



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

AUG 16 2013

PERSONNEL AND  
READINESS

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

Dear Mr. Chairman:

The enclosed report supplements our response to House Report 113-102, page 177, accompanying H.R. 1960, the National Defense Authorization Act for Fiscal Year 2014, which requests a description of the linkage of the goals to the responsibilities of the Defense Health Agency (DHA), information regarding the Department's development of goals, and a detailed schedule.

The Department's second report to Congress, dated June 27, 2013, described the linkage of the goals to the responsibilities of the DHA, and provided explicit information on how and why it developed these goals. This report addresses the detailed schedule for implementation.

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

Sincerely,

  
Jessica L. Wright  
Acting

Enclosure:  
As stated

cc:  
The Honorable James M. Inhofe  
Ranking Member



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AUG 16 2013

PERSONNEL AND  
READINESS

The Honorable Barbara A. Mikulski  
Chairwoman  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Madam Chairwoman:

The enclosed report supplements our response to House Report 113-102, page 177, accompanying H.R. 1960, the National Defense Authorization Act for Fiscal Year 2014, which requests a description of the linkage of the goals to the responsibilities of the Defense Health Agency (DHA), information regarding the Department's development of goals, and a detailed schedule.

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Jessica L. Wright  
Acting

Enclosure:  
As stated

cc:  
The Honorable Richard C. Shelby  
Vice Chairman



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AUG 16 2013

PERSONNEL AND  
READINESS

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

Dear Mr. Chairman:

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Jessica L. Wright  
Acting

Enclosure:  
As stated

cc:  
The Honorable Nita M. Lowey  
Ranking Member



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WASHINGTON, DC 20301-4000

AUG 16 2013

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,

  
Jessica L. Wright  
Acting

Enclosure:  
As stated

cc:  
The Honorable Adam Smith  
Ranking Member

Response to Congressional Defense Committees

**Supplemental Submission under Page 177 of House Report 113-102 on  
National Defense Authorization Act for Fiscal Year 2014**



**Military Health System Governance Reform Report**

**August 2013**

**The estimated cost of report or study for the Department of Defense is approximately \$1,100 for 2013 Fiscal Year. This includes \$300 in expenses and \$800 in DoD labor.**

**(Generated on 25 Jul 2013; Reference ID: 1-9843BDD)**

## **Introduction**

This supplemental report responds to the House Report 113-102, page 177, accompanying H.R. 1960, the National Defense Authorization Act (NDAA) for Fiscal Year 2014, which requests additional information regarding the Department's Military Health System Plan for Reform of the Administration of the Military Health System. Specifically, the House Armed Services Committee expressed concern, based on the first report to Congressional Defense Committees dated March 15, 2013, that although the Department's first report addressed the statutory requirements described in the Fiscal Year 2013 NDAA, the report (1) did not clearly describe the linkage of some of the goals to the responsibilities of the newly established Defense Health Agency; (2) did not provide information on how the Department developed its goals; and (3) did not provide a detailed schedule for implementation for some of the goals.

This supplemental report provides the detailed schedule for implementation of the stated goals that were not adequately addressed in the first report in March 2013. On page 15 of the Government Accountability Office (GAO) report from May 15, 2013, entitled "Defense Health Care: Preliminary Observations of DOD's Planning for Governance Changes," the GAO stated that the Department of Defense (DoD) "Schedule Lists Major Milestones But Does Not Include a Schedule for All the Reform Goals." The GAO report continues, "the schedule in the DOD's first submission contains milestones that are clearly related to the following four goals:

- Promote more effective and efficient health care operations through enhanced enterprise-wide shared services;
- Match personnel, infrastructure, and funding to current missions, future missions, and population demand;
- Establish more inter-Service standards/metrics, and promote learning and continuous improvement; and
- Create enhanced value in military markets using an integrated approach specified in 5-year business plans."

The ensuing paragraphs provide specific milestones and schedule for the achievement of the three goals for the Military Health System that were not included in the first or second report to Congressional Defense Committees. The Department's military medical leadership continues to meet on a regular basis to ensure these milestones proceed according to schedule.

## **Detailed Schedule for Meeting Goals**

### **Deliver more comprehensive primary care and integrated health services using advanced patient-centered medical homes**

- By December 2013, 50 percent of current military treatment facility (MTF) enrollees will receive care from a clinic that has achieved Level 2/3 Patient-Centered Medical Home (PCMH) recognition from the National Committee on Quality Assurance (NCQA).
- By December 2015, 100 percent of current MTF enrollees will receive care from a clinic that has achieved Level 2/3 PCMH NCQA recognition.

- By September 2014, all MTF PCMH clinics will use a standard performance dashboard to monitor and improve performance.
- By September 2014, enhanced access enabled by secure messaging and a nurse advice line will be fully implemented in primary care.

**Coordinate care over time and across treatment settings to improve outcomes in the management of chronic illness, particularly for patients with complex medical and social problems**

- By December 2013, begin to establish a dashboard for the top five chronic illnesses based on high frequency and/or high cost and utilization (typically diabetes, cardiovascular disease, depression, anxiety, and hypertension).
- By July 2014, implement a preliminary dashboard for top five chronic illnesses.
- By July 2015, trend, measure, and evaluate dashboard data.
- By December 2013, complete plan for identifying patients that require a care manager and metrics based on a risk stratification model, including triggers such as diagnoses, activity limitations, psycho/social concerns, utilization and claims data, and clinician observations.
- By July 2014, develop and implement standard patient care management identification processes and tools and standard performance dashboard.
- By July 2015, trend, measure, and evaluate care management program effectiveness data.

**Align incentives with health and readiness outcomes to reward value creation**

- By October 2013, establish measures and reimbursement rates for pay for value model.
- By October 2013, begin shadow year for incentive plan for enhanced Multi-Service Markets (eMSMs).
- By December 2013, begin conducting quarterly review of performance and virtual payment under pay for value model.
- By October 2015, begin reimbursing eMSMs according to pay for value model.

As planning proceeds, we will continue to refine our schedule and develop additional milestones.