</b>	2.5	4	3	2	5	1	2.46	5	2.78	3	1.69	6
<b>D</b>	3	3.5	3	3.5	5	1	2	5	4	2	1	6
<b>E</b>	1.87	5	3	2	3.81	1	2.49	3	2	2	2.32	4
<b>F</b>	2.43	6	3	3	3.04	1.5	2.99	4	3.04	1.5	2.82	5
<b>G</b>	3	4.5	3	4.5	3.15	6	3.41	1	2.75	2.75	3.07	3
<b>H</b>	1.89	6	3	5	4.95	1	3.67	3	3.73	2	3.44	4
<b>I</b>	2.38	6	3	5	4.22	1	3.72	3	3.78	2	3.27	4
<b>Average</b>	<b>2.4</b>	<b>4.8</b>	<b>3</b>	<b>3.2</b>	<b>4.0</b>	<b>1.6</b>	<b>2.7</b>	<b>3.6</b>	<b>2.9</b>	<b>2.9</b>	<b>2.4</b>	<b>4.6</b>

**Table 28. Task Force Voting Results for MSM Governance**

Note: Raw Score Scale: (1) weakest and (5) strongest based on the application of the weighted criteria.

Ranked Score derived from the raw score and ordered from first (1) to last (6).

### Task Force Recommendation:

The Task Force recommends MSM Option 3 – Enhanced Multi-Service Market Management. This option would introduce enhanced MSM manager authorities for MSMs in the DoD, to include providing budgetary and short-term personnel management authority to the market manager, instituting common clinical and business practices in the market, and other authorities as listed below. The majority (seven of nine members) of the Task Force favored this option.. The minority was split as follows: Single Service (one member); Executive Agent (one member).

Authorities in these markets would be the same regardless of the size of the market in order to limit the variance in governance across the MHS. Resources to staff the MSM offices would transfer from within the markets. The designated market manager would determine the size of the MSM office.

These enhanced authorities would expand the responsibilities from those specified in the 2003 USD (P&R) memo, and would address the concerns and issues highlighted to the Task Force by serving MSM managers. The Task Force recommends the following MSM responsibilities.

- **Core Mission:** MSMs, in which more than one Service operates medical facilities in overlapping service areas, must plan for and deliver health care in a manner that optimizes the market over the individual medical facilities. A single MSM manager would be designated by policy directive. The Task Force’s recommendation for designated MSM managers is found in Table 29.
- MSM management activities must create and sustain a local market healthcare delivery system that enhances the patient experience of care, sustains or enhances quality of care, responsibly manages the costs of care across the medical treatment facilities and private

sector care, and sustains graduate medical education, training and readiness capabilities. The market manager would carry out the following mission-essential tasks.

1. Create and sustain a **unified business operation with common business processes** centered on the requirements to run an integrated medical system. This includes:
  - a. A five year **unified business plan** that is more than the consolidation of individual MTF plans
  - b. A single (or common) **financial management process** which allows movement of funds to highest priority/impact clinical and business operations by the designated market manager
  - c. One **workload accounting system** for the entire market area to ensure the alignment of appropriate incentives
  - d. **Civilian personnel processes**, which are as seamless as possible, reduce inter-MTF competition for resources and allow flexible staffing
  - e. Common **medical logistics, information technology, and contracting operations** where practical
  - f. The establishment of **common business processes across the enterprise**
2. Create and sustain a unified **clinical operation with common clinical processes** that seeks to optimize the military medical system and enhance the patient experience.
  - a. A single **referral management system** that allows for timely referrals to medical treatment facilities or rapidly identifies the absence of military medical capacity or capability and refers the patient to the most effective private sector provider
  - b. A health care environment which optimizes teaching staff, patient care exposure, and research opportunities for the Service directed readiness platforms as well as education and training programs, while maintaining excellent patient access and quality of care
  - c. A **credentialing and privileging process** that allows for providers to move easily between facilities in the market
  - d. A single responsible authority for **market relationships** and coordination with the local civilian, government, and inter-agency health communities
3. Ensure **unified planning and programs** will facilitate the maximum use of the market for **medical readiness training**, pre- and post-deployment support, disability evaluation determination, wounded warrior care, and supporting civilian-military and interagency interactions such as local emergency response.

The Task Force recommends the market manager be determined as identified in Table 29 below, with some markets having a permanent market manager, and other markets having a rotational leader. The staff in the multi-Service market offices, however, would be permanent and drawn from the respective Services in that market.

**TASK FORCE ON MILITARY HEALTH SYSTEM GOVERNANCE**

<b>U.S. Based MSMs</b>	<b>Market Manager</b>
<b>National Capital Region</b>	<b>Rotate Army / Navy</b>
<b>Tidewater, VA</b>	<b>Navy</b>
<b>Puget Sound, WA</b>	<b>Army</b>
<b>Colorado Springs, CO</b>	<b>Rotate Air Force / Army</b>
<b>San Antonio, TX</b>	<b>Rotate Air Force / Army</b>
<b>Oahu, HI</b>	<b>Rotate Navy / Army</b>
<b>Fort Bragg / Pope, NC</b>	<b>Army</b>
<b>Anchorage, AK</b>	<b>Air Force</b>
<b>Mississippi Gulf Region, MS</b>	<b>Air Force</b>
<b>Naval Hospital Charleston / Charleston AFB, SC</b>	<b>Navy</b>
<b>Fairbanks, AK</b>	<b>Army</b>
<b>Overseas Based MSMs</b>	<b>Market Manager</b>
<b>Okinawa, Japan</b>	<b>Navy</b>
<b>Kaiserslautern, Germany</b>	<b>Army</b>
<b>Osan Community, South Korea</b>	<b>Army</b>
<b>Guam</b>	<b>Navy</b>

**Table 29. Recommended MSM Manager Designation**

## National Capital Region (NCR) Governance

### Background

NCR health care governance was transformed in 2007 with the establishment of the Joint Task Force National Capital Region Medical (JTF CAPMED). This organization was established to (1) ensure effective and efficient delivery of military health care within the NCR TRICARE sub-regional Joint Operations Area (JOA) using all available medical resources in the JOA; and to (2) oversee the consolidation and realignment of military health care resources within the JOA in accordance with BRAC obligations. The JTF CAPMED has successfully accomplished these missions of meeting the complex and challenging BRAC transformations while maintaining the highest levels of care for all beneficiaries. As the BRAC actions are nearing completion, the Task Force was asked to assess whether the JTF CAPMED governance model should serve as an enduring construct.

Following completion of all BRAC activities, the NCR will include the largest medical center in the Department of Defense staffed by personnel from all the Services, the Department's only medical school, and one of the largest military community hospitals also staffed by all the Services. Thus, the NCR hosts a significant portion of the Department's medical resources and is a critical component in the maintenance and projection of medical capabilities for all three Service medical departments through the NCRs Graduate Medical Education (GME), clinical currency, and clinical research capacities.

### Options for NCR Governance

Through a deliberative discussion and down-select process, applying the weighted criteria, the Task Force assessed the following seven options for NCR governance. These options are described in detail, to include reporting chains, responsibilities, and authorities as required by the Terms of Reference.

### NCR Option 1: As Is - Current Structure Reports to Secretary of Defense/Deputy Secretary of Defense

The JTF CAPMED would remain in place, reporting to the Secretary of Defense/Deputy Secretary of Defense. The medical treatment facilities currently directed by the JTF CAPMED would operate as subordinate Joint commands with the manning, budgetary, and organizational arrangements directed to date by the Deputy Secretary. Staffing of military personnel would be through Joint Tables of Distribution (JTDs) and the assigned forces would be under the operational control of the JTF.

#### Elements and Authorities of NCR Option 1: As Is - Current Structure

Item	TOR Elements	Outcome
1	Management and supervisory chains of NCR MTFs.	Two MTF commanders, Walter Reed National Military Medical Center and Fort Belvoir Community Hospital, would report to the NCR JTF Commander.
2	Management and supervisory chains of the NCR.	The NCR JTF Commander would report to the Secretary/Deputy Secretary of Defense.
3	The authority, direction, and control for mission and administrative support matters over NCR personnel.	The authority, direction, and control over the NCR would reside with the JTF Commander.
4	The budgetary authority for the Defense Health Program (DHP) within the NCR.	The DHP would be distributed directly to the NCR JTF Commander to redistribute to assigned forces.
5	Management of NCR-specific shared services and related functions.	The NCR JTF Commander would be responsible for directing all activities and processes within the assigned Joint Operations Area (JOA). Shared services and other efficiencies would be implemented by command authorities through JTF developed processes.

**Table 30. Elements and Authorities of NCR Option 1: As Is - Current Structure**

#### Strengths, Weaknesses, and Barriers of NCR Option 1: As Is - Current Structure

Strengths of Current NCR Structure	
<ul style="list-style-type: none"> <li>Neither the NCR organizations nor the authorities of JTF CAPMED would be impacted.</li> <li>JTF CAPMED leadership would be well integrated into MHS governance.</li> </ul>	
Weaknesses of Current NCR Structure	
<ul style="list-style-type: none"> <li>Would continue the unique status of the NCR by operating outside of the traditional management of medical treatment facilities through the Services.</li> <li>Would retain NCR as the fourth medical component to the MHS garrison service delivery (Army, Navy, Air Force).</li> <li><b>Dispute Resolution/Lines of Authority/Accountability:</b> When dispute resolution is needed, would require JTF CAPMED to go directly to senior levels within the DoD. Would create ambiguity between the responsibilities of the JTF CAPMED Commander and the Military Department Surgeons General.</li> <li><b>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</b> Would require the largest staffing of all of the current MSMs, partly due to its budget authorities that other MSMs do not possess, and partly due to the Joint Staff organizational models required in joint operations.</li> </ul>	
Barriers to Current NCR Structure	Mitigation Strategies for Current NCR Structure
<ul style="list-style-type: none"> <li>None.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>

**Table 31. Strengths, Weaknesses, and Barriers of NCR Option 1: As Is - Current Structure**

**NCR Option 2: JTF CAPMED Reports to a Combatant Commander (COCOM)**

The Joint Task Force National Capital Region Medical would remain in place, with the characteristics described in the preceding paragraph, but would report to the Commander, U.S. Northern Command (NORTHCOM), or another designated Combatant Command (COCOM) Commander. This assumes the COCOM does not alter the current authorities and related organizational structure.

**Elements and Authorities of NCR Option 2: JTF CAPMED Reports to a COCOM**

Item	TOR Elements	Outcome
1	Management and supervisory chains of NCR MTFs.	Two MTF commanders, Walter Reed National Military Medical Center and Fort Belvoir Community Hospital, would report to the NCR JTF Commander.
2	Management/supervisory chains of NCR	The NCR JTF Commander would report to COCOM Commander.
3	The authority, direction, and control for mission and administrative support matters over NCR personnel.	The authority, direction, and control over the NCR would reside with the NCR JTF Commander.
4	The budgetary authority for the Defense Health Program (DHP) within the NCR.	The DHP would be distributed directly to the NCR JTF Commander to redistribute to assigned forces, but would be overseen by the COCOM Commander.
5	Management of NCR-specific shared services and related functions.	The NCR JTF Commander would be responsible for directing all activities and processes within the assigned AREA. Shared services and other efficiencies would be implemented by command authorities through NCR JTF developed processes.

**Table 32. Elements and Authorities of NCR Option 2: JTF CAPMED Reports to a COCOM**

**Strengths, Weaknesses, Barriers of NCR Option 2: JTF CAPMED Reports to a COCOM**

Strengths of JTF CAPMED Reporting to a COCOM	
<ul style="list-style-type: none"> <li>• Neither the NCR organizations nor the authorities of JTF CAPMED would necessarily be impacted.</li> <li>• Would require the reporting chain of the JTF CAPMED to move to a level below the Secretary of Defense level.</li> </ul>	
Weaknesses of JTF CAPMED Reporting to a COCOM	
<ul style="list-style-type: none"> <li>• Would continue the unique status of the NCR by operating outside of the traditional management of medical treatment facilities through the Services.</li> <li>• There would be no precedent for direct COCOM oversight of health care delivery and not within the current mission sets of COCOM.</li> <li>• <b><u>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</u></b> This would require additional billets to be added to the COCOM for oversight.</li> <li>• Would retain the NCR as the fourth medical component to MHS garrison service delivery (Army, Navy, Air Force).</li> </ul>	
Barriers to JTF CAPMED Reporting to a COCOM	Mitigation Strategies for JTF CAPMED Reporting to a COCOM
<ul style="list-style-type: none"> <li>• COCOM Commanders willingness to accept the NCR medical mission.</li> <li>• The learning curve for COCOM personnel to understand and indoctrinate MHS governance processes.</li> </ul>	<ul style="list-style-type: none"> <li>• May require a staff increase for the COCOM office for oversight responsibilities of the JTF.</li> <li>• A training program would need to be introduced to assist a COCOM staff with taking in this added responsibility; likely managed through the COCOM Surgeon’s office.</li> </ul>

**Table 33. Strengths, Weaknesses, and Barriers of NCR Option 2: JTF CAPMED Reports to a COCOM**

**NCR Option 3: NCR MTFs Report to a Defense Health Agency**

Responsibility for management of the NCR medical market would be transferred to the Defense Health Agency described in the MHS Governance section above (provided that such an agency is established), and the NCR medical treatment facilities would operate under the agency’s authority, direction and control. In general, these medical treatment facilities would operate with the manning, budgetary, and organizational arrangements directed to date by the Deputy Secretary. (If the Defense Health Agency is not adopted for purposes of overall MHS governance, then the NCR market and medical treatment facilities would be transferred to the existing TRICARE Management Activity.)

**Elements and Authorities of NCR Option 3: NCR MTFs Report to a DHA**

Item	TOR Elements	Outcome
<b>1</b>	Management and supervisory chains of NCR MTFs.	Walter Reed National Military Medical Center and Fort Belvoir Community Hospital, and potentially the other NCR medical facilities, would report to the Director, DHA.
<b>2</b>	Management and supervisory chains of the NCR.	The NCR market manager may be one of the two MTF commanders and would report to the Director, DHA.
<b>3</b>	The authority, direction, and control for mission and administrative support matters over NCR personnel.	The Director, DHA, who reports directly to the ASD(HA), would have authority, direction and control for mission and administrative support matters over NCR personnel.
<b>4</b>	The budgetary authority for the Defense Health Program (DHP) within the NCR.	The Director, DHA, who reports directly to the ASD(HA), would have budgetary authority for the NCR.
<b>5</b>	Management of NCR-specific shared services and related functions.	The Director, DHA, would be responsible for shared services.

**Table 34. Elements and Authorities of NCR Option 3: NCR MTFs Report to a Defense Health Agency**

**Strengths, Weaknesses, and Barriers of NCR Option 3: NCR MTFs Report to a DHA**

Strengths of the NCR MTFs Reporting to a DHA	
<ul style="list-style-type: none"> <li>• <b>Ease of Implementation:</b> Would sustain current NCR organization and authorities, including decision to place WRNMMC and FBCH civilians under TMA.</li> <li>• Would better align rank of market manager with rest of MHS: NCR market manager can revert to a 2-Star general or flag officer, reporting to a 3-Star general or flag medical officer with equivalent rank to the Service Surgeons General.</li> <li>• Would provide a “test bed” for a more rapid implementation of solutions to include common business and clinical process re-engineering in which the organizational entity responsible for shared services is integrated with MTFs.</li> <li>• <b>Dispute Resolution/Lines of Authority/Accountability:</b> Would remove division of authorities among multiple military Services, by placing all under the authority, direction, and control of the DHA.</li> <li>• Would align under a designated Combat Support Agency, ensuring Chairman of the Joint Chiefs of Staff (CJCS) involvement.</li> <li>• <b>Achieve Significant Cost Savings Through Reduction in Duplication/Variation:</b> Could achieve savings by aligning management of NCR private sector care (in TRICARE Regional Office North) with direct care via the NCR Director.</li> </ul>	
Weaknesses of the NCR MTFs Reporting to a DHA	
<ul style="list-style-type: none"> <li>• Would require an additional mission for DHA to provide health care delivery, which traditionally has been a Service responsibility, and which may distract DHA from successful implementation of shared services aspect of its mission.</li> <li>• <b>Dispute Resolution/Lines of Authority/Accountability:</b> Potential to create conflicting priorities and distract Director, DHA, from shared service delivery.                             <ul style="list-style-type: none"> <li>○ Would continue the situation in which four entities (the three Military Departments and DHA) have responsibilities for the garrison direct care mission.</li> <li>○ Could create a perception of budgetary conflicts of interest in distribution of DHP funds between DHA and Service hospitals, stemming the fact that Director, DHA, reports to ASD(HA).</li> </ul> </li> </ul>	
Barriers to the NCR MTFs Reporting to a DHA	Mitigation Strategies for the NCR MTFs Reporting to a DHA
<ul style="list-style-type: none"> <li>• Would require the DHA to develop oversight capabilities for the NCR.</li> <li>• Could foster a complex environment by absorbing health delivery mission and oversight of JTF/NCR market.</li> </ul>	<ul style="list-style-type: none"> <li>• DHA would need to establish a dedicated officer and institute an oversight process that comports with the expectations of various accreditation organizations.</li> <li>• Health Affairs would establish processes to ensure transparency and protect against perceptions of conflicts of interest.</li> </ul>

**Table 35. Strengths, Weaknesses, Barriers of NCR Option 3: NCR MTFs Report to a Defense Health Agency**

**NCR Option 4: NCR MTFs Report to an Executive Agent**

The NCR Health System would be established as an entity of the three Military Departments, day to day operational and administrative activities are supported by one of the Military Department Secretaries assigned as the Executive Agent. The Walter Reed National Military Medical Center (WRNMMC) and Fort Belvoir Community Hospital (FBCH) would be multi-Service facilities, not owned by a Single Service. An executive board of major stakeholders could be established to protect equities and promote a multi-Service management perspective. The day-to-day operation of the NCR Health System is subject to the policy direction of the ASD(HA) as informed by the executive board. Multi-Service staffing facilities would be sustained through agreements between the Services. This option would disestablish JTF CAPMED as a joint command but maintain a similar multi-Service management structure.

**Elements and Authorities of NCR Option 4: NCR MTFs Report to an Executive Agent**

Item	TOR Elements	Outcome
<b>1</b>	Management and supervisory chains of NCR MTFs.	Identified commanders would report through their chain of command to the Military Department Secretary/Executive Agent.
<b>2</b>	Management and supervisory chains of the NCR.	The NCR market manager would report through the Executive Agent chain of command.
<b>3</b>	The authority, direction, and control for mission and administrative support matters over NCR personnel.	The day-to-day management and execution responsibilities over the NCR would reside with the market manager and the Executive Agent, subject to policy direction of the ASD(HA) as informed by an executive oversight board.
<b>4</b>	The budgetary authority for the Defense Health Program (DHP) within the NCR.	The DHP would be distributed directly to the Executive Agent to redistribute to assigned forces.
<b>5</b>	Management of NCR-specific shared services and related functions.	The Executive Agent, through the NCR market manager, would be responsible for directing all activities and processes, subject to oversight by an executive board and the ASD(HA).

**Table 36. Elements and Authorities of NCR Option 4: NCR MTFs Report to an Executive Agent**

**Strengths, Weaknesses, Barriers of NCR Option 4: NCR MTFs Report to Executive Agent**

Strengths of NCR MTFs Reporting to an Executive Agent	
<ul style="list-style-type: none"> <li>• <b>Dispute Resolution/Lines of Authority/Accountability:</b> Would establish one Service responsible for the delivery of healthcare in the NCR.</li> <li>• Would allow current organization and authorities in the NCR to remain in place under the Executive Agent of the designated Service.</li> <li>• Would retain multi-Service hospitals, staffed by personnel from all Services and commanders from any Service.</li> </ul>	
Weaknesses of NCR MTFs Reporting to an Executive Agent	
<ul style="list-style-type: none"> <li>• <b>Ease of Implementation:</b> There are a number of complexities involved in establishing an Executive Agent (policy, and chartering process; establishing MOUs between Executive Agent and other Military Departments).</li> <li>• May induce some staff growth in designated Services to manage new responsibilities.</li> </ul>	
Barriers to NCR MTFs Reporting to Executive Agent	Mitigation Strategies for NCR MTFs Reporting to an Executive Agent
<ul style="list-style-type: none"> <li>• The process of selecting Military Department to assume control of the NCR.</li> <li>• Assuring proper Wounded, Ill and Injured (WII) priorities across all Services.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of executive oversight board with representation from MHS leadership.</li> <li>• Establish Memorandums of Understanding with all Services over policies and procedures for managing WII matters.</li> </ul>

**Table 37. Strengths, Weaknesses, and Barriers of NCR Option 4: NCR MTFs Report to an Executive Agent**

### NCR Option 5: NCR MTFs Report to a Single Service

All medical treatment facilities in the NCR would be assigned to a particular Military Department Secretary, consistent with the MSM Single-Service Model option above.

#### Elements and Authorities of NCR Option 5: NCR MTFs Report to a Single Service

Item	TOR Elements	Outcome
1	Management and supervisory chains of NCR MTFs.	MTF commanders would report through the designated Service chain of command.
2	Management and supervisory chains of the NCR.	The NCR market manager would report through the designated Service chain of command.
3	The authority, direction, and control for mission and administrative support matters over NCR personnel.	The authority, direction, and control over the NCR would reside with the NCR market manager.
4	The budgetary authority for the Defense Health Program (DHP) within the NCR.	The DHP would be distributed through the designated Service to the NCR market manager to redistribute to NCR facilities.
5	Management of NCR-specific shared services and related functions.	The NCR market manager would be responsible for directing all activities and processes in accordance with designated Service processes and policies.

Table 38. Elements and Authorities of NCR Option 5: NCR MTFs Report to a Single Service

### Strengths, Weaknesses, Barriers of NCR Option 5: NCR MTFs Report to a Single Service

Strengths of NCR MTFs Reporting to a Single Service	
<ul style="list-style-type: none"> <li>• <b>Dispute Resolution/Lines of Authority/Accountability:</b> One Service would be responsible for the delivery of health care in the NCR.</li> <li>• Would be easier to implement single business and clinical processes across the region.</li> </ul>	
Weaknesses of NCR MTFs Reporting to a Single Service	
<ul style="list-style-type: none"> <li>• Could be a perceived loss of Wounded, Ill and Injured Service members care priorities from losing Service(s).</li> <li>• May induce some staff growth in the designated Service to manage new responsibilities.</li> </ul>	
Barriers to NCR MTFs Reporting to a Single Service	Mitigation Strategies for NCR MTFs Reporting to a Single Service
<ul style="list-style-type: none"> <li>• Selecting a Service to assume control of the NCR.</li> <li>• Setting up the necessary organizational relationships, including:                             <ul style="list-style-type: none"> <li>○ Transferring MTFs and medical campuses to the designated Service</li> <li>○ Establishing the MOUs for assignment of personnel from other Services</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Implementation Team would need to work with the Department leadership on the best approach to select a Service lead.</li> <li>• Implementation Team would need to develop detail Concept of Operations for assignment of transfer of property and process for assigning personnel.</li> </ul>

Table 39. Strengths, Weaknesses, and Barriers of NCR Option 5: NCR MTFs Report to a Single Service

### NCR Option 6: Enhanced MSM Management

The JTF CAPMED would be disestablished and an NCR Market Management Office would be established with the characteristics described as “Enhanced MSM Management” in the “Multi-Service Market Governance Models” section above. The MTFs would continue to be staffed by personnel from all three Military Departments. The MTFs would be operated by the Military Department that has historically operated them (i.e., Fort Belvoir Community Hospital would be an Army Hospital; Walter Reed National Military Medical Center would be a Navy Medical Center). A stand-alone NCR market manager would be named, and would be rotated on a set periodic basis between the Army and Navy, and the market manager would report through their Service chain of command.

### Elements and Authorities of NCR Option 6: Enhanced MSM Management

Item	TOR Elements	Outcome
1	Management and supervisory chains of NCR MTFs.	MTF commanders would report to Service chains of command.
2	Management and supervisory chains of the NCR.	The NCR market manager would rotate between the Services and would report through their Service chain of command.
3	Authority, direction, and control for mission and administrative support matters for NCR personnel	The authority, direction, and control over the NCR would remain with the parent Service of individual MTFs.
4	The budgetary authority for the Defense Health Program (DHP) within the NCR.	The DHP would be distributed directly to the NCR market manager to redistribute to assigned forces.
5	Management of NCR-specific shared services and related functions.	The NCR market manager would be responsible for directing all activities and processes within the assigned AREA.

Table 40. Elements and Authorities of NCR Option 6: Enhanced MSM Management

### Strengths, Weaknesses, and Barriers of NCR Option 6: Enhanced MSM Management

Strengths of an Enhanced MSM	
<ul style="list-style-type: none"> <li>• <b>Dispute Resolution/Lines of Authority/Accountability:</b> Would align the NCR with the other MSMs, creating consistency among the Services and missions.</li> <li>• <b>Achieve Significant Cost Savings Through Reduction in Duplication and Variation:</b> Could reduce current JTF CAPMED overhead by more than 100 staff positions.</li> <li>• <b>Enhance Interoperability:</b> Would retain certain JTF authorities: budget, workload accounting, ability to move workload/personnel within the market, sustain and implement further clinical and business process.</li> </ul>	
Weaknesses of an Enhanced MSM	
<ul style="list-style-type: none"> <li>• Could create the perception that there is reduced value in seeing Joint solutions in the NCR.</li> <li>• Relies on the effectiveness of an “enhanced” multi-Service market office governance model, vice command authority, to drive change across command structures.</li> </ul>	
Barriers to an Enhanced MSM	Mitigation Strategies for an Enhanced MSM
<ul style="list-style-type: none"> <li>• Would require re-evaluation of various NCR organizational personnel decisions made to date, including: Military personnel (multi-Service staffing through MOU vice Joint Tables of Distribution); Civilian personnel (currently under TMA); OPCON with Services, vice NCR medical commander.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation Team responsible for developing a detailed Concept of Operations that outlines specific, sequential steps to create new organizational and manning documents.</li> <li>• Pursue personnel decisions with bias toward least impactful approach.</li> </ul>

Table 41. Strengths, Weaknesses, and Barriers of NCR Option 6: Enhanced MSM Management

**Task Force Voting Results: NCR Governance**

Vote	<b>NCR Option 1: As Is - Current Structure Reports to Secretary of Defense/ Deputy Secretary of Defense</b>		<b>NCR Option 2: JTF CAPMED Reports to a Combatant Commander (COCOM)</b>		<b>NCR Option 3: NCR MTFs Report to a Defense Health Agency</b>		<b>NCR Option 4: NCR MTFs Report to an Executive Agent</b>		<b>NCR Option 5: NCR MTFs Report a Single Service</b>		<b>NCR Option 6: Enhanced MSM Management</b>	
	Raw Score	Ranked Score	Raw Score	Ranked Score	Raw Score	Ranked Score	Raw Score	Ranked Score	Raw Score	Ranked Score	Raw Score	Ranked Score
<b>A</b>	3	3	2	6	3	2	2.17	5	2.82	4	3.13	1
<b>B</b>	3	1	2	3	2	4	2	5	1	6	3	2
<b>C</b>	3	3	1	5	1	6	3	2	2.4	4	5	1
<b>D</b>	3	4	3	3	1	6	4	2	2	5	5	1
<b>E</b>	3	5	1.99	6	3.65	2	3	4	3.45	3	4.09	1
<b>F</b>	3	5	3.01	4	3.06	3	3.52	1	3.52	2	2.94	6
<b>G</b>	3	2	2.69	6	3.25	1	2.72	4	2.7	5	2.91	3
<b>H</b>	3	2	2.6	6	4.23	1	2.92	3	2.92	4	2.75	5
<b>I</b>	3	3	2.48	6	3.11	2	2.94	5	2.95	4	3.17	1
<b>Average</b>	<b>3</b>	<b>3.1</b>	<b>2.31</b>	<b>5</b>	<b>2.70</b>	<b>2.9</b>	<b>2.92</b>	<b>3.4</b>	<b>2.64</b>	<b>4.1</b>	<b>3.55</b>	<b>2.4</b>

**Table 42. Task Force Voting Results for NCR Governance**

Note: Raw Score Scale: (1) weakest and (5) strongest based on the application of the weighted criteria.

Ranked Score derived from the raw score and ordered from first (1) to last (6).

**Task Force Recommendation:**

The Task Force recommends NCR Option 6 – Enhanced MSM Management for governance of the NCR health system. JTF CAPMED would be disestablished and would be replaced with a market management office with enhanced MSM manager authorities, similar to the model that would be applied in all other MSM markets based on the MSM Governance recommendation. The MTFs would continue to be staffed by personnel from all three Military Departments, and common clinical and business processes would be maintained. The MTFs would be operated by the Military Departments that have historically operated them (i.e., Fort Belvoir Community Hospital would be an Army Hospital; Walter Reed National Military Medical Center, a Navy Medical Center).

The majority (five of nine members) of the Task Force favored this option. The minority was split as follows: NCR MTFs report to DHA (two members); NCR MTFs report to an Executive Agent (one member); and JTF CAPMED “As Is” Current Structure reports to Secretary of Defense/Deputy Secretary of Defense (one member).

## Summary of Task Force Recommendations

The members of the Task Force reached a consensus on the following general points:

- There is an opportunity to accelerate the adoption and implementation of more efficient, common clinical and business processes through reengineered and more streamlined shared services.
- There is an obligation in the current fiscal environment to more rapidly implement and effectively manage efficiencies than the current organizations are likely to do.
- There is an opportunity to provide a more coherent, cohesive, and effective long-term governance model for the MHS.

The Task Force reached its recommendations on specific governance models for each of the three decision areas – MHS Governance, MSM Governance, and NCR Governance – through a series of discussions and votes among the Task Force members. The model receiving a majority or plurality of the members' first place votes constituted the Task Force's recommendations. Where there was a significant difference of views among Task Force members, the minority views are noted.

This summarizes the Task Force's overall major recommendations for the MHS as a whole, in multi-Service markets in general, and for the National Capital Region specifically.

- **Overall MHS Governance: MHS Option 2 – A Defense Health Agency with Medical Treatment Facilities Remaining with the Military Departments.**

Establish a Defense Health Agency that would be focused on consolidating and delivering a broader set of shared health services, and implementing common clinical and business processes. Medical treatment facilities would remain under the respective Military Departments. The Task Force recommends the DHA be designated as a Combat Support Agency for its combat support mission responsibilities, which will include oversight by the Chairman, Joint Chiefs of Staff. This recommendation builds upon the decision by the Secretary of Defense in March 2011 to establish an MHS Support Activity and expand the delivery of shared services throughout the MHS.

- **Multi-Service Market Governance: MSM Option 3 – Enhanced MSM Management.**

Introduce enhanced MSM manager authorities for multi-Service medical markets in the DoD, to include providing budgetary and short-term personnel management authority to the market manager as described previously.

- **National Capital Region Governance: NCR Option 6 – Enhanced MSM Management.**

Disestablish the JTF CAPMED and establish it as a market management office with enhanced MSM manager authorities, similar to the model that would be applied in all other MSM markets based on the MSM Governance recommendation. The MTFs would continue to be staffed by personnel from all three Military Departments, and common clinical and business processes would be maintained. The MTFs would be operated by the Military Departments that have historically operated them (i.e., Fort Belvoir

Community Hospital would be an Army Hospital; Walter Reed National Military Medical Center, a Navy Medical Center).

The Task Force offers these recommendations with the acknowledgement that while these represent majority views of the Task Force members, they do not represent unanimous views. The Task Force further recognizes that, while the Task Force submitted these recommendations in keeping with the original tasking, the Task Force also attempted to portray the full range of options available to the Department leadership for consideration as objectively and thoroughly as the timeline would allow.

### **Implementation (Concept of Operations) Plan**

This section describes an approach for the implementation of the Task Force's recommendations, should one or more of these recommendations be selected. This approach is also generally applicable, with some modifications, should one or more of the other options presented in this report be adopted.

Upon selection of the governance decisions for the MHS as a whole, in multi-Service markets, and in the National Capital Region, the Task Force recommends that the Deputy Secretary of Defense direct the establishment of an Implementation Team. This Team would be tasked to develop a more detailed Concept of Operations (CONOPS) for the tasks, responsibilities, and resources required to implement the governance decisions. The Task Force further recommends the Deputy Secretary of Defense name a DHA Program Executive Officer (PEO) to coordinate activities across the Department in the execution of the governance decisions.

In addition, the Task Force recommends the DSD establish an Executive Advisory Committee (EAC) to review and advise the PEO and DSD. Members of this Committee would include representatives from USD (P&R), ASD(HA), Joint Staff, Military Department Secretaries, Comptroller, CAPE, DA&M, Deputy Chief Management Officer (DCMO), Office of the General Counsel (OGC), and Office of Legislative Affairs (OLA). The CONOPS should be completed in six (6) months beginning in October 2011. Tasks should include the development of measures for tracking and assessing the outcomes from this re-organization. The measures would permit DoD leaders to assess the performance of the new organization in meeting the stated objectives of the reorganization four to five years after implementation.

If these recommendations are accepted, the Task Force believes that implementation actions could begin during FY12. The Task Force suggests that aggressive implementation could result in completion of activities by the end of FY14; the Implementation Team should work out the final timeline for implementation of any decisions made relative to this study. The Army views this timetable to be overly aggressive. The timelines below represent notional milestones that the Task Force believes are achievable in the near to medium term.

- **October 2011:** Establish and charter an Implementation Team with a Program Executive Officer and Program Specific Study Teams to assess the means and extent by which shared services will be organized and directed, and all other activities resulting from the Deputy Secretary of Defense's decision(s).
- **April 2012:** The Implementation Team will present a detailed Concept of Operations for the stand-up of the Defense Health Agency and the enhanced multi-Service market

responsibilities; the approach for consolidating and delivering shared services; and the process to disestablish the JTF CAPMED.

- **October 2012:** Reach Initial Operating Capability (IOC) for the Defense Health Agency and appoint a 3-Star general or flag officer to lead the DHA and establish the enhanced multi-Service markets. Disestablish the JTF CAPMED.
- **October 2013:**
  - Full Operating Capability (FOC) reached for the DHA.
- **October 2013-2018:** Allow for a five-year period to operate the DHA and e-MSM constructs before formal evaluation.

The Task Force recommends the immediate establishment of an Implementation Team, led by a senior OSD official that would further delineate the specific milestones, concepts of operations, and detailed execution plans. The Task Force further recommends that the proposed MHS Governance model be permitted sufficient time, following implementation, to be fully evaluated in its ability to achieve expected outcomes in terms of clear and measurable criteria for performance improvement, agility and efficiency.

The Task Force members wish to express appreciation for the opportunity to serve in this vital capacity. The MHS is a unique and indispensable asset in the country's overall national security strategy. The performance of the MHS, especially over the last 10 years of war, has been historic and its operations exemplified by increasing joint activity and interoperability. We believe that the options and recommendations put forward in this report provide a pathway to a stronger and enduring governance model for the system, while maintaining the incredible performance of a military health system whose primary mission is to prepare for and go to war.

## Appendices

1. June 14, 2011, Deputy Secretary of Defense Memorandum with Terms of Reference
2. November 14, 2003, Under Secretary of Defense (Personnel and Readiness) Memorandum, “TRICARE Governance Plan”
3. September 12, 2007, Deputy Secretary of Defense Memorandum, “Establishing Authority for Joint Task Force – National Capital Region/Medical (JTF CAPMED) and JTF CAPMED Transition Team”
4. March 14, 2011, Secretary of Defense Memorandum, “Organizational Efficiencies” (Pertinent Elements)
5. High-Level Description of the Staffing Estimation Method
6. Side-By-Side Comparisons of each MHS Governance Option depicting TOR Criteria and Strengths and Weaknesses
7. MHS Task Force Report Acronyms

**Appendix 1. June 14, 2011, Deputy Secretary of Defense Memorandum with Terms of Reference**



## DEPUTY SECRETARY OF DEFENSE

1010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1010

JUN 14 2011

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARY OF DEFENSE (COMPTROLLER)  
UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND  
READINESS  
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION

SUBJECT: Review of Governance Model Options for the Military Health System

With the pending completion of the consolidation of medical facilities and functions in the National Capital Region (NCR) mandated by the Base Realignment and Closure (BRAC) statutory process, the governance of military health care in the NCR is an issue that requires consideration and decision. This present need for a decision regarding the post-BRAC governance of military health care in the NCR provides an opportunity to address the desired end-state governance of the entire Military Health System (MHS). Furthermore, in light of the considerable long-term fiscal challenges the nation faces, and the comprehensive review established by the Secretary of Defense to inform future decisions about spending on national security, we must ensure that the MHS is organized in a way that curtails expenses and achieves savings to the greatest extent possible in meeting its deeply important mission.

I am therefore directing Dr. Peach Taylor, Deputy Assistant Secretary of Defense (Health Affairs/Force Health Protection and Readiness), and Major General (Dr.) Doug Robb, Joint Staff Surgeon, to serve as co-chairs of a small review team and provide me, within 90 days, a report that includes their recommendation for the governance of the MHS as a whole and in multi-Service medical markets, to include the NCR. To ensure a full consideration of these issues, the report will be considered by the Deputy's Advisory Working Group prior to my final decision on this subject.

The Secretaries of the Military Departments, the Chairman of the Joint Chiefs of Staff, the Under Secretary of Defense (Comptroller), the Under Secretary of Defense for Personnel and Readiness, and the Director, Cost Assessment and Program Evaluation will each provide to me by June 20, 2011, with a nominee, at the 1-star or 2-star level, or a comparable Senior Executive Service official, to serve as a member of this review team.

The terms of reference for this review are attached. By copy of this memorandum, all Department of Defense components will fully cooperate in the execution of this review and be responsive to all requests for information or other support.



Attachment:  
As stated

cc:  
General Counsel of the Department of Defense  
Assistant Secretary of Defense for Legislative Affairs  
Director, Administration and Management

## **TERMS OF REFERENCE**

### **Review of Governance Model Options for the Military Health System**

These Terms of Reference (TOR) establish the objectives of the review directed by the Deputy Secretary of Defense to identify a governance model for the Military Health System (MHS) as a whole and in multi-Service medical markets (to include the National Capital Region (NCR)).

#### **Background**

On 12 September 2007, the Deputy Secretary of Defense established the Joint Task Force National Capital Region Medical (JTF-CAPMED) with a mission to (1) ensure effective and efficient delivery of world-class health care within the NCR and (2) oversee the consolidation and realignment of military health care in accordance with the Base Realignment and Closure (BRAC) statutory process. With the pending completion of the consolidation of medical facilities and functions in the NCR mandated by BRAC, the governance of military health care in the NCR is an issue that requires consideration and decision.

Outside the NCR, the MHS continues under a mix of governance by the military departments and by the Office of the Secretary of Defense. Military departments separately manage medical treatment facilities (MTFs) without DoD-wide direct management oversight. Within the Office of the Secretary of Defense, the Assistant Secretary of Defense for Health Affairs establishes health care policy, exercises budgetary authority over the MHS through the Defense Health Program (DHP) appropriation account, and administers beneficiary purchased care through the TRICARE Management Activity (TMA). In recent years, there have been numerous recommendations from both within and outside of the Department of Defense for increased jointness in the governance of the MHS to better achieve the missions of the MHS and to do so in a more cost-effective manner. In addition, the Secretary's March 14, 2011, Track Four Efficiency Initiatives Decisions Memorandum directed that the "MHS Support Activity" would replace the TRICARE Management Activity and have four divisions: Uniformed Services University of the Health Sciences, TRICARE Health Plan, Health Management Support, and Shared Services. Furthermore, in light of the considerable long-term fiscal challenges the nation faces, and the comprehensive review established by the Secretary of Defense to inform future decisions about spending on national security, we must ensure that the MHS is organized in a way that curtails expenses and achieves savings to the greatest extent possible in meeting its deeply important mission.

The present need for a decision regarding the post-BRAC governance of military health care in the NCR provides an opportunity to address the desired end-state governance of the entire MHS to best promote the effective and cost-efficient achievement of the MHS mission, potentially to involve a major system-wide reorganization.

#### **Objectives and Scope**

The review will analyze options and provide a recommendation for a governance model for the MHS as a whole and in multi-Service medical markets (to include the NCR). In the event the review does not

reach a consensus among all members, the co-chairs shall present their recommendation as well as the alternative recommendation(s) of the other members of the review group. The analysis of each option should address all of the aspects below:

- The entity or entities having authority, direction, and control of the MHS as a whole (e.g., joint medical command; defense health agency or activity; Military Departments).
- The head of this entity or entities, and the reporting chain between such head and the Secretary of Defense.
- The management, including supervisory chain(s), of individual MTFs (e.g., jointly; by particular Military Departments). The review should include a specific recommendation regarding the MTFs currently under JTF-CAPMED.
- The management, including supervisory chain(s), of multi-Service medical markets (e.g., jointly; through a designated Military Department lead for the market; through coordination among the Military Departments in the market). The review should include a specific recommendation for the management of the NCR market, currently managed by JTF-CAPMED.
- The authority, direction and control for mission and administrative support matters over MHS personnel among OSD, the Military Departments, and/or joint entities.
- The budgetary authority for the Defense Health Program among OSD, the Military Departments, and/or joint entities.
- The policymaking authority among OSD, the Services, and/or joint entities.
- Management of purchased care and other functions currently performed by the TRICARE Management Activity.
- Management of information technologies and systems, medical logistics, business functions, medical construction and facility operations, management support functions, readiness planning, medical research, education and training, and other shared services and related functions.
- Roles of Assistant Secretary of Defense for Health Affairs, Military Department Secretaries, Service Chiefs, Military Department Surgeons General, a Joint Commander (if any), a Defense Agency or Field Activity Director (if any), and any other senior leaders in the MHS option being considered.

## **Methodology**

The review will assess the options based on their fulfillment of the following criteria and such other criteria as the review determines necessary:

- Provision of high-quality, integrated medical care for Service members and eligible beneficiaries.
- Maintenance of a trained and ready deployable medical force to support combatant commanders.
- Achievement of significant cost-savings through, for example, elimination of redundancies, increased interoperability, and other means of promoting cost-efficient delivery of care.

No option may be recommended that might interfere with the successful completion of the NCR medical recommendation under the Base Realignment and Closure Act by the September 15, 2011, deadline.

### **Review Group Membership**

The co-chairs of the review will be Dr. Peach Taylor, Deputy Assistant Secretary of Defense (Force Health Protection and Readiness), Office of the Assistant Secretary of Defense (Health Affairs), and Major General (Dr.) Doug Robb, Joint Staff Surgeon. Other members of the review group will consist of one representative at the 1- or 2-star general or flag officer or comparable Senior Executive Service level designated by each of the Secretaries of the Military Departments, the Chairman of the Joint Chiefs of Staff, the Under Secretary of Defense (Comptroller), the Under Secretary of Defense for Personnel and Readiness, and the Director, Cost Assessment and Program Evaluation. The review group shall meet on call of the co-chairs and as often as necessary to submit its report in a timely manner. The review shall have access to any information in the Department as the review determines necessary to accomplish its mission. All Department of Defense components will fully cooperate in the execution of this review and be responsive to all requests for information or other support.

### **Deliverables**

The review will provide its report to the Deputy Secretary of Defense not later than 90 days from the issuance of these Terms of Reference. The report will be coordinated with the General Counsel of the Department of Defense, the Assistant Secretary of Defense for Legislative Affairs, and the Director, Administration and Management. The report shall include the following:

- At least four options for MHS governance, including but not limited to MHS governance models where primary authority is vested in: (1) a Defense Agency/ Field Activity; (2) a Joint Military Command; (3) one or more Military Department Secretaries; and (4) a hybrid model incorporating features of the other three options.
- An explanation of each option considered with regard to the aspects of governance listed in "Objectives and Scope," above, and an analysis of each option with regard to those aspects.
- Analysis of the strengths and weaknesses of each option based on the criteria listed in "Methodology" above, and any other criteria determined by the review to be relevant. This analysis should include an estimate of the cost-savings, if any, to be achieved by each option compared to current governance.

- A recommendation for the governance of the MHS as a whole and in multi-Service medical markets (to include the NCR). In the event the review does not reach a consensus recommendation among all members, the co-chairs shall present their recommendation as well as the alternative recommendation(s) of the other members of the review group.
- A timeline and process for implementing the recommended governance model for the MHS as a whole and in multi-Service medical markets (to include the NCR).

The report will be considered by the Deputy's Advisory Working Group (DAWG) prior to a final decision by the Deputy Secretary of Defense on its recommendations. The DAWG may also convene to discuss the progress of the review efforts prior to the completion of the report, as determined appropriate by the Deputy Secretary of Defense.

**Appendix 2. November 14, 2003, Under Secretary of Defense (Personnel and Readiness) Memorandum, “TRICARE Governance”**



DEPUTY SECRETARY OF DEFENSE  
1010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1010

JAN 20 2004

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (HEALTH  
AFFAIRS)

SUBJECT: TRICARE Governance Plan

References: (a) Memorandum of the Under Secretary of Defense for Personnel and  
Readiness, Subject: "TRICARE Governance," October 22, 2003.  
(b) DoD Directive 5136.12, "TRICARE Management Activity (TMA),"  
May 31, 2001.

I direct immediate execution of the TRICARE Governance Plan attachment to reference (a) as a key component of the Department's transformation of the Military Health System to achieve our vision for an improved, accountable, integrated and sustainable health care system for our military eligible beneficiaries. Corresponding revisions to the TRICARE Management Activity charter (reference (b)) regarding TRICARE Regional Office responsibilities and staffing identified in the Plan are also directed.

Time is of the essence in establishing the organizational framework identified in the Plan in order to have the appropriate staff in place to administer the new TRICARE contracts and to participate in the formal business planning process. Therefore, you are authorized to execute the Plan and to initiate appropriate revisions to reference (b) for conformance to the approved Plan.

A handwritten signature in black ink, appearing to read "Paul A. Wolfowitz".

OSD 00564-04



**T**

**A**

**B**

**A**



UNDER SECRETARY OF DEFENSE  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

OCT 22 2003

PERSONNEL AND  
READINESS

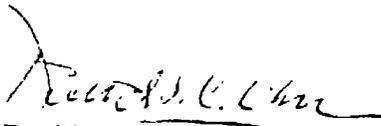
MEMORANDUM FOR SECRETARY OF THE ARMY  
SECRETARY OF THE NAVY  
SECRETARY OF THE AIR FORCE

SUBJECT: TRICARE Governance

The recent announcement of the award of new TRICARE contracts greatly improves the administration of TRICARE. We will reduce the number of health care services contracts from seven to three, and reduce the number of TRICARE regions from eleven to three. We will improve accountability for patient satisfaction. The contracts also offer new incentives for military medical commanders to optimize the direct care system which directly supports readiness and can be less costly.

Given these significant changes in the TRICARE program structure and the new performance incentives, the Assistant Secretary of Defense (Health Affairs) and the Service Surgeons General developed a joint governance plan by which they will establish performance objectives, monitor performance, and resolve problems should disagreements occur within the various components of the military health system. The TRICARE Governance Plan is attached.

This plan reflects a reasoned and balanced approach to managing the military health benefit with military medical readiness as the first priority, supported by a health delivery system that focuses on joint decision-making and effective resource allocation. With the close involvement of the Service Secretaries, the defense leadership will continue to monitor the performance of military medicine through the Military Health System Executive Review structure.

  
David S. C. Chu

Attachment:  
TRICARE Governance Plan

cc:  
Vice Chiefs of Staff  
ASD (HA)  
Assistant Secretaries (M&RA)



TRICARE Governance Plan

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October 2003

- I. Executive Summary
- II. Functions of the TRICARE Regional Offices
- III. Market Management and Market Managers
- IV. Business Planning
- V. Problem Resolution Process

## I. Executive Summary

The magnitude of the resources involved in providing the TRICARE health benefit and the demands being placed on military health care to support contingency operations require an effective and efficient management structure for delivering and coordinating care in the military health system. The TRICARE governance model distinguishes TRICARE health plan management from health care delivery. Health plan management includes: establishing worldwide Defense health policy; establishing and managing the overall health benefit; determining the annual budget; contracting for global or national health care services; and allocating funds to the Services and to DoD health care contractors.

This TRICARE Governance Plan establishes the overall organizational construct, regional office responsibilities and staffing plan, market manager responsibilities, and the business planning requirements and process. The major elements of this plan establish:

1. *Regional Organization:*
  - a. There will be three TMA TRICARE Regional Offices (TROs) aligned with three TRICARE regional contracts in the United States.
  - b. There will be an Overseas TRICARE Regional office, headquartered in the TRICARE Management Activity with subordinate three overseas area offices.
  - c. The TRICARE Alaska Office is a satellite office of the TRO-West.
2. *Regional Directors.* Regional Directors have knowledge of all assets, costs, and expenditures and can make recommendations to the Services regarding the flow of dollars and staffing in their respective regions. Regional Director positions will be filled by a military flag officer or a Senior Executive Service (SES) civilian.
3. *Market Managers.* Market management is a key responsibility for the Senior Market Managers, MTF Commanders, and for the three TRO Regional Directors. Senior market managers are responsible for developing a single, integrated business plan for their respective markets.
  - a. There are eleven (11) large health care delivery markets
    - (1) North Region: National Capital Region; Tidewater, VA; Fort Bragg/Pope AFB, NC.
    - (2) South Region: Charleston Naval Hospital/AFB Clinic, SC; Fort Jackson/Shaw AFB, SC; Biloxi, MS; San Antonio, TX.
    - (3) West Region: Colorado Springs, CO; San Diego, CA; Puget Sound, WA; State of Hawaii.
  - b. In markets in which more than one Service military treatment facility (MTF) is present, referred to as multiple service markets, the Surgeons General will designate a Senior Market Manager. The Senior Market Manager will be responsible for coordinating the development of a single business plan representing all the MTFs located within the respective multiple service market.

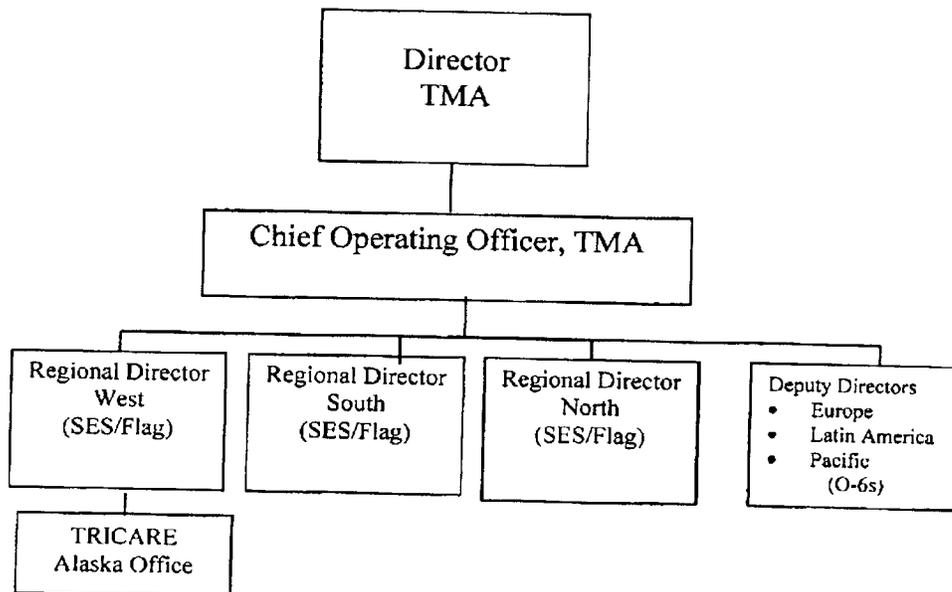
4. *Business Plans.* A regionally integrated business plan developed prior to the year of execution is the management tool to provide accountability at all levels in the MHS for both the direct care and purchased health care delivery. The Regional Director is responsible for the development and implementation of the regional business plan.

5. *Problem Resolution.* The TRICARE Management Activity, Chief Operating Officer communicates with the Surgeons General regarding any unresolved issues in the MTF or Multi-Market Service business plans. A lack of agreement between a Service and the TRICARE Management Activity (TMA) regarding the development and execution of the business plan should be resolved at the TRICARE Advisory Committee (TAC) and, if necessary, the issue can be brought forward to the Senior Military Medical Advisory Council (SMMAC) for decision by the Assistant Secretary of Defense (Health Affairs). Disputes between MTFs in a multi-service market will be adjudicated through the chains of command of the involved Services.

## II. TRICARE Regional Offices

1. *TRICARE Organizational Relationships.* The TRICARE Regional Offices represent the new management organization for managing regional contractors and overseeing an integrated health care delivery system in the three United States-based TRICARE regions. The TROs are designated TRICARE Regional Office-North, TRICARE Regional Office-South and TRICARE Regional Office-West. The new management organization for the TRICARE Overseas program will include a TRICARE Overseas Regional Office based at TMA with subordinate overseas offices. After adequate staffing and funding for civilian personnel for the TROs is transferred from the existing Lead Agents or Service medical departments, TMA will assume responsibility for ongoing management, staffing and funding of these offices. Military staff provided to the Regional Offices may continue to be provided through the current Service processes for providing military manpower to the Lead Agents. Each United States-based TRICARE regional office will be led by a Regional Director, reporting to and operating under the authority, direction, and control of the TMA Chief Operating Officer (COO).

Chart 1



2. *Responsibilities of the Regional Director.* Within each region the Regional Director is the health plan manager. They have visibility of both the contract and direct care assets, and coordinate with the Services to develop an integrated health plan. Specific responsibilities include:

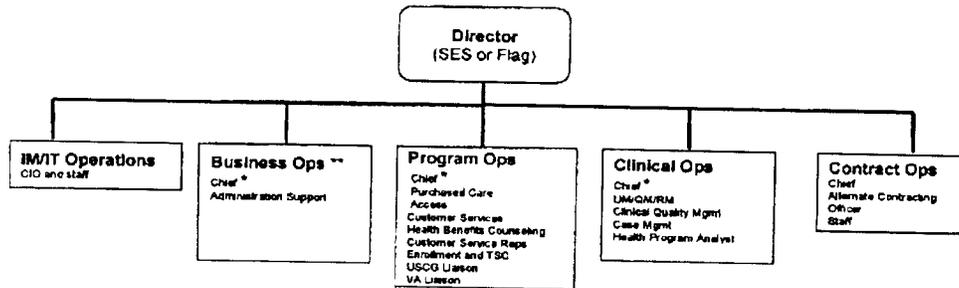
- a. Management of the TRICARE contracts for all eligible MHS beneficiaries in the region. This responsibility includes:

- ensuring network quality and adequacy including provider issues
  - monitoring customer satisfaction outcomes
  - managing TRO customer service issues
  - coordinating appointing and referral management policies
  - addressing enrollment issues
  - contracting and fiscal management functions
  - establishing and coordinating regional marketing and education functions
  - overseeing contractor credentialing
  - developing TRICARE Maximum Allowable Charge (TMAC) waiver packages
  - approving resource sharing agreements entered into between the contractor and the MTF under the auspices of the new contract
  - ensuring contract support for MTF optimization
  - approving memorandums of understanding with the contractor(s)
  - serving as the fee determination official for the Health Care Services and Administration contract
  - other delegated functions.
- b. Provision of support to the military medical treatment facility (MTF) Commanders in their delivery of health care services for MTF-enrolled beneficiaries; for the management of health care services for beneficiaries not enrolled to MTFs; supporting the MTF Commanders in their efforts to optimize health care services in the MTFs; and other assistance as required to support both MTF and remote areas to meet regional strategic planning goals and the annual business plan objectives.
- c. Development of business plans for non-MTF areas (e.g., BRAC sites), remote areas, and those areas in which a Service Surgeon General requests Regional Director support.
- d. Integration of MTF and remote business plans into a single, regional business plan for submission to TMA prior to the start of each fiscal year, and subsequent monitoring of performance against the business plans.
- e. Funding of regional initiatives to optimize and improve the delivery of health care, through dedicated resources and a disciplined and open business case planning/approval process. Opportunities for investment capital can be initiated by the Regional Director, a single MTF Commander or by a Senior Market Manager on behalf of the MTFs in a multiple service market.
- f. Chair of the TRICARE Regional Advisory Committee

3. *TRICARE Regional Office Organization and Staffing.* For the three US-based regions, the TRICARE Regional Office organizational chart is provided (Chart 2). These offices will each be supported with sixty (60) persons including one US Coast Guard liaison and one representative from the Department of Veterans Affairs for each office. During the transition from the current contracts to the new TRICARE contracts, some Lead Agent office staff will migrate to the TROs and some will be retained by the Services. TRO staff should operate under the authority, direction and control of the Regional Director. Civilian staffing will be maintained under TMA manning documents while military staffing (except Regional Directors if Flag Officer) will be classified as detailed assets and remain on Service manning documents. If the Services wish to move military personnel to TMA manning documents, they may.

Chart 2

### TRICARE Regional Office Organization Chart



\* One of these three Chiefs will be selected to function as Director in the absence of incumbent

\*\*Responsible for Business Operations and functions of Office of the Director

4. *Overseas Regions.* Although overseas locations are not served by a Managed Care Support Contractor, the TRICARE Overseas programs require continued management presence.

a. The overseas offices will be established as follows:

- TRICARE Europe in Sembach, Germany.
- TRICARE Pacific in Okinawa, Japan
- TRICARE Latin America/Canada in Fort Gordon, Georgia.

b. Each overseas area will have an office with a military (O-6) Deputy Director, TRO. The overseas Deputy Directors shall operate under the authority, direction and control of the TMA, Chief Operating Officer and will be supported by the Overseas Regional Office. Civilian staffing will be maintained under TMA manning documents while military staffing will remain on Service manning documents.

c. Each overseas area will form an Executive Steering Committee consisting of Combatant and Component Surgeons to provide a forum for communication and to address issues that affect health care delivery for their beneficiaries.

5. *TRICARE Alaska Office.* The TRICARE Alaska Office (TAO) is a satellite of the TRICARE West Region. Funding and authorities will come from current Lead Agent resources.

6. *Regional Business Planning Process.* Utilizing the business plans (see Section IV) that have been approved and submitted by the Surgeons General for all multiple service market areas and by the Services for their single MTFs, the Regional Director develops the regional business plan for health care delivery by integrating the TRO regional non-MTF business plan with the single

and multi MTF business plans. (Chart 3). The Regional Director has knowledge of all assets, costs, and expenditures and is able to make recommendations to the Services regarding the flow of dollars and staffing throughout the region. The Regional Director monitors MTF performance in accordance with the business plans and communicates with MTF Commanders, and if necessary with Service headquarters, when deviations from the plan are noted. Within the region, the Regional Director accomplishes the market management for the areas without MTFs and for smaller MTFs, when requested by a Surgeon General.

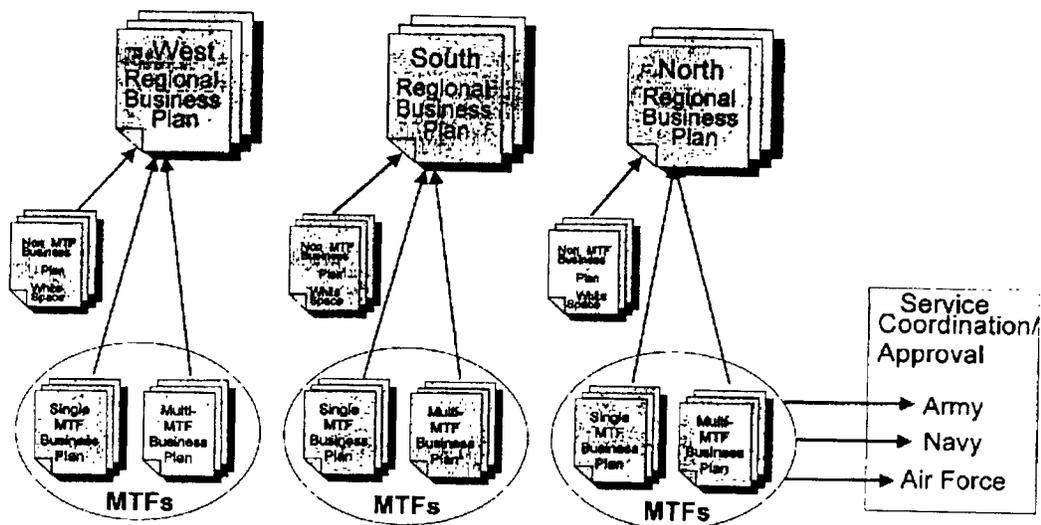


Chart 3: Regional Business Plan Review Process

### III. Market Management

*TRICARE Markets.* A TRICARE market is a significant density of TRICARE users and is designated in the new TRICARE contracts as Prime Service Areas. The TRICARE contractor will develop provider networks in these Prime Areas that include, but not restricted to, the forty-mile radius around MTFs, Base Realignment and Closure (BRAC) sites and any additional sites proposed by the contractor. The TMA and the services have defined 182 Prime Service Areas across the United States where the Managed Care Support Services contractors are required to develop a Prime provider network.

1. *Multiple Service Markets.* Multiple service markets are those Prime Areas in which more than one Service military treatment facility is present, and significant beneficiary health care costs exist.
  - a. There will be eleven large markets (See Table 1). Thirteen markets are multiple service markets. Although San Diego only has one Service with a medical presence, it ranks third in terms of beneficiaries served (337,641) and expends 5 percent of the total purchased care and direct care dollars in the MHS and thus merits equivalent attention. These 13 markets account for approximately 31 percent of the total eligible TRICARE population and approximately 44 percent of the purchased and direct care dollars expended.
  - b. The title Senior Market Manager applies to the MTF Commander designated by the Surgeons General to be the market manager for each of the 13 multi-service markets.
  - c. In multiple service markets, the Senior Market Manager will be responsible for coordinating the development of a single, integrated business plan. This includes integrated plans for appointing services, resource sharing (among the Services and with contractor support), optimization initiatives and DoD/VA sharing opportunities.
  - d. The Senior Market Manager leads a collaborative process to develop a consolidated business plan for the market and to jointly work resource issues. The Senior Market Manager is empowered to make recommendations concerning short-term operational decisions to address unanticipated changes in staffing and/or demand for patient care services. This includes recommendations to temporarily reassign staff within the market. Recommendations agreed upon by the MTF Commanders may be implemented locally. Disputes between MTFs in a multi-service market will be adjudicated through the chains of command of the involved Services and in accordance with the dispute resolution process outlined in Section V.

Table 1: Multiple Service Market Areas/ Senior Market Managers

Multiple Service Market Areas			
Region	Market	Service	Senior Market Manager
North	National Capital Area	Army	Walter Reed Army Medical Center
North	Tidewater, VA	Navy	Portsmouth Naval Medical Center
North	Ft Bragg/Pope AFB, NC	Army	Womack Army Medical Center
South	Naval Hospital Charleston/ Charleston AFB, SC	Navy	Naval Hospital Charleston
South	Ft Jackson/Shaw AFB, SC	Army	Moncrief Army Hospital
South	Mississippi Delta	Air Force	Keesler USAF Medical Center
South	San Antonio, TX	Air Force	Wilford Hall Medical Center
West	Colorado Springs, CO	Air Force	USAF Academy Hospital
West	San Diego, CA	Navy	San Diego Naval Medical Center
West	Puget Sound, WA	Army	Madigan Army Medical Center
West	Hawaii	Army	Tripler Army Medical Center
West	Anchorage, Alaska	Air Force	Elmendorf AFB Hospital
West	Fairbanks, Alaska	Army	Bassett Army Community Hospital

2. *Service Responsibilities.* The Surgeons General will approve business plans for their individual MTFs and for the multiple service markets designated as their responsibility. The Services are also responsible for resourcing MTFs in accordance with the approved business plan.

3. *MTF Commander Responsibilities.* The Services will determine the size, resources, organizational alignment and staffing to accomplish MTF market management functions at the MTFs and for those MTFs who are Senior Market Managers. The MTF Commander is responsible for the following activities:

- a. Develop and submit the business plan for the market.
- b. Develop and implement joint programs in multiple service market areas.
- c. Identify and develop sharing initiatives with the Veterans Health Administration
- d. Manage the care of all MTF Prime enrollees under Revised Financing.

e. Support and participate in regional activities as requested, assign Point(s) of Contact for the managed care contractor within the market, and develop Memorandums of Understanding with the managed care contractor as required in the contracts.

#### IV. Business Planning

1. The business planning process is the key element for the integration of the direct care system with purchased care. Annual business plans, developed by MTF Commanders and multi-service market managers, will be integrated into regional business plans by the Regional Directors and will serve as the cornerstone of TRICARE health plan management. The objective for the business planning process is to achieve optimal utilization of the DHP resources and provide management accountability at every level of the MHS.
2. A fundamental principle of the business planning and operational monitoring process is that the Regional Directors, Services and TMA will conduct operations with complete financial and workload visibility. Progress will be monitored based on pre-established performance goals.
3. The business planning process will:
  - a. Document the accountability and responsibility for the scope of care provided by each MTF.
  - b. Account for staffing and funding, and establish productivity and financial objectives with TMA.
  - c. Establish the direct care system capability and capacity with analysis of market demands and opportunities. Opportunities that require investment capital, optimization funding, or requirements to meet critical medical needs will be identified in the business plan.
4. All Service designated MTFs will develop a business plan. For outpatient MTFs there are two options:
  - a. A stand alone business plan;
  - b. The facility may be incorporated into the business plan of a parent MTF.
5. The MTF Commander is responsible and accountable for the delivery of the TRICARE health benefit to the population enrolled to the MTF. Additionally, the MTF Commander will include in the business plan the provision of care to selected beneficiaries to maintain readiness skills and clinical competency, and to maximize utilization of the facility after the needs of TRICARE Prime enrollees have been met.
6. Revised financing provides the MTF Commander with the incentives to closely manage total health care utilization and cost for their enrollees. MTFs in the United States will operate under revised financing rules, with funds identified for non-active duty purchased care and for active duty supplemental care costs.

## V. Policy, Business Planning and Problem Resolution Process

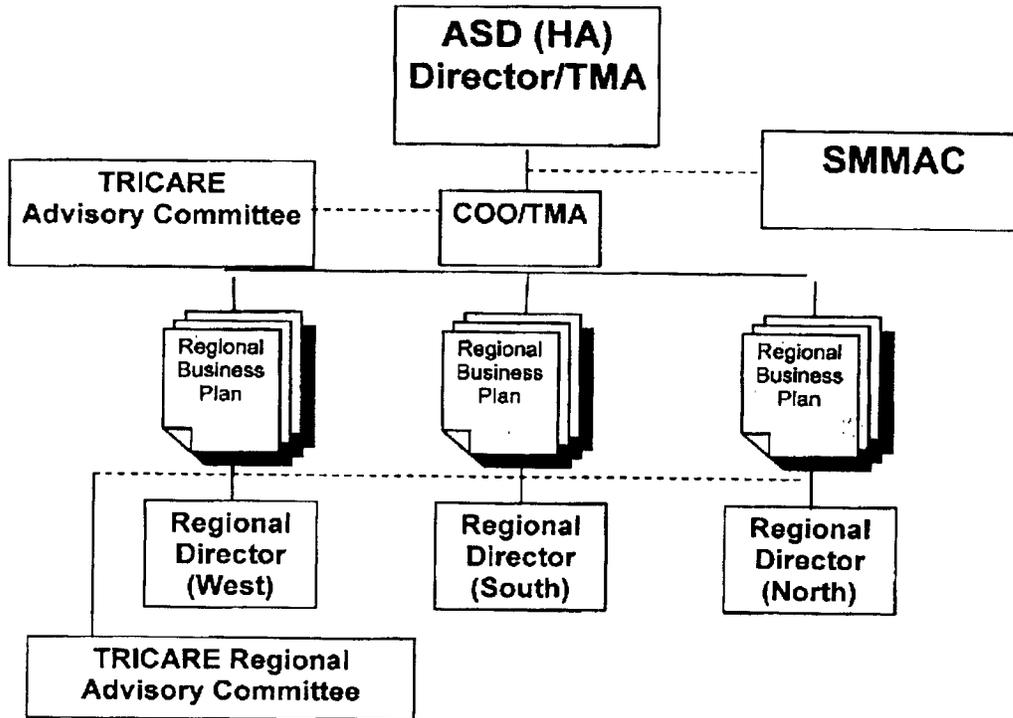
1. *Business Plan Approval and Execution.* During the development and execution of the regional business plan the Regional Director will directly communicate and coordinate with MTF Commanders and, if necessary, with the Services to reconcile any concerns. The goal is to mutually agree if the plan as submitted by the Services needs to be changed. Assuming consensus, the consolidated plan will be reviewed and approved by the TAC. Issues concerning the business plan that cannot be resolved between the Regional Director and the Services will be referred to the COO to work with the Deputy Surgeons General for resolution.

2. *TRICARE Regional Advisory Committee (TRAC).* The TRAC will review the annual regional business plans and periodically assess the regional business plan's performance. The TRAC will serve as a forum to identify and resolve regional issues prior to bringing them to the attention of the TRICARE Advisory Committee (TAC) or COO. The membership will include: the Regional Director, the representative MTF Commanders and/or Intermediate Commands/Services and the Managed Care Support Contractor. The SMMAC will review the composition of the regional TRACs periodically to ensure uniformity of Service representation.

3. *TRICARE Advisory Committee (TAC).* The TRICARE Advisory Committee (TAC) will be chaired by the TMA, COO with membership to include the TMA Chief Medical Officer, TMA Chief Financial Officer, TMA Chief Information Officer, and the three Deputy Surgeons General. The TAC will approve and periodically evaluate the regional health plans. The TAC also is available to identify and resolve issues prior to bringing them to the attention of the TMA Director.

4. Regional business plan issues that are not resolved by the TAC will be presented for review by the Senior Military Medical Advisory Council (SMMAC) and resolution by the ASD(HA) in his role as program manager for all medical resources.

Chart 4



**T**

**A**

**B**

**B**



# Department of Defense DIRECTIVE

31 May 2001  
NUMBER 5136.12

DA&M

SUBJECT: TRICARE Management Activity (TMA)

- References:
- (a) Title 10, United States Code
  - (b) DoD Directive 5136.11, "Defense Medical Programs Activity," October 26, 1992 (hereby canceled)
  - (c) DoD Directive 5105.46, "TRICARE Support Office," July 31, 1997 (hereby canceled)
  - (d) DoD Directive 5136.1, "Assistant Secretary of Defense for Health Affairs (ASD(HA))," May 27, 1994
  - (e) through (h), see enclosure 1

## 1. PURPOSE

Pursuant to the authority vested in the Secretary of Defense under reference (a) establishes TRICARE Management Activity (TMA) with the mission, organization, responsibilities, functions, relationships, and authorities as described herein. The TMA replaces the Defense Medical Programs Activity (reference (b)), and the TRICARE Support Office (TSO) (reference (c)), which are hereby disestablished. All references in DoD Directive 5136.1 (reference (d)) or any other DoD issuance (except the Defense Federal Acquisition Regulation Supplement (DFARS)) (reference (e)) to active functions or authorities of the "Office of CHAMPUS" or "OCHAMPUS" shall be understood to be references to functions and authorities of the TMA (successor to TSO, which was previously known as the Office of CHAMPUS). All references in the DFARS to active functions or authorities of the "Office of CHAMPUS" shall be understood to be references to the functions and authorities of the TMA Directorate of Acquisition Management and Support.

## 2. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as "the DoD Components"). This Directive also applies to the Coast Guard when it is not operating as a Military Service in the Navy, the Commissioned Corps of the Public Health Service, and the National Oceanic and Atmospheric Administration under agreements with the Departments of Transportation and Health and Human Services.

### 3. DEFINITIONS

Terms used in this Directive are defined in enclosure 2.

### 4. MISSION

The mission of the TMA is to:

- 4.1. Manage TRICARE;
- 4.2. Manage and execute the Defense Health Program (DHP) Appropriation and the DoD Unified Medical Program; and
- 4.3. Support the Uniformed Services in implementation of the TRICARE Program and the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS).

### 5. ORGANIZATION

The TMA is hereby established as a DoD Field Activity of the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) and shall operate under the authority, direction, and control of the Assistant Secretary of Defense for Health Affairs (ASD(HA)). It shall consist of:

- 5.1. A Director appointed by and reporting to the ASD(HA).
- 5.2. The Directorate of Acquisition Management and Support (AM&S), which shall operate as the primary contracting activity in support of the TMA mission.
- 5.3. Such additional subordinate organizational elements as are established by the Director, TMA, within authorized resources.

### 6. RESPONSIBILITIES AND FUNCTIONS

6.1. The Assistant Secretary of Defense for Health Affairs, under the Under Secretary of Defense for Personnel and Readiness, in accordance with DoD Directive 5136.1 (reference (d)), shall:

6.1.1. Execute the Department's medical mission, which is to provide, and to maintain readiness to provide, medical services and support to members of the Armed Forces during military operations, and to provide medical services and support to members of the Armed Forces, their dependents, and others entitled to DoD medical care.

6.1.2. Exercise authority, direction, and control over all DoD medical and dental personnel, facilities, programs, funding, and other resources within the Department of Defense.

6.2. The Director, TMA, under the authority, direction, and control of the ASD(HA), shall:

6.2.1. Organize, direct, and manage the TMA and all assigned resources.

6.2.2. Manage the execution of policy issued by the ASD(HA), pursuant to reference (d), in the administration of all DoD medical and dental programs authorized by reference (a). Issue program direction for the execution of policy within the MHS to the Surgeons General of the Army, Navy, and Air Force. When issued to the Military Departments, program direction shall be transmitted through the Secretaries of those Departments.

6.2.3. Serve as the program manager for TRICARE health and medical resources, supervising and administering TRICARE programs, funding, and other resources within the Department of Defense. The Director, however, may not direct a change in the structure of the chain of command within a Military Department with respect to medical personnel and may not direct a change in the structure of the chain of command with respect to medical personnel assigned to that command.

6.2.4. Prepare and submit, together with and pursuant to policy guidance of the ASD(HA) and with Service input, for the Department's planning, programming, and budgeting system (PPBS), the DoD Unified Medical Program and budget to provide resources for all health and medical activities within the Department of Defense. Support the ASD(HA)'s presentation and justification of the DoD Unified Medical Program and budget throughout the PPBS process, including representations before the Congress.

6.2.5. Manage and execute the DHP and DoD Unified Medical Program accounts, including Military Department execution of allocated funds, in accordance with instructions issued by the ASD(HA), fiscal guidance issued by the Under Secretary of Defense (Comptroller), and applicable law.

6.2.6. Exercise oversight, management, and program direction of information management/information technology systems and programs as necessary to manage TRICARE and support the ASD(HA) in administration of all medical and dental programs authorized by reference (a).

6.2.7. Develop such technical guidance, regulations, and instructions as required to manage TRICARE and to support the ASD(HA) in administration of all medical and dental programs authorized by reference (a).

6.2.8. Support the conduct of studies and research activities in the healthcare area to assist the ASD(HA), and others, as necessary, in support of their responsibilities and to support the management and implementation of health policies for the MHS issued by the ASD(HA).

6.2.9. Contract for managed care support, dental support, other health programs, claims processing services, studies and research support, supplies, equipment, and other services necessary to carry out the TRICARE and support the MHS.

6.2.10. Collect, maintain, and analyze data appropriate for the preparation of budgets, fiscal planning, and as otherwise needed to carry out TRICARE.

6.2.11. Provide beneficiary and customer support and information services.

6.2.12. Exercise oversight and program direction over each TRICARE Regional Office (TRO), to include defining the roles, functions, and responsibilities of the Lead Agents, to ensure consistent implementation and management of MHS policies and the uniform health benefit.

6.2.13. Issue, through the head of the contracting activity (HCA), administrative contracting officer warrants, as the HCA deems appropriate, to TRO staff pursuant to a memorandum of agreement entered into between the HCA and each TRO Lead Agent for administration of TRICARE contracts

6.2.14. Provide comments and recommendations to the appropriate official in the evaluation and rating of each TRO Lead Agent, consistent with applicable Service regulations.

6.2.15. Perform such other functions as the ASD(HA) may prescribe.

6.3. The Secretaries of the Military Departments shall:

6.3.1. Establish and staff a TRO for geographical areas designated by the ASD(HA). The TRO shall be provided the authority and staff necessary to ensure consistent implementation and management of MHS policies and the uniform health benefit within the geographical area.

6.3.1.1. The TRO shall be headed by a Lead Agent (a senior military officer) who shall be the focal point for health services within the geographical region with responsibility for development and execution of an integrated plan for the delivery of health care. While the Lead Agent shall be under the operational control of, and be responsible to, his/her respective Military Department, the Lead Agent shall be subject to the oversight and program direction of the TMA Director in the implementation and management of MHS policies and the uniform health benefit.

6.3.1.2. A Lead Agent Director, operating under the authority, direction, and control of the TRO Lead Agent, shall manage the TRO. The Lead Agent Director shall be responsible, in collaboration with Military Treatment Facility commanders, for development and execution of an integrated plan for the delivery of health care within the geographical region. Selection and appointment of each TRO Lead Agent Director shall be made in coordination with and approval of the Director, TMA.

6.3.2. Provide, on a reimbursable basis, such facilities, physical security, logistics, and administrative support as required for effective TMA operations. Reimbursements for inter-service support and services shall be made in accordance with DoD Instruction 4000.19 and DoD Directive 1400.16 (references (f) and (g)).

6.4. The Director, Defense Legal Services Agency, shall provide legal advice and services for the TMA.

## 7. RELATIONSHIPS

7.1. The Director, TMA, shall:

7.1.1. Ensure that the DoD Components are kept fully informed concerning TMA activities with which they have collateral or related functions.

7.1.2. Use established facilities and services of the Department of Defense and other Federal Agencies, whenever practicable, to avoid duplication and to achieve an appropriate balance of modernization, efficiency, and economy of operations.

7.1.3. Maintain appropriate liaison, consultation and coordination with other governmental and non-governmental agencies, as required, to exchange information and advice on programs in the fields of assigned responsibility.

7.1.4. Work collaboratively with the Military Departments, through the Surgeons General, to ensure an integrated and standardized TRICARE health care delivery system.

7.2. The Heads of DoD Components shall coordinate with the Director, TMA, as appropriate, on matters relating to TMA operations, functions, and responsibilities.

8. AUTHORITIES

8.1. The Director, TMA, is specifically delegated authority to:

8.1.1. Obtain from other DoD Components, consistent with the policies and criteria of the DoD Directive 8910.1 (reference (h)), information, advice, and assistance necessary to carry out TMA programs and activities.

8.1.2. Communicate directly with appropriate representatives of the DoD Components, other Executive Departments and Agencies, and members of the public, as appropriate, on matters related to TMA programs and activities. Communications to the Commanders of the Combatant Commands shall be transmitted by the ASD(HA), through the Chairman of the Joint Chiefs of Staff.

8.1.3. Exercise oversight and management of Executive Agents designated to perform TRICARE activities. Exercise oversight, program direction, and funding execution of Executive Agents designated to perform activities related to TRICARE activities.

8.1.4. Exercise the administrative authorities contained in enclosure 3.

9. ADMINISTRATION

9.1. The Secretaries of the Military Departments shall assign military personnel to the TMA in accordance with approved authorizations and established procedures for assignment to joint duty.

9.2. Administrative support for Headquarters, TMA and the TMA field elements may be provided by the DoD Components through interservice support agreements in accordance with DoD Instruction 4000.19 and DoD Directive 1400.16 (references (f) and (g)).

10. EFFECTIVE DATE

This Directive is effective immediately.



Paul Wolfowitz  
Deputy Secretary of Defense

Enclosures – 3

- E1. Reference, continued
- E2. Definitions
- E3. Delegations of Authority

E1. ENCLOSURE 1

REFERENCES, continued

- (e) Defense Federal Acquisition Regulation Supplement (current edition)
- (f) DoD Instruction 4000.19, "Interservice and Intergovernmental Support," August 9, 1995
- (g) DoD Directive 1400.16, "Inter-departmental Civilian Personnel Administration Support," October 30, 1970
- (h) DoD Directive 8910.1, "Management and Control of Information Requirements," June 11, 1993
- (i) Title 32, Code of Federal Regulations, Part 199, "Civilian Health and Medical Programs of the Uniformed Services (CHAMPUS)"

## E2. ENCLOSURE 2

### DEFINITIONS

E2.1.1. Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). The DoD civilian sector health care program operated under the authority of 32 CFR part 199 (reference (i)).

E2.1.2. TRICARE. The DoD medical and dental programs operating pursuant to chapter 55 of 10 U.S.C. (reference (a)), under which medical and dental services are provided to DoD health care beneficiaries. (The term "TRICARE" includes all activities described in the definition of the term "TRICARE Program" at 10 U.S.C. 1072(7) (reference (a))).

E2.1.3. Armed Forces. The Army, Navy, Air Force, Marine Corps, and Coast Guard.

E2.1.4. Uniformed Services. Includes the Armed Forces, the Commissioned Corps of the National Oceanic and Atmospheric Administration, and the Commissioned Corps of the Public Health Service.

E2.1.5. DoD Military Health System (MHS). The DoD medical and dental programs, personnel, facilities, and other assets operating pursuant to chapter 55 of 10 U.S.C. (reference (a)), by which the Department of Defense provides:

E2.1.5.1. Health care services and support to the Armed Forces during military operations, and

E2.1.5.2. Health care services and support under TRICARE to members of the Armed Forces, their family members, and others entitled to DoD medical care.

E2.1.6. Defense Health Program (DHP) Appropriation. A single appropriation consisting of operation and maintenance and other procurement funds designed to finance the non-military personnel requirements of the MHS.

E2.1.7. DoD Unified Medical Program. A combination of the DHP appropriation, the medical military construction appropriation, and the military personnel funds to reimburse the military personnel appropriations of the three Military Departments for military personnel supporting the MHS.

E2.1.8. TRICARE Regional Office (TRO). The office charged with ensuring consistent implementation and management of MHS policies and the uniform health benefit within a geographical area designated by the ASD(HA).

E2.1.9. Director, TMA. The official appointed by, and reporting to, the ASD(HA), with responsibilities, functions, and authorities set forth in this Charter. The term "Director" includes any other recognized organizational title, such as "Executive Director."

E3. ENCLOSURE 3

DELEGATIONS OF AUTHORITY

E3.1.1. Pursuant to the authority vested in the Secretary of Defense, and subject to the authority, direction, and control of the Secretary of Defense, the USD(P&R), the ASD(HA), and in accordance with DoD policies, Directives, and Instructions, the Director, TMA, or in the absence of the Director, the person acting for the Director, is delegated authority as required in the administration and operation of the TMA to:

E3.1.1.1. Exercise the powers vested in the Secretary of Defense by 5 U.S.C. 301, 302(b), 3101, 4103, 4302, and 5107 on the employment, direction, and general administration of TMA civilian personnel.

E3.1.1.2. Fix rates of pay of wage-rate employees exempted from the Classification Act of 1949 by 5 U.S.C. 5102 on the basis of rates established under the Federal Wage System. In fixing such rates, the Director, TMA, shall follow the wage schedule established by the DoD Wage Fixing Authority.

E3.1.1.3. Administer oaths of office to those entering the Executive Branch of the Federal Government or any other oath required by law in connection with employment therein, in accordance with 5 U.S.C. 2903, and designate in writing, as may be necessary, officers and employees of the TMA to perform this function.

E3.1.1.4. Establish a TMA Incentive Awards Board, and pay cash awards to, and incur necessary expenses for, the honorary recognition of civilian employees of the Government whose suggestions, inventions, superior accomplishments, or other personal efforts, including special acts or services, benefit or affect the TMA, in accordance with 5 U.S.C. 4503, Office of Personnel Management (OPM) regulations, and DoD 1400.25-M, Chapter 400, Subchapter 451.

E3.1.1.5. Maintain an official seal and attest to the authenticity of official TMA records under that seal.

E3.1.1.6. Establish advisory committees and employ temporary or intermittent experts or consultants, as approved by the Secretary of Defense, for the performance of TMA functions consistent with 10 U.S.C. 173; 5 U.S.C. 3109(b); and DoD Directive 5105.4.

E3.1.1.7. In accordance with Executive Order 10450, "Security Requirements for Government Employment," April 27, 1953; Executive Order 12333, "United States Intelligence Activities," December 4, 1981; and Executive Order 12968, "Access to Classified Information," August 4, 1995; and DoD Directive 5200.2, as appropriate:

E3.1.1.7.1. Designate any position in the TMA as a "sensitive" position.

E3.1.1.7.2. Authorize, in case of emergency, the appointment of a person to a

sensitive position in the TMA for a limited period of time and for whom a full field investigation or other appropriate investigation, including National Agency Check, has not been completed.

E3.1.1.7.3. Initiate personnel security investigations and, if necessary, in the interest of national security, suspend a security clearance for personnel assigned, detailed to, or employed by the TMA. Any action under this paragraph shall be taken in accordance with procedures prescribed in DoD 5200.2-R.

E3.1.1.8. Act as the agent for the collection and payment of employment taxes imposed by Chapter 21 of the Internal Revenue Code of 1954, as amended; and, as such agent, make all determinations and certifications required or provided for under the Internal Revenue Code of 1954, as amended (26 U.S.C. 3122), and the "Social Security Act," as amended (42 U.S.C. 405(p)(1) and 405(p)(2)), with respect to TMA employees.

E3.1.1.9. Authorize and approve:

E3.1.1.9.1. Temporary duty travel for military personnel assigned or detailed to the TMA in accordance with Joint Federal Travel Regulations, Volume 1.

E3.1.1.9.2. Travel for TMA civilian personnel in accordance with Joint Travel Regulations, Volume 2.

E3.1.1.9.3. Invitational travel to non-DoD personnel whose consultative, advisory, or other highly specialized technical services are required in a capacity that is directly related to, or in connection with, TMA activities, in accordance with Joint Travel Regulations, Volume 2.

E3.1.1.9.4. Overtime work for TMA civilian personnel in accordance with 5 U.S.C. Chapter 55, Subchapter V, and applicable OPM regulations.

E3.1.1.10. Approve the expenditure of funds available for travel by military personnel assigned or detailed to the TMA for expenses incident to attendance at meetings of technical, scientific, professional, or other similar organizations in such instances when the approval of the Secretary of Defense, or designee, is required by 37 U.S.C. 412, and 5 U.S.C. 4110 and 4111.

E3.1.1.11. Develop, establish, and maintain an active and continuing Records Management Program, pursuant to 44 U.S.C. 3102 and DoD Directive 5015.2.

E3.1.1.12. Utilize the Government Purchase Card for making micro-purchases of material and services, other than personal services, for the TMA, when it is determined more advantageous and consistent with the best interests of the Government.

E3.1.1.13. Authorize the publication of advertisements, notices, or proposals in newspapers, magazines, or other public periodicals, as required for the effective administration and operation of the TMA, consistent with 44 U.S.C. 3702.

E3.1.1.14. Establish and maintain, for the functions assigned, an appropriate publications

system for the promulgation of common supply and service regulations, instructions, and reference documents, and changes thereto, pursuant to the policies and procedures prescribed in DoD 5025.1-M.

E3.1.1.15. Enter into support and service agreements with the Military Departments, other DoD Components, or other Government Agencies, as required, for the effective performance of TMA functions and responsibilities.

E3.1.1.16. Enter into and administer contracts, through the TMA Directorate of Acquisition Management and Support or through a Military Department, a DoD contract administration services component, or other Federal Agency, as appropriate, for supplies, equipment, and services required to accomplish the mission of the TMA. The Director, AM&S, shall be the head of the contracting activity. To the extent that any law or Executive Order specifically limits the exercise of such authority to persons at the Secretarial level of the Department, such authority shall be exercised by the appropriate Under Secretary or Assistant Secretary of Defense.

E3.1.1.17. Establish and maintain appropriate property accounts for the TMA and appoint Boards of Survey, approve reports of survey, relieve personal liability, and drop accountability for TMA property contained in the authorized property accounts that has been lost, damaged, stolen, destroyed, or otherwise rendered unserviceable, in accordance with applicable laws and regulations.

E3.1.1.18. Promulgate the necessary security regulations for the protection of property and places under the jurisdiction of the Director, TMA, pursuant to DoD Directive 5200.8.

E3.1.1.19. Lease property under the control of the TMA, under terms that will promote the national defense or that will be in the public interest, pursuant to 10 U.S.C. 2667.

E3.1.1.20. Exercise the authority delegated to the Secretary of Defense by the Administrator of the General Services Administration for the disposal of surplus personal property.

E3.1.2. The Director, TMA, may redelegate these authorities as appropriate, with the approval of the ASD (HA) and in writing, except as otherwise specifically indicated above or as otherwise provided by law or regulation.

**Appendix 3. September 12, 2007, Deputy Secretary of Defense Memorandum,  
“Establishing Authority for Joint Task Force – National Capital Region/Medical  
(JTF CAPMED) and JTF CAPMED Transition Team”**

**Appendix 4. March 14, 2011, Secretary of Defense Memorandum, “Organizational Efficiencies” (Pertinent Elements)**



**DEPUTY SECRETARY OF DEFENSE  
1010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1010**

SEP 12 2007

**MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
CHIEFS OF SERVICES  
COMMANDERS OF THE COMBATANT COMMANDS  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF  
DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION  
DIRECTORS OF THE DEFENSE AGENCIES**

**SUBJECT: Establishing Authority for Joint Task Force - National Capital  
Region/Medical (JTF CapMed) and JTF CapMed Transition Team  
(Unclassified)**

The 2006 Quadrennial Defense Review provided strategies to improve the management, performance, and efficiency of the Military Health System (MHS). These strategies included elimination of redundant command structures, alignment of resource streams, and provision of clear lines of authority and responsibility for local decision making.

Effective 14 Sep 07, I am establishing JTF CapMed under the command of RADM John Mateczun, MC, USN, as delineated in Annex A and B. JTF CapMed will (1) ensure the effective and efficient delivery of world-class military healthcare within the NCR Tricare Sub-region (JOA) using all available military healthcare resources within this JOA, and (2) oversee the consolidation and realignment of military healthcare within the JOA in accordance with the Base Realignment and Closure Act (BRAC) Business Plan 169 and 173E. JTF CapMed will also conduct such other missions as may be assigned to improve the management, performance, and efficiency of the MHS.

Upon receipt of this memorandum, the current NCR Multiple Service Market Office (MSMO) and the NCR Medical BRAC Integration Office will merge to form the Transitional Element (TE) of JTF CapMed. RADM Mateczun will establish the Joint Table of Distribution (JTD) for the JTF Headquarters. Services will provide additional or alternate staffing as requested by the transition team or JTF.



I have tasked the Under Secretary of Defense for Personnel and Readiness and Vice Chairman, Joint Staff to oversee this effort within the Department. Tab A provides authorities, guidance, and immediate tasks to establish JTF CapMed. Tab B identifies the military units assigned to JTF CapMed.

A handwritten signature in black ink that reads "Andrew England". The signature is written in a cursive style with a large initial 'A' and a long, sweeping underline.

Attachments:  
As stated

## TAB A

Final as of Signature Date

### AUTHORITIES AND GUIDANCE FOR ESTABLISHING JOINT TASK FORCE NATIONAL CAPITOL REGION MEDICAL (JTF CapMed)

1. **ESTABLISHMENT.** JTF CapMed will achieve Initial Operational Capable (IOC) not later than 1 October 2007 and Fully Operational Capable (FOC) not later than 30 September 2008.

a. JTF CapMed will be a fully functional Standing Joint Task Force reporting directly to the Secretary of Defense (SECDEF) through the Deputy Secretary of Defense (DEPSECDEF).

b. The commander of JTF CapMed will be an O-9 Medical Department Officer vested with appropriate authorities and reporting relationships as specified below. This position will be a position of importance and responsibility under section 601 of Title 10, United States Code.

c. The Commander of JTF CapMed will act as the senior medical officer in the JOA with responsibility for the effective and efficient delivery of world-class military healthcare in the NCR. The Commander will organize staff and reporting organizations to execute his/her mission. The Commander shall have the authority to compile budgets for the units assigned to JTF CapMed and distribute and direct resources as needed within the JOA to accomplish mission objectives. The Commander shall directly supervise the JTF Component Commanders within the JOA. The Commander shall forward risks and issues to the Co-Chairs of the Overarching Integrated Product Team for the Transition of Medical Activities in the National Capital Region (NCR OIPT) as necessary to ensure the effective execution of the JTF CapMed mission.

2. **MISSIONS AND RELATED AUTHORITIES.** The mission and authorities of JTF CapMed are as follows:

a. Oversee, manage, and direct all health care delivery by military medical units within the JOA and ensure the military medical readiness of personnel in the JOA.

b. Oversee, manage, and distribute resources to military health care assets within the JOA.

c. Develop a Joint NCR transition plan and oversee BRAC Business Plan 169 and 173E implementation and related military construction (MILCON) projects.

d. Coordinate the scheduling and funding of clinical and non-clinical work with Services, MHS BRAC Program Integration Office, US Army Corps of Engineers and NAVFAC.

e. Develop and maintain interagency and private partnerships.

f. Other tasks as assigned.

3. **JTF CAPMED LOCATION.** The Commander, National Naval Medical Center, Bethesda, Maryland shall provide or arrange for the administrative and logistic support of the headquarters of JTF CapMed.

4. **RESOURCES AND PERSONNEL.** JTF CapMed will be resourced by the Commands, Services, and MHS to ensure the successful implementation of its assigned missions, as indicated below.

a. The Commander, JTF CapMed will establish the JTD for the JTF Headquarters (HQ). Initial joint staffing will be provided by MSMO and BRAC Medical Integration Office staff. Services will take immediate steps to identify and assign military personnel to fill the JTF CapMed Headquarters Joint Table of Distribution (JTD) to meet mission requirements; Services will fill these positions prior to funding the billets.

b. The Commander, JTF CapMed will have Tactical Control (TACON) of the military medical units assigned or attached to the JTF (TAB B). The Services will retain operational and administrative control of the personnel assigned to JTF CapMed. The Services may assign and reassign personnel within the JTF CapMed JOA in support of their military medical units.

c. Operational and Maintenance funding. ASD (HA) shall identify and provide funds to support the HQ Staff of JTF CapMed and provide resources for the delivery of military health care within the JOA.

## **TAB B**

### **JTF CapMed Military Medical Units**

#### **Army:**

Walter Reed Army Medical Center, Washington, DC

Dunham HC, Carlisle, PA

Barquist AHC, FT Detrick, MD

Kirk AHC, Aberdeen Proving Ground, MD

Kimbrough AHC, FT Mead, MD

Fairfax FHC, Fairfax, VA

Woodbridge FHC, Woodbridge, VA

Andrew/Rader FHC, FT Meyer, VA

DeWitt ACH, FT Belvoir, VA

Pentagon HC, Arlington, VA

#### **Air Force:**

Malcolm Grow MC, Andrews AFB, MD

Bolling AFB 579 HC, Washington, DC

11<sup>th</sup> MDG Flight Medicine Clinic, Pentagon

#### **Navy:**

National Naval Medical Center, Bethesda, MD

NHC Quantico, Quantico, VA

Pax River HC, Patuxent River, MD

NMC Naval Academy, Annapolis, MD

NHC USUHS, Bethesda, MD

NHC Carderock, Anacostia, MD

NHC/DC Lakehurst, Lakehurst, NJ

NHC/DC NAF Washington, DC

NHC/DC Willow Grove, PA

NHC Mechanicsburg, PA

NHC/DC Dahlgren, VA

NHC/DC Indian Head, MD

NHC NRL, Washington, DC

Tri-Serv Dental Clinic, Pentagon

NHC Philadelphia Naval Bus Ctr, PA

NHC/DC Washington Navy Yard, DC

NHC/DC Earle, NJ

NHC/DC Sugar Grove, WV

Appendix 5. High-Level Description of the Staffing Estimation Method

Estimate of Staffing Requirements

In support of the TOR criteria to evaluate options based on the potential to achieve significant cost savings through reduction in duplication and variation, the Task Force collected data on the organizational structure and staffing levels (military, civilian, and contractor) of the existing headquarters, intermediate command and field activities of Health Affairs, the TRICARE Management Activity (TMA), the offices of the Surgeons General, and the JTF CAPMED. The purpose was to develop a baseline of existing headquarters staffing and to provide an initial analysis of whether the options under consideration offered greater or lesser efficiencies in overall headquarters staffing. The analytic support team for the Task Force projected the potential staffing requirements for the MHS governance options. The details and tables that support this analysis are available in a separate volume. This report contains a review of the staffing analysis, along with the strengths and weaknesses of this approach. The key assumptions that guided the analysis were:

- For each component, the missions are similar but scope and processes are variables,
- Service management HQs are sized to accomplish their medical mission through the Service specific processes and in the Service operational environment, and

Current staffing can be used as a benchmark for staffing of consolidated HQ entities

Our analysis was based on, and extended parts of, a similar analytical model performed by the Center of Naval Analyses in support of the 2006 MHS Governance work group. Using the organizational charts and inputs from all organizations, the data were aligned by Higher Headquarters level and by functional category as shown in Figure A5-1 and Table A5-1.

	Air Force	Army	Navy	HA/TMA
Higher HQs	Air Force Surgeon General (AFSG)	Office of the Surgeon General (OTSG)	Navy Surgeon General (NSG)	Assistant Secretary of Defense (ASD), Health Affairs (HA)
Support Functions	Air Force Medical Operations Agency (AFMOA) / Air Force Medical Support Activity (AFMSA)	Army Medical Command (MEDCOM)	Bureau of Medicine & Surgery (BUMED) / Naval Medical Support Command (NMSC)	TRICARE Management Activity (TMA)
Regional HQs	Major Commands (MAJCOMs)	Regions	Regions	TRICARE Regional Offices (TROs)
Military Treatment Facilities	Not Included In This Analysis			

Figure A5-1. Higher Headquarters Construct

**TASK FORCE ON MILITARY HEALTH SYSTEM GOVERNANCE**

Level	Air Force	Army	Navy	HA	TMA	Total
Higher HQ	105	128	128	45	0	406
Support Agencies	831	705	532	0	2,649	4,717
Regions	156	504	195	0	158	1,013
Total	1,092	1,337	855	45	2,807	6,136

**Table A5-1. Higher Headquarters Staffing**

Function	Air Force	Army	Navy	HA	TMA	Total
Command	99	247	46	45	84	521
Contracting & Acquisition	15	0	0	0	138	153
Education & Training	1	3	12	0	7	23
Human Resources	47	89	62	0	48	246
Installations	17	38	26	0	6	87
IT	267	119	54	0	1,327	1,767
Logistics	92	71	10	0	0	173
Operations	301	104	229	0	220	854
Plans & Programs	21	164	82	0	16	283
PSC	0	4	0	0	440	444
RDT&E	85	0	155	0	3	243
Readiness	72	8	11	0	189	280
Resource Management	75	146	142	0	331	694
Specialty	0	344	26	0	0	370
<b>Total</b>	1,092	1,337	855	45	2,807	6,136

**Table A5-2. Higher Headquarters Staffing by Function**

The analysis was divided into two parts. The first part included the estimate of potential staff requirements for the development of shared services; the second half of the analysis estimated management headquarters requirements.

**Part 1: Shared Services**

All MHS Governance options proposed include a shared services construct. This construct was similar in each of the options and, therefore, a single analysis was conducted to estimate the size

of this element. The analysis adopted that of the Center for Naval Analyses<sup>1</sup> (CNA) by using an “economies of scale” approach based on the construct, i.e., the combination of two similar work elements will result in an output level that is marginally greater than the sum of the individual outputs due to scale efficiencies. This approach was used to estimate the staffing for the shared services component and Table A5-2 lists the functions considered for shared services. Due to the short time available for this Task Force to complete its work, no estimate was made of the savings from such items of consolidated contracts and other common business processes. The details of the shared services in terms of the functions involved and the level of consolidation should be developed further as part of the implementation of any governance changes.

## **Part 2: Higher Headquarters**

The management headquarters construct used is given above in Figure A5-1, with each level analyzed separately.

**Higher Headquarters.** Representing the direct support offices of the ASD(HA) and the Surgeons General, this headquarters level was allocated a value of 100 personnel for each component for the analysis. Neither the TRICARE Management Activity nor any of the Service support activities is included in this allocation.

**Unified Medical Command.** To address the Unified Medical Command, we evaluated the JTF CAPMED staffing with expansion to an MHS-wide scope and compared this result to existing Combatant Commands staffing levels as a benchmark.

The estimated JTF CAPMED end-state staffing requirement is ~150 personnel to manage ~10% of the MHS operations. Extending this estimate linearly to the entire MHS suggests that approximately 1,500 staff would be needed to manage the entire system. Evaluation of Combatant Command staffing, shown in Table A5-3, suggests that UMC staffing could range from 2,000-3,000 personnel to oversee and direct the activities of over 130,000 personnel assigned and \$53B in resources. A conservative estimate of the UMC staffing of 1,750 was used as the midpoint between the JTF staffing estimate and the lower end of the Combatant Command staffing benchmark. Although comparisons offer a reasonable estimate for staffing, the Task Force recognizes that a detailed concept plan or business case analysis is required to accurately determine the manpower requirements for a Unified Medical Command.

JTD	AFRICOM	CENTCOM	EUCOM	JFCOM	NORTHCOM	PACOM	SOCOM	SOUTHCOM	STRATCOM	TRANSCOM	Joint Staff
<b>TOTAL</b>	2,695	5,801	3,788	5,703	2,412	5,371	6,209	2,563	6,021	2,601	2,252

\*Data is all approved funded authorizations (FY11) as of 1 Aug JTD/JTMD.

**Table A5-3. Combatant Command Joint Table of Distribution Authorizations**

**Intermediate Headquarters.** This level represents the Regional Headquarters for the Army and Navy and the Major Command Medical Staffs for the Air Force. The TMA

<sup>1</sup> E. Christensen, CDR D Farr, J. Grefer, and E Schaefer, “Cost Implications of a Unified Medical Command,” Center for Naval Analyses, CRM D0013842.A3, May 2006.

TRICARE Regional Offices (TROs) were not included as they were deemed to provide a unique and focused function centered on contractor performance that was different from the Services' regional and Major Command Medical Headquarters. In order to address the differences in organizational approach and command environment between the Services, a metric was developed that was normalized to the operations and maintenance (O&M) budget from the FY12 President's Budget. This metric was developed by reducing the size of the headquarters element by the estimated FTE savings based on shared services. As the shared services analysis addressed the shared services staffing estimate, removal of shared services from the management headquarters avoided double counting of those personnel. Initially, the intermediate headquarters staffing FTEs were reduced by the FTEs in functions that would be addressed as shared services. This reduced headquarters staffing was divided into the Defense Health Program (DHP) provided O&M budget for that Service to produce a metric showing the amount of O&M resources executed on a per capita basis of the numbers of people in the Headquarters element. This metric was used to estimate the staffing for Regional Headquarters in the options. By dividing the metric into the total DHP O&M executed by the Services, an estimate of the non-shared services intermediate staffing levels was obtained.

***Support Elements.*** All Services include a support element for their management headquarters. Management headquarters include the Army's Medical Command (MEDCOM); the Navy Bureau of Medicine and Surgery (BUMED) and Naval Medical Support Command (NMSC); the Air Force Medical Operations Agency (AFMOA) and the Air Force Medical Support Agency (AFMSA). These elements provide key staffing for the daily common operational requirements for each Service medical organization. The analysis utilized the same approach for this level of command as in the intermediate headquarters.

***Staffing Requirements.*** The final impact on staffing requirements for a governance option was estimated by adding the results for the shared services and the intermediate headquarters, less projected saving. These results were determined as ranges, shown in Figure A5-2. This figure shows the range of potential changes that is available from the model and the data provided. Clearly, the optimum result will lie between these two extremes and be dependent on the particular option assessed. For example, the Single Service option and the DHA with MTFs are very similar analytically and therefore any differences between them will depend on differences in the efficiencies found in the support and Intermediate HQ areas.

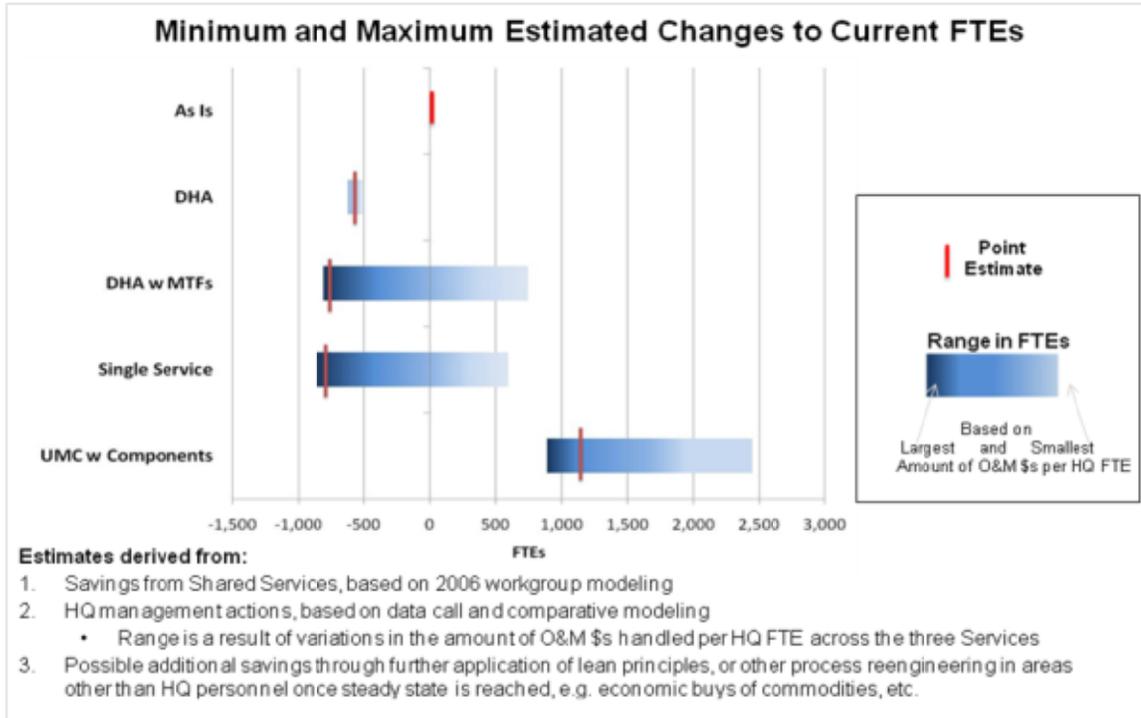


Figure A 5-2. Estimated Defense Health Program Funded Minimum and Maximum HQ Staffing Changes

### Strengths and Weaknesses of the Analysis

The Task Force recognizes the highly preliminary nature of the data presented here. The 90-day review period did not allow for a more rigorous approach, but rather a “rough order of magnitude” estimate of staffing increases or reductions based on the organizational construct being considered. As such, the DHA with MTFs, DHA without MTFs, and single-Service models achieve a similar savings in FTEs while the UMC shows a growth in FTEs required. Given the similarity in the range of “rough order of magnitude” present in both DHA models and the single-Service model, caution should be used in basing preference in one model over the others, solely on FTE funded staffing reductions. No allocations of personnel reductions should be considered until a more detailed analysis is completed initially, the intermediate headquarters staffing FTEs were reduced by the FTEs in functions that would be addressed as shared services. This reduced headquarters staffing was divided into the Defense Health Program (DHP) provided O&M budget for that Service to produce a metric showing the amount of O&M resources executed.

Multiple assumptions were made to facilitate this analysis to include the use of the O&M calibrated metric as a method for scaling the size of the intermediate headquarters and support activities. This type of metric has potential for wide variations depending on the mission and functions of an organization and how much leveraging of other service and line resources occurs. It is not a credible predictor of staffing requirements. As the analysis included only DHP O&M resources, it did not include an assessment of the non-DHP, Service-level resources that are used to support the management of a Service Medical Department. The extent that a particular medical department leverages its owning Service processes and systems to reduce its DHP requirements clearly varied among the Services and should be addressed in a detailed assessment

of the overall savings for a particular option. The analysis did not include any allocation of requirements by component due to the differences in the staffing and operational environments between the components. Any allocation of reductions in particular should be informed by a more detailed analysis that would address the differences in the way the different components staff the various functions. This would avoid penalizing components that already have highly efficient processes potentially to the point of reducing their ability to deliver the needed functional outputs.

For the Unified Medical Command, there is interplay between the UMC staff and the support and intermediate headquarters staff that cannot be easily modeled without a more detailed analysis, therefore the UMC estimate is on the low end of the typical COCOM staff size. The estimate of the staffing requirements for the UMC is in the range of other COCOM staffs and indicates that a UMC may not provide significant savings as stated previously.

**Appendix 6. Side-By-Side Comparisons of each MHS Governance Option depicting TOR Criteria and Strengths and Weaknesses**

**MHS Governance**

MHS Governance Options  
TOR Elements Side-by-Side Comparison

TOR Elements	<u>MHS Option 1:</u> As Is Current Structure	<u>MHS Option 2:</u> A Defense Health Agency (DHA) with Medical Treatment Facilities (MTFs) remaining in the Military Departments	<u>MHS Option 3:</u> A Defense Health Agency (DHA) with Medical Treatment Facilities (MTFs) placed under the authority, direction and control of the Agency	<u>MHS Option 4:</u> Unified Medical Command (UMC) with Service Components	<u>MHS Option 5:</u> Single Service – one Military Department Secretary assigned responsibility for the MHS
<b>1 Entity having authority, direction and control of MHS as a whole.</b>	The ASD(HA) would be responsible for all authority, direction, and control of policy and resources of the MHS as a whole, consistent with DoD Directive 5036.01.	The ASD(HA) would be responsible for all authority, direction, and control of policy and resources of the MHS as a whole, consistent with DoD Directive 5036.01.	The Director, DHA would be responsible for authority, direction, and control of the MHS. ASD(HA) would have an oversight and policy role. Military Departments would be responsible for the size and capabilities of the active duty medical forces.	The Commander, US Medical Command, would be responsible for authority, direction, and control of the MHS as a whole through its components.	The designated Military Department Secretary would be responsible for the management and oversight of the MHS.
<b>2 Head of entity or entities, and the reporting chain to the Secretary of Defense.</b>	Military Department reporting chains would remain as they currently exist with Service Surgeons General reporting to their Service Chiefs who would report to their Military Department Secretaries who would report to the Secretary of Defense.	Component reporting chains would remain as they currently exist with Service Surgeons General reporting to their Service Chiefs who would report to their Military Department Secretaries who would report to the Secretary of Defense.  The Director, Defense Health Agency (DHA) would report to the ASD(HA) who would report to the USD (P&R) who would report to the Secretary of Defense.	Component reporting chains for headquarters and TOE assigned military personnel would remain as they currently exist. Service Surgeons General would continue reporting to their Service Secretaries who would report to the Secretary of Defense, but overall reporting chains would be changed for garrison care.  The Director, DHA would report to the ASD(HA), who would report to the USD (P&R), who would report to the Secretary of Defense.	The Commander, US Medical Command, would report directly to the Secretary of Defense.	The designated Military Department Secretary would establish a medical organizational model as they determine is best suited to manage the MHS (likely with geographic or regional intermediate headquarters). The leader of the medical organization would report to the Military Department Secretary. The Military Department Secretary would report to the Secretary of Defense.
<b>3 Management and Supervisory Chains of MTFs.</b>	MTF commanders would report through their established Military Department chains of command.	MTF commanders would report through their established Military Department chain of command.	MTF commanders would report through intermediate commands established by the DHA Director.	MTF commanders would report through their components to the US Medical Command.	MTF commanders would report through the organizational model that the designated Military Department Secretary has put into place, through the Military Department chain of command. There may be an intermediate command structure put in to place by the Military Department Secretary based on geographic or functional mission considerations.
<b>4 Management and Supervisory Chains of Multi-Service Markets.</b>	Based on the selection for MSM governance (see Section, “Multi-Service Market Governance” further in this report).	Based on the option selected for MSM governance (see Section, “Multi-Service Market Governance” further in this report).	As all medical treatment facilities would be operated by the DHA, vice the Services, the concept of Multi-Service Markets would no longer be applicable.	The Commander, US Medical Command, would designate the Market Manager. Supervisory chains would continue through their Service Components. Larger, complex entities like the NCR may report outside component chains.	There would be no Multi-Service Markets. All MSMs would function under one Service.
<b>5 The authority, direction, and control for mission and administrative support matters over MHS personnel among OSD, the Military Departments, and/or joint entities.</b>	The authority, direction, and control over MHS personnel would reside within the Military Departments.	The authority, direction, and control over MHS personnel would reside within the Military Departments, except for those assigned directly to the DHA.	The Director, DHA would have authority, direction, and control over MHS personnel assigned to the medical treatment facilities within rules established with the Military Department Secretaries. TOE forces would report through their Service structures.	The authority, direction, and control over assigned MHS personnel would reside within the Service Components of the US Medical Command, who report to the UMC commander.	The Military Department Secretary would have authority, direction, and control over MHS TDA personnel assigned to the medical treatment facilities. TOE forces would report through their separate Service structures.
<b>6 The budgetary authority for the Defense Health Program (DHP) among OSD, the Military Departments and/or joint entities.</b>	The DHP would be sustained, and authority over the DHP would reside with the ASD(HA).	The DHP would be sustained, and authority over the DHP would reside with the ASD(HA). The Service Surgeons General and the DHA would develop their own DHP inputs to ASD(HA).	Authority over the DHP would reside with the Director, DHA with oversight from ASD(HA).	Authority over the DHP would reside with the Commander, US Medical Command.	Authority over the DHP would reside with the designated Military Department Secretary.

MHS Governance Options  
TOR Elements Side-by-Side Comparison

TOR Elements	<u>MHS Option 1:</u> As Is Current Structure	<u>MHS Option 2:</u> A Defense Health Agency (DHA) with Medical Treatment Facilities (MTFs) remaining in the Military Departments	<u>MHS Option 3:</u> A Defense Health Agency (DHA) with Medical Treatment Facilities (MTFs) placed under the authority, direction and control of the Agency	<u>MHS Option 4:</u> Unified Medical Command (UMC) with Service Components	<u>MHS Option 5:</u> Single Service – one Military Department Secretary assigned responsibility for the MHS
7 <b>The policymaking authority among OSD, the Services, and/or joint entities.</b>	The ASD(HA) would execute policy.	The ASD(HA) would execute policy through the Director, DHA.	The ASD(HA), subject to the authority, direction and control of USD (P&R), would be the senior policy authority within the MHS.  The Director, DHA would execute policy through the DHA structure.  Policy matters would be coordinated with the Director, DHA, and Military Department Secretaries.	The ASD(HA), subject to the authority, direction and control of the USD (P&R), would be the senior policy authority within the MHS. Policy matters would be coordinated with the UMC Commander and Military Departments.	The ASD(HA), subject to the authority, direction and control of the USD (P&R), would serve as the senior medical advisor to the Secretary of Defense, and retains policy authority within the MHS. The designated Military Department Secretary would execute ASD(HA) policy directives.
8 <b>Management of purchased care and other functions currently performed by the TRICARE Management Activity.</b>	The Director, TMA (currently dual-hatted by the ASD(HA)) would manage purchased care and other TMA functions.	The Director, DHA would assume control of TRICARE Contracts and all other TMA functions, with the exception of select financial management activities which would migrate to the OASD(HA).	The Director, DHA would assume control of TRICARE contracts and all other TMA functions.	The Commander, US Medical Command, would assume control of TRICARE contracts and all other TMA functions.	The designated Military Department Secretary would assume control of TRICARE contracts and all other TMA functions.
9 <b>Management of information technologies and systems, medical logistics, business functions, medical construction and facility operations, management support functions, readiness planning, medical research, education and training, and other shared services and related functions.</b>	Shared services activities, including but not limited to, this listing would be delivered through a collaborative process between the ASD(HA) and the Military Departments.	All shared services activities, including but not limited to, this listing would be delivered under the authority, direction and control of the Director, DHA.	The Director, DHA would control shared and common functions.	The Commander, US Medical Command would be responsible for managing and directing shared and common functions through the subordinate Joint Health Support Command.	Medical shared services activities would move to the single designated Military Department Secretary.
10 <b>Roles of Assistant Secretary of Defense for Health Affairs, Military Department Secretaries, Service Chiefs, Military Department Surgeons General, a Joint Commander (if any), a Defense Agency or Field Activity Director (if any), and any other senior leaders in the MHS option being considered.</b>	The ASD(HA) would continue the responsibilities outlined in DoD Directive 5136.01, “Assistant Secretary of Defense for Health Affairs”, and as Director, TRICARE Management Activity.  The Military Departments would continue to be responsible for management and oversight of their military medical personnel, medical readiness programs, and health care delivery within their respective medical treatment facilities. The Military Department Secretaries would be responsible for assigning duties to their respective Surgeons General and organizing their medical forces.	The ASD(HA) would retain most responsibilities outlined in DoD Directive 5136.01, “Assistant Secretary of Defense for Health Affairs”, and would supervise the DHA Director.  The Military Departments would continue to be responsible for management and oversight of their military medical personnel, medical readiness programs, and health care delivery within their respective medical treatment facilities. The Military Department Secretaries would be responsible for assigning duties to their respective Surgeons General and organizing their medical forces.  The Director, DHA would assume all responsibilities currently outlined in DoD Directive 5136.01 TRICARE Management Activity, and would have the authority to issue program guidance regarding medical research and development, health information technology, military medical logistics, military medical construction, medical education and training, and all other responsibilities as provided by the Secretary of Defense.	The ASD(HA) would retain policy-making activities, and would supervise the DHA Director.  The Service Components would continue to be responsible for management and oversight of their medical readiness programs.  The Director, DHA would assume budgetary control of the DHP and all responsibilities currently outlined in DoD Directive, 5136.12, TRICARE Management Activity, and would have the authority to issue program guidance regarding medical research and development, health information technology, military medical logistics, military medical construction, medical education and training, and all other responsibilities as provided by the Secretary of Defense. The Director, DHA, would also have overall supervision of all medical treatment facilities.	The ASD(HA) responsibilities would be delineated in an updated DoD Directive and focused only on policy-making activities.  The Service Components would continue to be responsible for management and oversight of their military medical personnel and medical readiness programs. The Service Secretaries would be responsible for assigning duties to their respective Surgeons General and organizing their medical forces.  The Unified Command Plan (UCP) would establish the missions and responsibilities for the UMC, which should include responsibilities currently outlined in DoD Directive 5136.12, TRICARE Management Activity, and would have the authority to issue operational and program guidance regarding medical research and development, health information technology, military medical logistics, military medical construction, medical education and training.	The ASD(HA) would retain most responsibilities as delineated in an updated DoD Directive and focused on policy-making activities.  The Service Components would be responsible for identifying their requirements for medical support to the designated Military Department Secretary.  The designated Military Department Secretary would assume all responsibilities currently outlined in DoD Directive, 5136.12, TRICARE Management Activity, and would have the authority to issue operational and program guidance regarding medical research and development, health information technology, military medical logistics, military medical construction, medical education and training, and all other responsibilities as provided by the Secretary of Defense.
11 <b>Effect on the Guard and Reserve forces.</b>	No effect would be anticipated on the Guard and Reserve forces, and they would remain aligned with their respective Service.	No effect would be anticipated on the Guard and Reserve forces, and they would remain aligned with their respective Service.	No effect would be anticipated on the Guard and Reserve forces, and they would remain aligned with their respective Service.	No effect would be anticipated on the Guard and Reserve forces, and they would remain aligned with their respective Service.	No effect would be anticipated on the Guard and Reserve forces, and they would remain aligned with their respective Service.

**MSM Governance**

MSM Governance Options  
TOR Elements Side-by-Side Comparison

TOR Elements		<u>MSM Option 1:</u> Informal Multi-Service Market Management	<u>MSM Option 2:</u> Existing Multi-Service Market Management	<u>MSM Option 3:</u> Enhanced Multi-Service Market Management	<u>MSM Option 4:</u> Single Service	<u>MSM Option 5:</u> Executive Agent	<u>MSM Option 6:</u> Command Authority
1	<b>Management and Supervisory Chains of MTFs.</b>	MTF commanders would report through their Component organizations (however the Components determine is the best organizational model for their Service).	MTF commanders would report through their Military Departments.	MTF commanders would report through their Component organizations (however the Components determine would be the best organizational model for their Service).	MTF commanders would report through the Service designated to lead that market.	The Market Manager would have mission and budgetary control over the medical treatment facilities within the market area. The major facilities could be either multi-Service facilities or "owned" by a single Service.	MTF commanders would report to the Market Commander.
2	<b>Management and Supervisory Chains of Multi-Service Markets.</b>	There would be no designated MSM. The frequency and intensity of coordination of activities is entirely subject to the preferences of local commanders. Supervisory chains for the MTF commanders would continue as their Service Component directs.	The designated MSM Managers would have responsibilities for coordinating business plans and leading a collaborative process within their markets, consistent with the direction in the USD (P&R) November 2003 memorandum and with the Memorandums of Agreement established within their market. Supervisory chains for the MSM Manager would continue as their Service Component directs.	The designated MSM Managers would have additional responsibilities and authorities. They would develop a unified business plan for the market covering a five year period; be empowered to develop and implement common business and clinical processes throughout the market; use a common workload accounting process; establish a single credentialing process and system; have direct budget authority for all medical treatment facilities in the market; and have authority to re-direct personnel within the market for short-term (less than six months) reassignment. Supervisory chains for the MSM Manager would continue through their Service chains as their Service Component directs. Dispute resolution would continue as in the past to the Service SGs and to ASD(HA), as needed.	The market would no longer be "multi-Service."	Supervisory chains for the MSM Manager/Executive Agent would continue as their Executive Agent directs.	The Market Commander would report to the Secretary of Defense, or a Combatant Commander.
3	<b>The authority, direction, and control for mission and administrative support matters over MSM personnel.</b>	The authority, direction, and control over MSM personnel would reside within Service Components.	The authority, direction, and control over MSM personnel would reside within Service Components.	The authority, direction, and control over MSM personnel would reside within Military Departments, although the Market Manager would have the authority to direct short-term reassignment of personnel as demand for health care in that market dictates.	The authority, direction and control over MHS personnel would reside with the designated Service.	The authority, direction, and control over MSM personnel would reside within the Executive Agent, subject to policy direction of the ASD(HA) as informed by an executive oversight board.	The authority, direction, and control over the MSM would reside with the Market Commander.
4	<b>The budgetary authority for the Defense Health Program (DHP) within the MSM.</b>	The DHP would be distributed through the Military Departments to the individual medical treatment facilities within an MSM.	The DHP would be distributed through the Military Departments to the individual medical treatment facilities within an MSM.	The DHP would be distributed directly from OSD to the Market Manager.	The DHP appropriation would be distributed through the Military Department for those markets in which the Military Department serves as Single Service.	The DHP would be distributed through the Military Department of each market's Executive Agent to the Market EA, and subsequently to each MTF within an MSM.	The DHP would be distributed directly to the Market Commander.
5	<b>Management of MSM-specific shared services and related functions.</b>	The MTF commanders would be responsible for coordinating activities regarding, referral management, capacity, and workload planning.	The Senior Market Manager would be responsible for coordinating activities regarding common appointing, referral management, capacity and workload planning, and development of a consolidated business plan.	The Senior Market Manager would be responsible for coordinating and directing common activities to include: common appointing, referral management, capacity and workload planning, and development of a consolidated business plan. This change has the potential for significant savings in the direct care and purchased care sectors.	The Senior Service official in the market would be responsible for directing the activities of the subordinate medical treatment facilities in his/her chain of command.	Appointing, referral management, credentialing, business planning, and other activities in the market would be directed by the designated Executive Agent.	The Market Commander would be responsible for directing all activities and processes within the Area of Responsibility (AOR).

**NCR Governance**

NCR Governance Options  
TOR Elements Side-by-Side Comparison

TOR Elements		NCR Option 1: As Is Current Structure Reports to Secretary of Defense/Deputy Secretary of Defense	NCR Option 2: JTF CAPMED Reports to a Combatant Commander (COCOM)	NCR Option 3: NCR Reports to a Defense Health Agency	NCR Option 4: NCR Medical Treatment Facilities Report to an Executive Agent	NCR Option 5: NCR Reports to a Single Service	NCR Option 6: Enhanced MSM Management
1	<b>Management and Supervisory Chains of NCR MTFs.</b>	Two MTF commanders, Walter Reed National Military Medical Center and Ft. Belvoir Community Hospital, would report to the NCR JTF Commander.	Two MTF commanders, Walter Reed National Military Medical Center and Ft. Belvoir Community Hospital, would report to the NCR JTF Commander.	Walter Reed National Military Medical Center and Ft. Belvoir Community Hospital, and potentially the other NCR medical facilities, would report to the Director, DHA.	Identified commanders would report through their chain of command to the Military Department Secretary/Executive Agent.	MTF commanders would report through the designated Service chain of command.	MTF commanders would report to Service chains of command.
2	<b>Management and Supervisory Chains of the NCR.</b>	The NCR JTF Commander would report to the Secretary/Deputy Secretary of Defense.	The NCR JTF Commander would report to the COCOM Commander.	The NCR Market Manager may be one of the two MTF commanders and would report to the Director, DHA.	The NCR Market Manager would report through the Executive Agent chain of command.	The NCR Market Manager would report through the designated Service chain of command.	The NCR Market Manager would rotate between the Services and would report through their Service chain of command.
3	<b>The authority, direction, and control for mission and administrative support matters over NCR personnel.</b>	The authority, direction, and control over the NCR would reside with the JTF Commander.	The authority, direction, and control over the NCR would reside with the NCR JTF Commander.	The Director, DHA, who reports directly to the ASD(HA), would have authority, direction and control for mission and administrative support matters over NCR personnel.	The day-to-day management and execution responsibilities over the NCR would reside with the Market Manager and the Executive Agent, subject to policy direction of the ASD(HA) as informed by an executive oversight board.	The authority, direction, and control over the NCR would reside with the NCR Market Manager.	The authority, direction, and control over the NCR would remain with the parent Service of individual MTFs.
4	<b>The budgetary authority for the Defense Health Program (DHP) within the NCR.</b>	The DHP would be distributed directly to the NCR JTF Commander to redistribute to assigned forces.	The DHP would be distributed directly to the NCR JTF Commander to redistribute to assigned forces, but is overseen by the COCOM Commander.	The Director, DHA, who reports directly to the ASD(HA), would have budgetary authority for the NCR.	The DHP would be distributed directly to the Executive Agent to redistribute to assigned forces.	The DHP would be distributed through the designated Service to the NCR Market Manager to redistribute to NCR facilities.	The DHP would be distributed directly to the NCR market manager to redistribute to assigned forces.
5	<b>Management of NCR-specific shared services and related functions.</b>	The NCR JTF Commander would be responsible for directing all activities and processes within the assigned Joint Operations Area (JOA). Shared services and other efficiencies would be implemented by command authorities through JTF developed processes.	The NCR JTF Commander would be responsible for directing all activities and processes within the assigned AOR. Shared services and other efficiencies would be implemented by command authorities through NCR JTF developed processes.	The Director, DHA would be responsible for shared services.	The Executive Agent, through the NCR Market Manager, would be responsible for directing all activities and processes, subject to oversight by an executive board and the ASD(HA).	The NCR Market Manager would be responsible for directing all activities and processes in accordance with designated Service processes and policies.	The NCR Market Manager would be responsible for directing all activities and processes within the assigned AOR.

**Appendix 7. MHS Task Force Report Acronyms**

<b>Acronym</b>	<b>Definition</b>
AOR	Area of Responsibility
ASD	Assistant Secretary of Defense
BRAC	Base Realignment and Closure
CAPE	Cost Assessment and Program Evaluation
CJCS	Chairman of the Joint Chiefs of Staff
COCOM	Combatant Command
CONOPS	Concept of Operations
CSA	Chief of Staff, Army/Combat Support Agency
DA&M	Director of Administration and Management
DCMO	Deputy Chief Management Officer
DHA	Defense Health Agency
DHP	Defense Health Program
DMOC	Defense Medical Oversight Committee
DoD	Department of Defense
EAC	Executive Advisory Committee
eMSMO	Enhanced Multi-Service Market Office
FBCH	Fort Belvoir Community Hospital
FOC	Full Operating Capability
FTE	Full Time Equivalent
GME	Graduate Medical Education
HA	Health Affairs
IOC	Initial Operating Capability
JMD	Joint Manning Document
JOA	Joint Operations Area
JTD	Joint Table of Distribution
JTF CAPMED	Joint Task Force National Capital Region Medical
MHS	Military Health System
MHSSA	Military Health System Support Activity
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MSM	Multi-Service Market
MTF	Medical Treatment Facilities

Acronym	Definition
NCR	National Capital Region
NORTHCOM	United States Northern Command
OGC	Office of the General Counsel
OLA	Office of Legislative Affairs
OSD	Office of the Secretary of Defense
P&R	Personnel and Readiness
PEO	Program Executive Officer
SECDEF	Secretary of Defense
TDA	Table of Distribution and Allowance
TMA	TRICARE Management Activity
TOE	Table of Organization and Equipment
UCP	Unified Command Plan
UMC	Unified Medical Command
USD	Under Secretary of Defense
WII	Wounded, Ill and Injured
WRNMMC	Walter Reed National Military Medical Center