THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-1200

HEALTH AFFAIRS

JUL 11 2005

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

Dear Mr. Chairman:

This letter provides a response as required by Section 595 of the Ronald Reagan National Defense Authorization Act for Fiscal Year 2005, Public Law 108-375, on military to civilian conversions in the health care fields. The enclosed report discusses the combined plans of the military departments for military to civilian conversions of medical and dental personnel.

The conversion of military medical manpower to civilian medical manpower is being accomplished in conjunction with the Services' overall transformation and optimization efforts. Each Service proposal exchanges, one for one, military positions for government civilian or contractor positions, and transfers sufficient dollars, as agreed to by the Services, from the Military Pay Accounts to the Defense Health Program to pay for the converted positions. With the transfer of these resources, there will be no decrement of care or quality of care, no decrement to health care capabilities or readiness capabilities, and no decrement to the total numbers of personnel.

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

Sincerely,

William Winkenwerder, Jr., MD

Enclosure:
As stated

cc:
Senator Carl Levin

Report to Congress

MILITARY TO CIVILIAN CONVERSIONS
IN THE HEALTH CARE FIELDS

Required by:
Section 595 of the Ronald Reagan National Defense Authorization Act for Fiscal Year 2005, Public Law 108-375

MILITARY TO CIVILIAN CONVERSIONS
IN THE HEALTH CARE FIELDS

The attached report outlines the military to civilian conversions planned in the Department of Defense health care fields as required by. **PL 108-375, SEC. 595. REPORTS ON CERTAIN MILESTONES RELATING TO DEPARTMENT OF DEFENSE TRANSFORMATION**

As stated in the House Conference Report:

With respect to military-to-civilian conversions in Navy medical and dental fields that are proposed for fiscal year 2005, the conferees are concerned that the specialties targeted for conversion are those most needed by military families, including pediatrics, family practice, and pharmacy. The conferees urge not only the Secretary of the Navy but also the secretaries of the other military departments to ensure that plans for military-to-civilian conversions do not adversely affect the quality and access of military health care required by military families. The conferees direct the Secretary of Defense to provide a report to the Committees on Armed Services of the Senate and the House of Representatives not later than 90 days following enactment of this Act that describes the plans of each military department for military-to-civilian conversions of medical and dental personnel in fiscal year 2006.

- The conversion of military medical manpower to civilian medical manpower is being accomplished in conjunction with the Services' overall transformation and optimization efforts. Each Service proposal exchanges, one for one, military positions for Government civilian or contractor positions, and transfers sufficient dollars, as agreed to by the Services, from the Military Pay Accounts to the Defense Health Program to pay for the converted positions. With the transfer of these resources, there will be no decrement of care or quality of care, no decrement to health care capabilities or readiness capabilities, and no decrement to the total numbers of personnel.
- Each Service medical department (Army, Navy, & Air Force) studied the number of active duty medical professionals needed to support their readiness missions, both Service specific and joint missions. When they identified active duty personnel that were excess to their readiness missions, the positions were further studied to determine if it was economically and clinically feasible to convert these positions from military to civilian. Two principal criteria for including a position in the military-to-civilian conversion process were: no degradation in readiness or clinical capabilities, and no reduction in the level of service provided to beneficiaries. In the

analysis, the Services also considered whether it was economically feasible to convert positions from military to Government civilians or contractors.

- The review process was a collaborative effort, chaired by a representative from the Office of the Director, Program Analysis & Evaluation, with members including representatives from the Services, Joint Staff, Office of the Under Secretary of Defense (Personnel & Readiness), Office of the Under Secretary of Defense (Policy), Office of the Under Secretary of Defense (Comptroller), and the Office of the Assistant Secretary of Defense (Health Affairs). Positions in excess of the Services' readiness requirements were identified using DoD's manpower database and Service programming and sizing data. The cost of conversion was estimated using Service-specific Military Personnel Composite Rates, Office of Personnel Management grade and salary data, Bureau of Labor Statistics salary data, and actual experience with in-house Government civilian and contract labor costs.
- For Fiscal Year 2006, 1,666 billets, mostly non-practitioner, were considered appropriate for conversion from military to civilian. Service Medical Department analyses, reviewed by Health Affairs, concluded that the conversions could be accomplished, overall within the amounts currently budgeted for military personnel.
- The high quality of care for which the Military Health System is known will not be degraded by these conversions, and may in fact be enhanced because civilian and contract personnel provide more workforce stability since they are not subject to permanent change of station moves with the frequently associated replacement underlap. The Services may also be able to fill chronically under filled military specialties (empty billets) with civilian or contract personnel, thus enhancing capabilities Medical professionals, regardless of active duty, civilian or contractor designation, must all meet the same stringent quality standards.
- Beneficiaries will not experience any negative consequence from these conversions, and many of the conversions will likely not be noticed since they will effect mostly non-practitioner positions at varied locations. In some cases, beneficiaries may in fact notice improved continuity, since civilian or contract staff with no readiness training or deployment responsibilities are more often available for patient care.

Impacts

Military to Civilian Conversion
Defense Health Program
Fiscal Year (FY) 2006

	Army	Navy	Air Force	DHP Total
FY 06 Planned Conversions	1048	215	403	1666
Practitioner billets				
Physician	0	3	0	3
Physician's Assistant	0	0	0	0
Dentist	32	56	0	88
Nurse Practitioner /1	0	0	0	0
Total Practitioner	32	59	0	91
% of total conversion	3.05%	27.44%	0.00%	5.46%
Non-practitioner billets				
Officer	107	6	77	190
Enlisted	909	150	326	1385
Total Non-practitioner	1016	156	403	1575
% of total conversion	96.95%	72.56%	100.00%	94.54%

/1 Nurse Practitioner includes Family Nurse Practitioner; Midwife; Pediatric Nurse Practitioner; and Women's Health Nurse Practitioner