



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

SEP 28 2018

MEMORANDUM FOR CHIEF MANAGEMENT OFFICER OF THE DEPARTMENT OF
DEFENSE

SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
CHIEF OF THE NATIONAL GUARD BUREAU
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR OF COST ASSESSMENT AND PROGRAM
EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR OF OPERATIONAL TEST AND EVALUATION
CHIEF INFORMATION OFFICER OF THE DEPARTMENT OF
DEFENSE
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
AFFAIRS
ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR OF NET ASSESSMENT
DIRECTORS OF DEFENSE AGENCIES
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: Implementing Congressional Direction for Reform of the Military Health System

This memorandum directs implementation of the Military Health System (MHS) organizational reform required by section 1073c of title 10 ("section 1073c"), United States Code, and sections 711 and 712 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 ("sections 711/712"). Effective October 1, 2018, the Department will take the next significant steps toward making the Defense Health Agency (DHA) responsible for the operations of all military medical treatment facilities (MTFs), fully integrating medical capabilities of the Armed Forces, and eliminating duplication of functions and tasks among MHS components.

The Department of Defense (DoD) policy for the MHS continues to be guided by the aim of improved readiness, better health, better care, and lower cost. The Department will advance these objectives through specific organizational reforms directed by Congress. Implementation of reforms will also be guided by the Secretary of Defense's direction in the National Defense Strategy:

"We will put in place a management system where leadership can harness opportunities and ensure effective stewardship of taxpayer resources... We must not accept cumbersome approval chains... [or] overly risk-averse thinking that impedes change. ...Department leaders will adapt their organizational structures to best support the Joint Force."



OSD012804-18/CMD016379-18

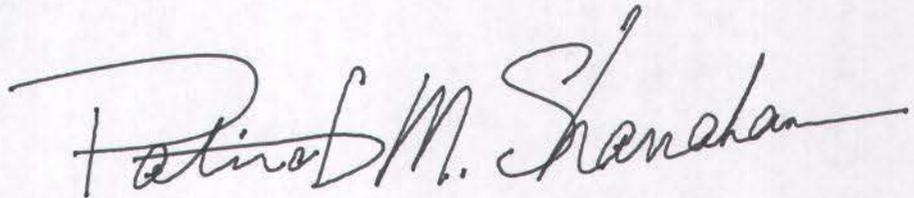
To accomplish these important Department objectives, I direct the following:

- Effective October 1, 2018, authority, direction, and control over MTF operations for the following MTFs will transfer from the Military Departments to the DHA:
 - Womack Army Medical Center and all associated clinics;
 - Naval Hospital Jacksonville and all associated clinics;
 - 81st Medical Group (Keesler AFB - Biloxi, MS);
 - 628th Medical Group (Charleston AFB - Charleston, SC);
 - 4th Medical Group (Seymour-Johnson AFB - Goldsboro, NC); and
 - 43rd Medical Squadron (Pope Field/Fort Bragg, NC).
- DHA will have authority to carry out all responsibilities assigned by law and applicable DoD policy. DHA will be responsible for meeting the military personnel medical readiness requirements determined by the senior military operational commander of the military installations served by these MTFs. The Surgeons General will be the chief medical advisors to the DHA Director on matters pertaining to military health readiness of the respective Services.
- For the MTFs listed above, the Military Departments, as the force providers, will retain responsibility consistent with applicable law to recruit, organize, equip and train. Military Departments will retain administrative control of the military personnel and command authority under the Uniform Code of Military Justice. The Military Departments will also continue to support the Combatant Commands in carrying out operational deployments and will maintain unrestricted access to military personnel assigned to the MTFs for this purpose.
- For each of the MTFs listed above, the DHA and the Military Departments will carry out their respective responsibilities through a dual-hatted director/commander.
- Beginning October 1, 2018, all MTFs within the MHS will adhere to the same DHA-established policies, procedures, and standard clinical and business processes, as they become established, and will be accountable to the DHA for compliance.
- Effective immediately, the Director, DHA, and the Director's representatives, will be afforded full access to all data, information, documentation, and other like matter relating to MTF and Military Department Market Management Office personnel. Examples include funding (planning, programming, budgeting, and execution), operational functions (contracting, partnerships, accreditation, administration and other operations), and any other MTF mission, function, or activity. Such access rights and privileges will apply to all MTFs and Market Management Offices, regardless of when each may be scheduled to transition to the authority, direction, and control of the Director, DHA. Such access rights and privileges will be afforded in accordance with applicable law and policy requirements and will be interpreted

broadly, with a view to maximizing the ability of the DHA and the Military Departments to plan for and execute the present and future transitions.

- Not later than April 1, 2019, the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) will submit the report to the Armed Services Committees required by section 712(f) describing the structure and manpower of the Military Department's Surgeon Generals offices and any subordinate organizations. The report will comply with all requirements of section 1073c and 712, including that the organizational framework "maximizes interoperability and fully integrates medical capabilities of the Armed Forces," and is designed "in particular, to avoid duplication of functions and tasks between" the offices of the Surgeons General and the DHA.
- The Chief Management Officer will update the draft DoD Directive 5136.13, "Defense Health Agency (DHA)," consistent with the law and this memorandum, and no later than October 1, 2019.

The USD(P&R) is authorized to take other actions as appropriate to implement the law and this memorandum.

A handwritten signature in black ink, reading "Patrick M. Shanahan". The signature is written in a cursive style with a long horizontal line extending to the right.