UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

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

Dear Mr. Chairman:

This enclosed final report is in response to page 41 of House Report 109-464 to accompany H.R. 5385, the Military Quality of Life and Veterans Affairs, and Related Agencies Appropriations Bill, 2007, which requested the Department of Defense (DoD) to report on the feasibility of creating a unified medical command structure to direct the management of health care services in the DoD and the potential costs savings associated with this command structure. It updates our progress in implementing the structural framework for achieving more jointness and unity of command, as approved by the Deputy Secretary of Defense (DepSecDef) on November 27, 2006.

We apologize for the delay in this report. The Government Accountability Office (GAO) is conducting a detailed and comprehensive review of our efforts to implement the framework for improved Military Health System (MHS) governance. We hoped to incorporate the GAO findings with our own internal assessments. However, the complexity of the GAO review has delayed completion of their study, which is anticipated to be released in early 2012.

In addition, through the memorandum dated June 14, 2011, DepSecDef directed a review of governance model options for the Washington Headquarters Service (WHS). The Task Force report and recommendations are expected within the next 90 days.

The approved framework consists of incremental and achievable steps toward our ultimate goal of implementing a governance structure that allows the MHS to efficiently and effectively sustain Service member and organizational medical readiness, improve the health of all DoD beneficiaries, deliver better health care, and responsibly manage medical costs.

We believe that effective governance creates a chain of reporting relationships that will drive performance improvement, documented using standard measures of readiness, quality, access, and cost. We are expanding common systems and practices across MHS, and we are implementing the framework for improved governance directed by the DepSecDef. The planned framework maintains oversight of the Defense Health Program by the Office of the Under Secretary of Defense (Personnel and Readiness) and positions MHS for further organizational change, if warranted.

A similar letter has been sent to the Chairmen of the other congressional defense committees. Thank you for your interest in the health and well-being of our Service members, veterans, and their families.

Sincerely,

Clifford L. Stanley

Enclosure:
As stated

cc:
The Honorable John McCain
Ranking Member

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

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

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As stated

cc:
The Honorable Lindsey Graham
Ranking Member

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

The Honorable Joe Wilson
Chairman, Subcommittee on Military Personnel
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely,

Clifford L. Stanley

Enclosure:
As stated

cc:
The Honorable Susan A. Davis
Ranking Member

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

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

Dear Mr. Chairman:

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Sincerely,

Clifford L. Stanley

Enclosure:
As stated

cc:
The Honorable Thad Cochran
Vice Chairman

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

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

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The Honorable Thad Cochran
Vice Chairman

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PERSONNEL AND
READINESS

The Honorable Harold Rogers
Chairman, Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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Sincerely,

Clifford L. Stanley

Enclosure:
As stated

cc:
The Honorable Norman D. Dicks
Ranking Member

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

The Honorable C. W. Bill Young
Chairman, Subcommittee on Defense
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

AUG 31 2011

Dear Mr. Chairman:

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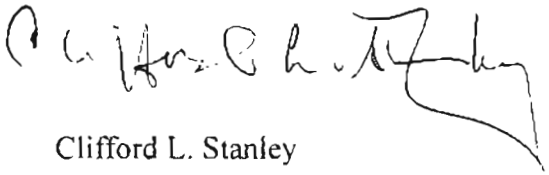

Clifford L. Stanley

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As stated

cc:
The Honorable Norman D. Dicks
Ranking Member

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

PERSONNEL AND
READINESS

The Honorable Howard P. "Buck" McKeon
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

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Sincerely,

Clifford L. Stanley

Enclosure:
As stated

cc:
The Honorable Adam Smith
Ranking Member

Report to Congress

REPORT ON EFFORTS ACHIEVE MORE JOINTNESS AND UNITY OF COMMAND IN THE MILITARY HEALTH SYSTEM

Preparation of this report/study cost the Department of Defense a total of approximately $2.179 for the 2011 Fiscal Year.

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Report on Efforts Achieve More Jointness and Unity of Command in the Military Health System

Background

In 2006 the Congress directed the Department of Defense to report on the feasibility of creating a unified medical command structure to direct the management of health care services and to estimate the potential costs savings associated with this command structure.

At approximately the same time, a work group was chartered under the USD(P&R) and the Chairman, Joint Chiefs of Staff, and prepared recommendations and possible courses of action for a Unified Medical Command. The USD (P&R) and the ASD (HA) advanced an alternative framework, and after due consideration, the Deputy Secretary of Defense approved a framework for Achieving More Jointness and Unity of Command on November 27, 2006.

Deputy Secretary of Defense Approved Framework

The approved framework consists of incremental steps designed to yield efficiencies throughout the Military Health System (MHS) primarily by combining common functions. Each aspect of the framework supports principles of unity of command and effort while creating a joint environment for the development of future MHS leaders. The concept includes accelerated consolidation of medical headquarters under BRAC law, maintenance of USD(P&R) oversight of the Defense Health Program and positions the MHS for further unification if warranted.

The Deputy Secretary of Defense approved framework includes the following:

- Establishment of a joint command for the National Capital Area, and increased unity of effort in San Antonio
- Establishment of a joint command for the Joint Medical Education and Training Center in San Antonio
- Combination of all medical research and development assets under the Army Medical Research and Material Command
- Creation of a joint Military Health Directorate within the TRICARE Management Activity (TMA) to consolidate shared MHS services such as human capital, finance, IM/IT, logistics, and force health sustainment
- Re-focusing of the TRICARE Management Activity on health plan management and beneficiary support
- Co-location of medical headquarters consistent with BRAC law

Since 2007, the MHS has implemented each of the elements of the plan and learned much about the process of achieving more jointness while preserving the strengths of the individual medical departments. The department submitted two interim reports documenting the progress in implementing the elements of the framework for increased unity of command.

In July 2010, the Government Accountability Office (GAO) began work in response to a congressional mandate contained in Joint Resolution H.J. Res. 45, Title II, section 21. The key questions posed by Congress included:

- To what extent has DoD conducted and documented a comprehensive cost-benefit analysis of its 2006 chosen command structure and operations for its Military Heath System since its approval?

- To what extent has DoD implemented its 2006 approved medical command structure and what are the associated costs?

  The report is expected to be complete at the end of calendar year 2011.

Current Status of the Implementation of the Framework for Increased Unity of Command

- Joint Command for the National Capital Area

The Joint Task Force National Capital Region Medical (JTF CapMed) is a fully functioning standing Joint Task Force with command authority, integrating and coordinating hospital functions, improving continuity of care, coordinating safety and quality programs, and managing the BRAC transition.

- San Antonio Integrated Health Care System

The San Antonio Military Medical Center (SAMMC) is an integrated health care system that provides world-class medical care. SAMMC is governed by a leadership council, the SAMMC Executive Steering Committee, consisting of medical leaders from both the Army and the Air Force.

- Tri-Service Medical Education and Training Campus (METC) in San Antonio

The METC will be the largest allied health education and training facility in the world, with an average daily student load of approximately 7,800 students and the expectation of more than 25,000 graduates per year. The campus is now led by the inaugural Commandant who was appointed in May 2010.

- Tri-Service Medical Research and Development

DoD has taken measures to leverage the existing research and development management infrastructure at the U.S. Army Medical Research and Materiel Command (USAMRMC). Beginning in Fiscal Year 2010 (FY10), the Defense Health Program (DHP) Research Development Test and Evaluation (RDT&E) budget was increased to fund 11 Program Elements ranging from basic research to operational system development, including a $372.204 M expansion of the core program. The DHP RDT&E program and budget increases were to meet the capability needs of the Joint Force Health Protection Concept of Operations, approved by the Joint Requirements Oversight Council in June 2007 and to meet Wounded Warrior needs directed by the Memorandum, Secretary of Defense, June 26, 2008, Subject: "Caring for Our Wounded Personnel and Their Families." Additionally, more than $666 M was added to the DHP RDT&E appropriation in FY10 as Congressional additions.

The Assistant Secretary of Defense (Health Affairs) (ASD(HA)) exercises authority, direction, and control over DHP RDT&E activities (per DoD Directive 5136.01, "Assistant Secretary of Defense for Health Affairs," dated June 4, 2008). In addition, the ASD(HA) ensures joint coordination of DHP RDT&E activities through the USAMRMC, which provides support in requirements refinement, proposal solicitation, scientific and programmatic review, program management, negotiation and contracting, financial management, and planning and programming for future investments. An Interagency Support Agreement between ASD(HA) and USAMRMC implements the framework for filling these needs.

- Creation of a joint Military Health Directorate within the TRICARE Management Activity (TMA)

Although a Military Health Directorate has not been established within TMA, significant improvements have been made in delivering shared services to the entire MHS with specific emphasis on information technology. On March 14, 2011, the Secretary of Defense directed in the Four Efficiency Initiatives Memorandum 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. Implementation of this directive is now proceeding.

- Re-focusing of the TMA on Health Plan Management and Beneficiary Support

TMA now has a designated Chief of Health Plan Operations who is responsible for managing all of the major health service contracts. In addition, TMA has strengthened the Directorate of Acquisition Management and Support under the leadership of a dedicated Component Acquisition Executive and Head of the Contracting Activity.

- Co-location of Medical Headquarters

All MHS headquarters functions will be co-located in accordance with BRAC law. A group of senior MHS leaders is reviewing opportunities to combine similar functions to achieve efficiencies once the move is complete.

2011 Review of Governance Model Options for the MHS

On June 14, 2011, the Deputy Secretary of Defense directed a review of governance model options for the MHS. This was issued in the context of the completion of the consolidation of medical facilities and functions in the National Capital Region (NCR) and the need for consideration and decision regarding the future governance of military health care delivery in the NCR.

The Task Force began its work on June 28, 2011. It has been directed to report back to the Deputy Secretary of Defense within 90 days. Further, the Deputy Secretary of Defense specifically directed the Task Force to consider 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. The final report will contain an analysis of the strengths and weaknesses of each option including an estimate of the cost savings.

This Task Force will benefit from the lessons learned over the past four years in implementing the incremental changes directed by the Deputy Secretary of Defense in 2006 and is in a better position now to answer the original question posed by the Congress concerning the feasibility of creating a unified medical command structure.