Military Health System: The Defense Health Agency in 2017

Director, Defense Health Agency
February 9, 2017
Medical as Percent of DoD Budget

MHS cost growth unsustainable, but cost curve is bending

Includes Normal Cost contributions to the Medicare Eligible Retiree Health Care Fund (MERHCF)
MHS Reform: What We Have Undertaken

• Creating a more **globally integrated** health system – built on our battlefield successes

• Driving enterprise-wide shared services; **standardized clinical and business processes** that produce better health and better health care

• Implementing future-oriented strategies to create a **better, stronger, more relevant** medical force
How We Got Here
And Where We’re Headed

DoD Task Force on MHS Governance

September 2011
Recommended DHA model for MHS governance

DEPSECDEF Planning Memo
March 2012
Directed planning for DHA implementation

DHA Planning WG Report
November 2012
Provided DHA and Shared Services implementation plan for DEPSECDEF approval

DEPSECDEF “Nine Commandments” Memo
March 2013
Directed implementation of DHA

NDAA 2017
Dec 2017
Directed implementation of NDAA
DHA Leadership Team

Mr. Guy Kiyokawa
Deputy Director

Vice Admiral Raquel Bono
Director

CSM Robert Luciano
Sr. Enlisted Advisor

MG Jeffrey Clark
Director for J3 Operations

TBD
Director for Strat, Plans, & Func Integ (J5)

Dr. Paul Cordts
Director for Functional Champion

Acting Director for Health IT (J6)

Brig Gen James Dienst
Director for Education & Training (J7)

RADM Colin Chinn
Director for Research & Development (J9)

RDML David Lane
Director for TRICARE Health Plan (J10)

Director for J1/J8 Resources & Management

Director for J4, CAE

Director for J1/J8 Resources & Management
Defense Health Agency
As A Combat Support Agency
Tricare Overseas Program: Globally Integrated Healthcare Delivery
Our role as a Combat Support Agency
Aeromedical Support
SAVE THE DATE
Initial Deployment

February 15, 2017
Fairchild Air Force Base
92nd Medical Group
Spokane, Washington

“Medically Ready Force...Ready Medical Force”
T-2017

Next Generation of TRICARE Contracts

"Medically Ready Force...Ready Medical Force"

Current Regions

Simpler, streamlined processes

2 Regions = $60 billion over 5 years

New Regions

West HealthNet

East Humana Military
Pharmacy as a Shared Service
Cost Savings of Moving Retail Prescriptions to Mail/MTF

[Graph showing cost savings over months, with fiscal years and cumulative savings highlighted.]
Medical Logistics
Original vs. POM Savings Comparison

**Savings Explanations**

**Overall Summary of Savings Update**
- Additional items added to initiatives (S1 & S3)
- Increased utilization across DoD of standardized items (S1)
- Orthopedic product lines added to e-commerce vehicles (S4)

**Obstacles to Savings Maximization**
- Trade Act Agreement – Increasing number of manufacturers utilize production facilities located in non-compliant countries

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**MEDLOG Shared Service Net Savings**

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Initial Projections FY14-19 (3rd Report to Congress)</td>
<td>($5.7)</td>
<td>$7.1</td>
<td>$25.0</td>
<td>$41.7</td>
<td>$52.5</td>
<td>$62.8</td>
<td>$183.3</td>
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<tr>
<td>POM Booked Savings FY15-19</td>
<td>-</td>
<td>$7.1</td>
<td>$25.0</td>
<td>$41.7</td>
<td>$52.5</td>
<td>$62.8</td>
<td>$189.0</td>
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<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16Q1</th>
<th>FY16Q2</th>
<th>FY16Q3</th>
<th>FY16Q4</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Actual Savings FY14-16Q3/ Updated Projections FY16Q4 - FY19</td>
<td>$19.13</td>
<td>$31.58</td>
<td>$10.85</td>
<td>$11.66</td>
<td>$12.37</td>
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<td>$57.23</td>
<td>$70.91</td>
<td>$82.59</td>
<td>$310.0</td>
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**Net Savings ($M)**

<table>
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</tr>
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<tbody>
<tr>
<td>MEDLOG Shared Service Net Savings</td>
<td>$200.0</td>
<td>$189.0</td>
<td>$183.3</td>
<td>$150.0</td>
<td>$100.0</td>
<td>$50.0</td>
<td>$0.0</td>
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Medical Education and Training Center
All Roads Lead to San Antonio

• The campus graduates 18,000 enlisted medical service members / year

• 48 programs, from radiology to surgical technology.

• 100% of deployed medics have come through this school

“Medically Ready Force...Ready Medical Force”
2017 National Defense Authorization Act
Transforming Military Medicine

• NDAA advances our ability to deliver a system of health and readiness...integrated around the patient
• Major reforms to the TRICARE benefit, Access, MHS Organization, and authorities
• Welcome, comprehensive actions drive mutually reinforcing, patient-centered changes
• Many coordinated actions underway -- Regulation, TRICARE Policy, Contracting, IT, and Communications
• Milestones / Implementation dates are established in law; we will meet them

*Military Health System/TRICARE Actions
- Introduce Select
- Amend Prime rules
- Reserve Component benefits
- Access to Urgent and Primary Care
- Value-Based Purchasing
- Pilot Programs
- Advisory Committees
- Fed Vision and Dental
- Telehealth
- TRICARE Auto enrollment

*Military Health System Organizational Opportunities
- Categorization (Med Centers / Hospitals / Clinics)
- Defense Health Agency Responsibilities
- Joint Trauma
- Graduate Medical Education

*Non-exhaustive list

Optimize Our health plan
Vision for the future

- Medically Ready Force...Ready Medical Force
- Mature Combat Support Agency Capabilities
- Enable DoD’s Health Information Technology Modernization
- Improve Access to Care, Quality of Care and Patient Safety
- Modernize the TRICARE Health Plan
- Provide Support to Enhanced Multi-Service Markets
- Realize Cost Savings and Improve Accountability

“Medically Ready Force...Ready Medical Force”
Connecting Military Medicine through Social Media

VADM Raquel Bono @DHADirector · 29 Nov 2016
Wonderful to see RADM Sato of the JMSDF again at #AMSUS2016. Our continued work with Japan helps strengthen global security and health.