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26 FEB 1999



THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

**MEMORANDUM FOR:** ASSISTANT SECRETARY OF THE ARMY (M&RA)  
ASSISTANT SECRETARY OF THE NAVY (M&RA)  
ASSISTANT SECRETARY OF THE AIR FORCE (MRAI&E)

**SUBJECT:** Policy for Data Quality Improvement for Military Health System Financial Systems

The purpose of this memorandum is to emphasize the importance of improving data quality in all our financial systems and seek senior leadership emphasis on both data inputs and outputs in support of decision-making.

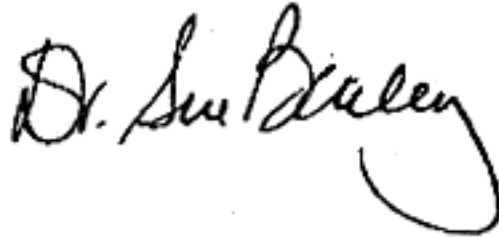
Measuring performance/effectiveness within the Military Health System (MHS), comparing alternatives, and making informed management decisions is predicated on timely and accurate information. As we move toward standard resourcing and measurement models that enable us to benchmark and appropriately resource our health care system, it becomes increasingly important that we put increased effort into data quality management and oversight. To a large degree the MHS reengineering that seeks to optimize facilities, staffing, and all other resources will increasingly use financial data linked to enrolled populations, quality metrics and other performance indicators to assess MHS success.

Recent problems with data completeness as identified in a recent GAO review of the Level of Effort (LOE) calculation in support of our Medicare subvention demonstration highlights the need for increasing emphasis on data input and reconciliation with the Medical Expense and Performance Reporting System (MEPRS). RAND's recent assessment of our program budgeting and allocation models as well as Service concerns about equity in how the models apply financial assumptions and rules also emphasize a need for accurate baseline data. USD (Comptroller) and DoDIG evaluation of our estimate for the unfunded liability for retiree health care and needed improvement in financial and workload systems also focus on improved data inputs and reconciliation. Finally, Enrollment Based Capitation (EBC) will not be a fully effective management tool for the MTFs or Services until there is sufficient and accurate baseline information from which to make informed, data-driven management decisions. Previous Service concerns emphasized the need for accurate and robust data before good decision-making can begin with EBC.

The Services access EBC reports which are populated with MTF level source data systems such as Composite Health Care System (CHCS) (inpatient data), ADS (outpatient data) and HL7 messages (ancillary data: pharmacy, lab and radiology). The Corporate Executive Information System (CEIS) is the platform that allows the MTF level data to be stored and retrieved. Accurate use of the MEPRS system within the MTF is essential to

accurately capture the cost of care within our DoD facilities through the CEIS system. The CEIS Program Office continues to emphasize the need for data currency and completeness.

The TRICARE Management Activity Director of Resource Management in concert with the Services' Directors of Resource Management through the RM Steering Committee will oversee development of internal controls necessary to improve financial and workload data in our health care financing and management systems. My point of contact is Mr. Ed Chan at (703) 681-1724.

A handwritten signature in black ink that reads "Dr. Sue Bailey". The signature is written in a cursive style with a large, sweeping flourish at the end.

Dr. Sue Bailey

**HA Policy 99-010**

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Last update: 03/25/1999