THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

APR 14 2009

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

Dear Mr. Chairman:

The enclosed annual report describing the level of support provided by contract civilian health care personnel to military treatment facilities (MTFs) under the TRICARE program is in response to the requirement in Section 732 of the National Defense Authorization Act for Fiscal Year 2007. This report also provides an assessment of TRICARE Regional Directors' compliance in developing integrated, comprehensive requirements for the contract support of MTFs, as well as an assessment of compliance with standards of quality regarding contractor performance and patient care.

As has been the case for quite some time now, the three TRICARE Regional Directors coordinate with the Services to develop an integrated regional business plan through which the requirements for support to be provided by contractors are identified. These requirements can be adjusted throughout the year, as necessary.

When support is provided to the MTFs by civilian contractors, the MTFs gain the potential for cost avoidance when conducting full and open competition consistent with requirements of the Federal Acquisition Regulation (FAR). Compliance with the FAR also establishes standards of quality. For example, compliance with the FAR ensures a prospective contractor's financial responsibility has been verified, and a continuity-of-services clause is included in the contract, as are certain fraud-prevention and employee-compensation standards. Further, the Contractor Performance Assessment Report System, which is a standard means of assessing a contractor's performance and providing a record, is used throughout the Military Health System (MHS). Regarding patient care, a comprehensive process remains in place through which the MHS monitors and evaluates the quality and appropriateness of patient care and the clinical performance of all practitioners, to include contract providers.

During fiscal year 2008, there were 4,003 direct contracts and 145 clinical support agreements in place throughout the three TRICARE regions. The total expenditures for these clinical support agreements and direct contracts were $1,308,571,461.27 in fiscal year 2008, which represents a 19 percent increase over fiscal year 2007.

In summary, excellent processes continue to be in place to ensure that MTFs are well supported by civilian health care contracts and consistent standards of quality are well established throughout the MHS.

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

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable John McCain
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

APR 14 2009

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

Dear Mr. Chairman:

The enclosed annual report describing the level of support provided by contract civilian health care personnel to military treatment facilities (MTFs) under the TRICARE program is in response to the requirement in Section 732 of the National Defense Authorization Act for Fiscal Year 2007. This report also provides an assessment of TRICARE Regional Directors' compliance in developing integrated, comprehensive requirements for the contract support of MTFs, as well as an assessment of compliance with standards of quality regarding contractor performance and patient care.

As has been the case for quite some time now, the three TRICARE Regional Directors coordinate with the Services to develop an integrated regional business plan through which the requirements for support to be provided by contractors are identified. These requirements can be adjusted throughout the year, as necessary.

When support is provided to the MTFs by civilian contractors, the MTFs gain the potential for cost avoidance when conducting full and open competition consistent with requirements of the Federal Acquisition Regulation (FAR). Compliance with the FAR also establishes standards of quality. For example, compliance with the FAR ensures a prospective contractor's financial responsibility has been verified and a continuity-of-services clause is included in the contract, as are certain fraud-prevention and employee-compensation standards. Further, the Contractor Performance Assessment Report System, which is a standard means of assessing a contractor's performance and providing a record, is used throughout the Military Health System (MHS). Regarding patient care, a comprehensive process remains in place through which the MHS monitors and evaluates the quality and appropriateness of patient care and the clinical performance of all practitioners, to include contract providers.

During fiscal year 2008, there were 4,003 direct contracts and 145 clinical support agreements in place throughout the three TRICARE regions. The total expenditures for these clinical support agreements and direct contracts were $1,308,571,461.27 in fiscal year 2008, which represents a 19 percent increase over fiscal year 2007.

In summary, excellent processes continue to be in place to ensure that MTFs are well supported by civilian health care contracts and consistent standards of quality are well established throughout the MHS.

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

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Lindsey O. Graham
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

APR 14 2009

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

Dear Mr. Chairman:

The enclosed annual report describing the level of support provided by contract civilian health care personnel to military treatment facilities (MTFs) under the TRICARE program is in response to the requirement in Section 732 of the National Defense Authorization Act for Fiscal Year 2007. This report also provides an assessment of TRICARE Regional Directors' compliance in developing integrated, comprehensive requirements for the contract support of MTFs, as well as an assessment of compliance with standards of quality regarding contractor performance and patient care.

As has been the case for quite some time now, the three TRICARE Regional Directors coordinate with the Services to develop an integrated regional business plan through which the requirements for support to be provided by contractors are identified. These requirements can be adjusted throughout the year, as necessary.

When support is provided to the MTFs by civilian contractors, the MTFs gain the potential for cost avoidance when conducting full and open competition consistent with requirements of the Federal Acquisition Regulation (FAR). Compliance with the FAR also establishes standards of quality. For example, compliance with the FAR ensures a prospective contractor's financial responsibility has been verified and a continuity-of-services clause is included in the contract, as are certain fraud-prevention and employee-compensation standards. Further, the Contractor Performance Assessment Report System, which is a standard means of assessing a contractor's performance and providing a record, is used throughout the Military Health System (MHS). Regarding patient care, a comprehensive process remains in place through which the MHS monitors and evaluates the quality and appropriateness of patient care and the clinical performance of all practitioners, to include contract providers.

During fiscal year 2008, there were 4,003 direct contracts and 145 clinical support agreements in place throughout the three TRICARE regions. The total expenditures for these clinical support agreements and direct contracts were $1,308,571,461.27 in fiscal year 2008, which represents a 19 percent increase over fiscal year 2007.

In summary, excellent processes continue to be in place to ensure that MTFs are well supported by civilian health care contracts and consistent standards of quality are well established throughout the MHS.

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

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable John M. McHugh
Ranking Member

THE ASSISTANT SECRETARY OF DEFENSE
1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

APR 14 2009

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

Dear Madam Chairwoman:

The enclosed annual report describing the level of support provided by contract civilian health care personnel to military treatment facilities (MTFs) under the TRICARE program is in response to the requirement in Section 732 of the National Defense Authorization Act for Fiscal Year 2007. This report also provides an assessment of TRICARE Regional Directors' compliance in developing integrated, comprehensive requirements for the contract support of MTFs, as well as an assessment of compliance with standards of quality regarding contractor performance and patient care.

As has been the case for quite some time now, the three TRICARE Regional Directors coordinate with the Services to develop an integrated regional business plan through which the requirements for support to be provided by contractors are identified. These requirements can be adjusted throughout the year, as necessary.

When support is provided to the MTFs by civilian contractors, the MTFs gain the potential for cost avoidance when conducting full and open competition consistent with requirements of the Federal Acquisition Regulation (FAR). Compliance with the FAR also establishes standards of quality. For example, compliance with the FAR ensures a prospective contractor's financial responsibility has been verified and a continuity-of-services clause is included in the contract, as are certain fraud-prevention and employee-compensation standards. Further, the Contractor Performance Assessment Report System, which is a standard means of assessing a contractor's performance and providing a record, is used throughout the Military Health System (MHS). Regarding patient care, a comprehensive process remains in place through which the MHS monitors and evaluates the quality and appropriateness of patient care and the clinical performance of all practitioners, to include contract providers.

During fiscal year 2008, there were 4,003 direct contracts and 145 clinical support agreements in place throughout the three TRICARE regions. The total expenditures for these clinical support agreements and direct contracts were $1,308,571,461.27 in fiscal year 2008, which represents a 19 percent increase over fiscal year 2007.

In summary, excellent processes continue to be in place to ensure that MTFs are well supported by civilian health care contracts and consistent standards of quality are well established throughout the MHS.

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

Sincerely,

S. Ward Casscells, MD

Enclosure:
As stated

cc:
The Honorable Joe Wilson
Ranking Member

Report to Congress

Requirements for Support

of

Military Treatment Facilities

by

Civilian Contractors under TRICARE

Report to Congress
on
Requirements for Support of Military Treatment Facilities
by
Civilian Contractors under TRICARE

Introduction

The National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2007 required the Secretary of Defense to submit an annual report on the support of military treatment facilities (MTF) by civilian contractors under the TRICARE program during the preceding fiscal year. The report is to set forth, for the fiscal year covered by such report, the following elements:

(A) The level of support of military health treatment facilities that is provided by contract civilian health care personnel under the TRICARE program in each region of the TRICARE program.

(B) An assessment of the compliance of such support with regional requirements that the Regional Director of each region under the TRICARE program shall develop each year integrated, comprehensive requirements for the support of military treatment facilities in such region that is provided by contract civilian health care and administrative personnel under the TRICARE program.

(C) The number and type of agreements for the support of military treatment facilities by contract civilian health care personnel.

(D) The standards of quality in effect under the requirements that the Regional Director of each region under the TRICARE program shall develop each year integrated, comprehensive requirements for the support of military treatment facilities in such region that is provided by contract civilian health care and administrative personnel under the TRICARE program.

(E) The savings anticipated, and any savings achieved, as a result of the implementation of the requirements that the Regional Director of each region under the TRICARE program shall develop each year for the support of military treatment facilities in such region that is provided by contract civilian health care and administrative personnel under the TRICARE program.

(F) An assessment of the compliance of contracts for health care staffing services for Department of Defense facilities with the requirements for consistent standards of quality for contract civilian health care personnel providing support of military treatment facilities under the TRICARE program.

This report provides the requested information for FY 2008.

Background

The Deputy Secretary of Defense, under the auspices of the TRICARE Governance Plan of January 20, 2004, established the overall organizational construct, regional office responsibilities and staffing plan, market manager responsibilities, and the business planning requirements and process for delivery of the TRICARE benefit. The former TRICARE regions in the United States were consolidated into three TRICARE regions, three TRICARE Regional Offices (TRO) were established, and the TRICARE regional managed care support contracts were aligned with the three TRICARE regions. Regional Directors are to maintain knowledge of all regional assets, costs, and expenditures. They can make recommendations to the Military Services regarding the flow of dollars and staffing in their respective regions.

However, per Department of Defense Directive 5136.12 and the TRICARE Governance Plan, the TRICARE Regional Directors are not in the chain of command of the MTF commanders. Hence, the Directors — while required to maintain knowledge of MTF business planning, business processes, and operations — have no direct authority over the MTF commanders, no accountability for MTF fiscal matters, no accountability for MTF contracting practices, and no accountability for the quality of care provided in the MTFs. Under provisions of Title 10 of the United States Code, it is the Military Services, not the TRICARE Regional Directors, that have command authority over and accountability for operations of the MTFs. By law, each Service is responsible for organizing, training and equipping its own medical force to provide high quality care and to meet Service mission needs. By regulation, within each region, the TRICARE Regional Director is the health plan manager. The Regional Director has visibility of both the contract and direct care assets, coordinates with the Services to develop an integrated health plan, and monitors MTF performance in accordance with the business plan. When deviations from the plan are noted, the Regional Director communicates with the MTF commander and Service headquarters. The Military Services retain the authority to direct and validate the MTF/Services health care delivery process.

The MTFs satisfy their medical and administrative staffing requirements through a combination of uniformed medical personnel, government civilian employees, and contracted personnel. The mix of providers and administrative staff from these three staffing sources varies from MTF to MTF. The MTF commander, not the Regional Director, determines the amount and provider-types of contracted personnel to acquire for staff augmentation purposes.

The vast majority of the contracted providers in the MTFs work under personal services contracts in accordance with the provisions outlined in Department of Defense Instruction 6025.5. This type of contract enables the MTF commanders to oversee

assignment and performance of the contracted personnel in an employer-employee manner, much like the supervisory relationship the MTF commander has over the performance of the military and government civilian providers on the MTF staff. This type of contractual relationship is consistent with the MTF commander's authority over and accountability for all operations of the MTF. In particular, the contractual relationship enhances the MTF commander's ability to ensure that the quality of care provided by contracted providers meets the standards that other providers on the MTF staff must meet.

Required Report Elements

(A) Level of support of military health treatment facilities that are provided by contract civilian health care personnel under the TRICARE program in each region of the TRICARE program:

The following table displays the estimated level of support in the MTFs provided by civilian health care personnel under the TRICARE program during FY 2008, by region. The table estimates are comprised of both direct contract support and clinical support agreements for fiscal year 2008. Current data collection business practices are not uniform or synchronized, thereby making data collection and analysis cumbersome and time-consuming. Furthermore, current business systems and methodology do not allow all the Services to accurately capture and report a clear distinction between clinical support agreements (CSAs) and direct contracting (DC) cost. Below are estimated expenditures for both CSAs and DC across the MHS:

TRICARE Region ($000)			
North	**South**	**West**	**Total**
$463,195	$417,781	$427,596	$1,308,572

(B) Assessment of the compliance of support for development of integrated, comprehensive requirements for the support of military treatment facilities by contract civilian health care and administrative personnel under the TRICARE program:

Within each region the Regional Director is the health plan manager who has visibility of both contracted private sector assets and MTF care assets. The Regional Director coordinates with the Services to develop an integrated, regional business plan. The integrated regional business plan, developed prior to the year of execution, is the management tool that provides a standard method used to track accountability at all

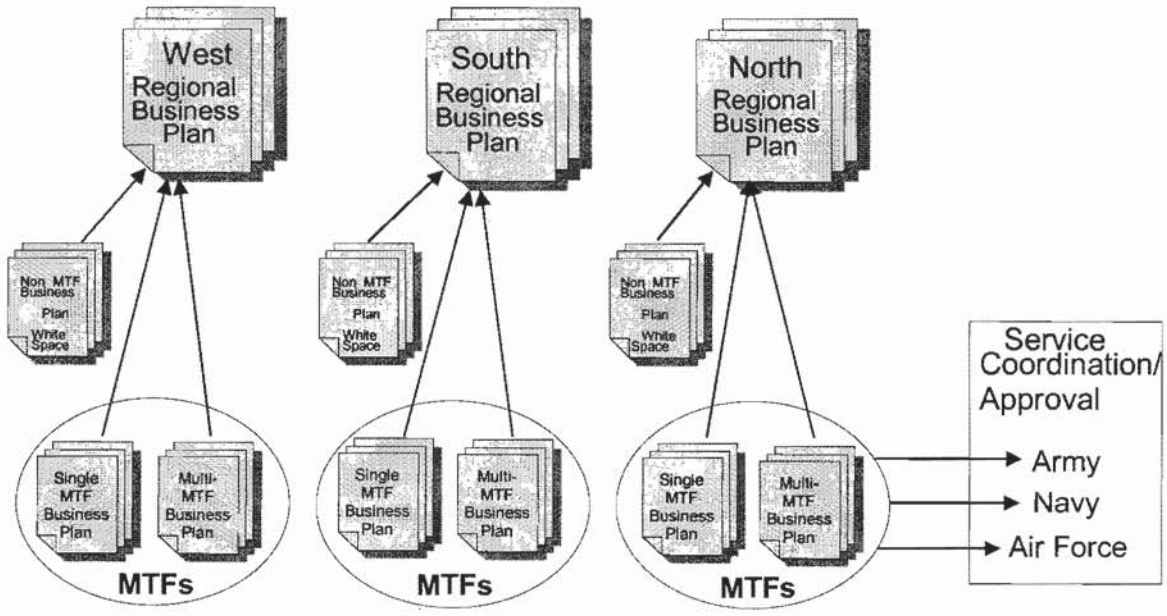
levels in the Military Health System (MHS) for delivery of care in both the private sector and the MTFs.

The Regional Director draws on three primary sources to construct the regional plan:

1. Individual MTF business plans.
2. Multiple Service Market business plans.
3. TRO business plans for health care delivered outside of MTFs.

Annually, each MTF develops a business plan. Multiple Service Markets are those areas in which the MTFs of more than one Service are present (depicted as multi-MTF in the figure below) and significant TRICARE beneficiary health care costs exist. The title "Senior Market Manager" applies to the MTF Commander designated by the Service Surgeons General to be the Market Manager in the area. In multiple Service Markets the Senior Market Manager, drawing on the MTF business plans, is responsible for coordinating the development of a single, integrated market area business plan.

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. The process flow is outlined in the chart below:



A fundamental principle of the business planning and operational monitoring process is that the Services, Regional Directors, and other key members of the TRICARE Management Activity (TMA) will conduct operations with complete financial and workload visibility. Consistent with this is the explicit requirement that the business planning process accomplish the following:

1. Document the accountability and responsibility for the scope of care provided by each MTF.

2. Account for staffing and funding.

3. Establish productivity and financial objectives with TMA.

4. Establish the MTF capability and capacity, with analysis of market demands and opportunities.

The TRICARE business planning process is mature, active, and effective. It incorporates elements that either explicitly or implicitly include the support MTF commanders require to carry out their responsibilities. The MTF plans include anticipated annual workload accomplishment factors (one standardized measure for outpatient care (relative value units) and one standardized measure for inpatient care (relative weighted products). By implication, MTF commanders will accomplish, by employment of contracted providers or utilization of the TRICARE network, that portion of the planned workload not performed by uniformed medical providers and government civilian employees.

(C) The number and type of agreements for the support of military treatment facilities by contract civilian health care personnel:

The MTFs acquire contracted health care and administrative services primarily through direct contracting or less frequently through clinical support agreements. Direct contracts are those that a Military Service itself establishes with one or more other parties. With a clinical support agreement, the MTF applies its resources to fund a task order placed against one of the three TRICARE managed care support contracts. The following table presents the estimated number of each of these two types of vehicles the MTFs used during FY 2008 to acquire support services:

Direct Contracts	Clinical Support Agreements
4003	145

(D) The standards of quality in effect under the requirements that the Regional Director develop integrated, comprehensive requirements for the support of

military treatment facilities by contract civilian health care and administrative personnel under the TRICARE program:

Medical quality assurance is a comprehensive process that the MHS uses to monitor and evaluate the quality and appropriateness of patient care as well as the clinical performance of practitioners. Quality assurance in the MHS also includes reporting and managing medical incidents through programs for patient safety and risk management.

The Department has in place a policy on issues related to medical quality assurance programs and activities. The policy states that the MHS must maintain active and effective organizational structures, management emphasis, and program activities that will assure quality health care throughout the MHS.

(E) The savings anticipated, and any savings achieved, as a result of the implementation of the requirements that the Regional Director develop integrated, comprehensive requirements for the support of military treatment facilities by contract civilian health care and administrative personnel under the TRICARE program:

The MHS has not documented savings achieved as a result of implementing the requirements that the Regional Director develop integrated, comprehensive requirements for the support of military treatment facilities by contract civilian health care and administrative personnel under the TRICARE program. The MTFs gain the potential for cost avoidance at an undetermined level by conducting full and open competitions during most of their direct contracting for medical and administrative services. Of course, the lowest cost bidder may not always be the "best value" bidder. When the purpose of contracting is to obtain the services of medical personnel who will provide health care to TRICARE beneficiaries, "best value" is usually the more prudent source selection criterion to use. That criterion, appropriately, promotes selection of the lowest cost offeror who can be expected to meet MHS quality standards for the provision of health care.

Task orders issued to establish clinical support agreements, on the other hand, are executed under the competitively procured MCSC. With the exception of Military Health System Support Initiative (MHSSI) agreements, requirements for estimating anticipated savings and measuring savings actually achieved on contractor agreements across all TRICARE regions are not fully developed. Currently there is not a business model that tracks and monitors data to provide savings earned or projected.

(F) Assessment of the compliance of contracts for health care staffing services for Department of Defense facilities with the requirements for consistent standards of quality for contract civilian health care personnel providing support of military treatment facilities under the TRICARE program.

Credentialing: DoD policy, in DoD 6013.25-R, establishes credentialing standards for all personnel providing health care in the MTFs. The standards are consistent for uniformed medical providers, government civilian employees, and contracted providers. As long as they remain in compliance with DoD policy, the Services may, to meet their own needs, adjust credentialing processes used in the MTFs. This results in some variance among the MTFs in credentialing processes, but not in credentialing standards. This process variance is mitigated by the Services' use of the Centralized Credentials Quality Assurance System (CCQAS), the Department's on-line credentials record system. CCQAS is the MHS system used for recording the training and qualifications, as well as the scope of practice granted a provider, including a contracted provider.

Joint Commission Accreditation: The Services do not yet consistently require, when issuing requests for proposals for performance of health care services in the MTFs, that offerors must have a Joint Commission Health Care Staffing Services certification. However, DoD policy requires that MTFs comply with current Joint Commission patient safety goals, and contracted personnel, when working in the MTFs, must meet these standards.

Financial stability: The procuring contracting officers of each Service comply with the Federal Acquisition Regulation (FAR) requirements for determining the financial responsibility of companies before making awards to them.

Medical management: Military treatment facilities are responsible for granting privileges to providers operating under non-personal services contracts. In that case, the MTF retains responsibility for clinical oversight while the contractor is responsible for the administrative clinical supervision of the health care professionals serving as non-personal service contractors. All non-personal services contracts used by the MTFs require health care workers to have and maintain a license in the state where the work is performed and to carry medical malpractice insurance commensurate with the local market. However, the vast majority of contracts awarded during FY 2008 were for personal services. Under this arrangement, the Services are responsible for medical management of direct health care providers and assume liability, clinical supervision, and peer review responsibilities.

Continuity of operations: Contractors recruit, qualify, and retain contracted professional medical and administrative workers. To assure continuity of operations, contracts to acquire medical and administrative staffing for the MTFs include the FAR continuity of services clause to allow for transition from one contract to another and prevent a lapse in service.

Training: Contractors providing services to the MTFs are responsible for recruiting health care workers with required training and education. Position descriptions

matching or exceeding minimum service requirements for training, experience, and advanced education are defined by the Services. Payment and management of ongoing education and training are the responsibility of the contractor. The Services monitor the status of contractor employees' education, training, and licensing just as they do for uniformed medical providers and government civilian employees working in the MTFs. Any health care worker — military, civilian, or contractor — can have their privileges suspended at the MTF until all training and licensing requirements are up to date.

Employee retention: In their requests for proposals for providing services in the MTFs, all of the Services address requirements for contractors to minimize employee turnover. Thus, employee retention standards become part of the contracts when signed.

Access to contractor data: The Services' contracts to satisfy MTF medical and administrative staffing needs require delivery of contractor data. Management data is shared between the MTFs and the contractors in periodic performance status reports. Data is validated by Contracting Officer Representatives (CORs). All of the Services utilize the Contractor Performance Assessment Report System (CPARS) as a standard means of assessing a contractor's performance and providing a record, both positive and negative, on a given contract during a specific period of time. Each assessment is based on objective facts and supported by program and contract management data, such as cost performance reports, customer comments, quality reviews, technical interchange meetings, financial solvency assessments, management reviews, contractor operations reviews, functional performance evaluations, and earned contract incentives.

Fraud prevention: Contracts of all the Services for medical and administrative staffing contain fraud prevention standards. The qualifications of contracted health care workers are independently validated by the Services during the credentialing and privileging process using multiple databases and primary source verification of education, training, experience, and malpractice events.

Conclusion

The Services use of contracted support services in the MTFs is essential for meeting the Department's mission to provide health care for TRICARE beneficiaries. Augmentation of MTF staffs with contracted personnel is especially important while fighting the war on terrorism requires the Services to deploy many of their uniformed medical providers out of the MTFs to the combat theater. The Department has structured, standard processes in place to satisfy these contracted staffing requirements, and it is committed to making the processes even more efficient.

SEC. 732. REQUIREMENTS FOR SUPPORT OF MILITARY TREATMENT FACILITIES BY CIVILIAN CONTRACTORS UNDER TRICARE.

(a) ANNUAL INTEGRATED REGIONAL REQUIREMENTS ON SUPPORT.--The Regional Director of each region under the TRICARE program shall develop each year integrated, comprehensive requirements for the support of military treatment facilities in such region that is provided by contract civilian health care and administrative personnel under the TRICARE program.

(b) PURPOSES.--The purposes of the requirements established under subsection (a) shall be as follows:

(1) To ensure consistent standards of quality in the support of military treatment facilities by contract civilian health care personnel under the TRICARE program.

(2) To identify targeted, actionable opportunities throughout each region of the TRICARE program for the most efficient and cost effective delivery of health care and support of military treatment facilities.

(3) To ensure the most effective use of various available contracting methods in securing support of military treatment facilities by civilian health care personnel under the TRICARE program, including resource-sharing and clinical support agreements, direct contracting, and venture capital investments.

(c) FACILITATION AND ENHANCEMENT OF CONTRACTOR SUPPORT.--

(1) IN GENERAL.--The Secretary of Defense shall take appropriate actions to facilitate and enhance the support of military treatment facilities under the TRICARE program in order to assure maximum quality and productivity.

(2) ACTIONS.--In taking actions under paragraph (1), the Secretary shall--

(A) require consistent standards of quality for contract civilian health care personnel providing support of military treatment facilities under the TRICARE program, including--

(i) consistent credentialing requirements among military treatment facilities;

(ii) consistent performance standards for private sector companies providing health care staffing services to military treatment facilities and clinics, including, at a minimum, those standards established for accreditation of health care staffing firms by the Joint Commission on the Accreditation of Health Care Organizations Health Care Staffing Standards; and

(iii) additional standards covering--

(I) financial stability;

(II) medical management;

(III) continuity of operations;

(IV) training;

(V) employee retention;

(VI) access to contractor data; and

(VII) fraud prevention;

(B) ensure the availability of adequate and sustainable funding support for projects which produce a return on

investment to the military treatment facilities;

(C) ensure that a portion of any return on investment is returned to the military treatment facility to which such savings are attributable;

(D) remove financial disincentives for military treatment facilities and civilian contractors to initiate and sustain agreements for the support of military treatment facilities by such contractors under the TRICARE program;

(E) provide for a consistent methodology across all regions of the TRICARE program for developing cost benefit analyses of agreements for the support of military treatment facilities by civilian contractors under the TRICARE program based on actual cost and utilization data within each region of the TRICARE program; and

(F) provide for a system for monitoring the performance of significant projects for support of military treatment facilities by a civilian contractor under the TRICARE program.

(d) REPORTS TO CONGRESS.--

(1) ANNUAL REPORTS REQUIRED.--Not later than February 1, 2008, and each year thereafter, the Secretary, in coordination with the military departments, shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report on the support of military treatment facilities by civilian contractors under the TRICARE program during the preceding fiscal year.

(2) ELEMENTS.--Each report shall set forth, for the fiscal year covered by such report, the following:

(A) The level of support of military health treatment facilities that is provided by contract civilian health care personnel under the TRICARE program in each region of the TRICARE program.

(B) An assessment of the compliance of such support with regional requirements under subsection (a).

(C) The number and type of agreements for the support of military treatment facilities by contract civilian health care personnel.

(D) The standards of quality in effect under the requirements under subsection (a).

(E) The savings anticipated, and any savings achieved, as a result of the implementation of the requirements under subsection (a).

(F) An assessment of the compliance of contracts for health care staffing services for Department of Defense facilities with the requirements of subsection (c)(2)(A).

(e) EFFECTIVE DATE.--This section shall take effect on October 1, 2006.