Industry Day Briefing: Update on the DHA Transition

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Assistant Director for Management

November 21, 2019
Agenda

- Introduction
- Transition Execution Update
- Establishing the Market Construct
- Market-Based Buying
INTRODUCTION
Aligning Director’s Priorities to Strategy

**ENDS**

**Goal 1: Optimize the DHA for Greater Performance**
Dr. Butler (AD-M)

“The DHA provides valued solutions.”

**Goal 2: Co-Create Optimal Outcomes for Health, Well-Being & Readiness**
RADM Riggs (AD-HCA)

“Health better than I’ve ever known; care better than I’ve ever seen.”

**Goal 3: Deliver Global Support for Combat Forces**
Maj Gen Payne (AD-CS)

“DHA provides solutions essential to joint mission success.”

**WAYS**

**W1: Develop and Sustain DHA as a Learning Organization**
(Mr. Hyde)

**W2: Optimize and Integrate the Capabilities of the Markets**
(Mr. Priest)

**W3: Deliver and Sustain MHS GENESIS**
(Mr. Teyhen)

**W4: Optimize and Align Research Capabilities**
(Dr. Biggerstaff)

**W5: Improve Readiness, Health, and Experience**
(Dr. Cordts)

**W6: Develop Interoperable Health Solutions to Support Military Operation**
(Mr. Venable)

**MEANS**

**M1: Optimize and Standardize Enterprise Business Processes**
(Mr. Tenaglia)

**M2: Enhance Value Through Strategic Partnerships**
(Brig Gen Fligge)

**M3: Align Resources and Requirements to Strategic Priorities**
(COL Meno)

**M4: Ensure All Feel Valued and Respected Through the Development of Human Capital**
(Mr. Zemp)
Military Health System Transformation
TRANSITION EXECUTION UPDATE
## Overview of DHA Transition

### Objective 1
DHA Builds Initial HQ Capability and Capacity

- MILDEP Medical Department HQs and IMOs Provide Direct Support to DHA
  - RHC-Atlantic (Army)
  - RHC-Central (Army)
  - RHC-Pacific (Army)
  - RHC-Europe (Army)
  - Navy Direct Support Cell
  - AFMRA (Air Force)

### Objective 2
Stand Up Direct Reporting Markets (21)

### Objective 3
Establish the Small Market & Stand-Alone MTF Office (1)

### Objective 4
Establish the OCONUS Defense Health Regions (2)

### End State
1) DHA HQ at FOC, functions and resources transferred, or covered by MOA with POAM
2) MILDEP Readiness Commands at FOC
3) 20 Direct Reporting Markets
4) 1 SSO
5) 2 OCONUS Defense Health Regions
Implementation Timeline

<table>
<thead>
<tr>
<th>Objective</th>
<th>1 MAY 2019</th>
<th>31 DEC 2019</th>
<th>1 JAN 2020</th>
<th>30 SEP 2020</th>
<th>1 JAN 2020</th>
<th>30 SEP 2021</th>
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<tbody>
<tr>
<td>Establish Capability</td>
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<td>Stand-Up Markets</td>
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<tr>
<td>Form SSO</td>
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<td>Form DHRs</td>
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**Objective 1**
- DHA ADC of CONUS MTFs
- ADC executed through relationship with Direct Support elements
- tIMO certifies 4 markets from 5+3
- Build DHA capability and capacity to support 4 initial markets
- Strategic pause in Market standup to allow DHA HQ to mature
- OCONUS support continues

**Objective 2**
- DHA assumes responsibility of tIMO Markets and certifies 17 additional Markets
- Build DHA capability and capacity
- Service IMOs divest CONUS Markets
- SSs remain with Service IMOs
- Overseas support continues

**Objective 3**
- DHA certifies SSO and assumes responsibility of SSO
- Service IMOs divest CONUS SSs and realign personnel to SSO
- RHC-A/C end Direct Support
- Overseas support continues

**Objective 4**
- Service IMOs divest OCONUS MTFs and realign personnel to DHRs
- DHA certifies DHR-E and DHR-IP
- Service IMOs end Direct Support
- DHA HQ and FCs reach full operational capability and capacity

**Note:** Data is specific to transitioning facilities by objective, DHA HQ and Market overhead are not included.

- Areas supported by Markets
- Areas supported by Small Markets
- Areas supported by Stand-Alone MTFs
- Areas supported by Defense Health Regions

As of 11 OCT 2019 - * Dates are Conditions Based
Market Structure Communications
Direct Support (DS) Intermediate Management Organization (IMO) Communication Structure
The DHA’s Market certification process has shifted from a time-based process to a conditions-based certification.

<table>
<thead>
<tr>
<th>Time-Based Approach</th>
<th>Conditions-Based Approach</th>
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<tr>
<td>Scheduled dates for Market certification</td>
<td>Markets are certified once they’ve met conditions laid out in the implementation tools</td>
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<tr>
<td>Linear approach with minimal flexibility</td>
<td>Enables DHA to focus on maturing the Headquarters in support of the Markets</td>
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ESTABLISHING THE MARKET CONSTRUCT
A Market is a group of MTFs working together in one geographic area. Markets operate as a system lead by a Market Office to support the sharing of patients, staff, budget, and many other functions across facilities to optimize readiness and the delivery and coordination of health services.
Fundamental Units of Organization

Just as our MILDEPS utilize fundamental units of organization to deploy forces, DHA utilizes markets under its new organizational construct to deliver health care services.
Market Structure
Small Market and Stand-Alone MTF Organization

SSO Overview:
The SSO is an organization that will be responsible for supporting the Defense Health Agency in managing and administering all Small Markets and Stand-Alone MTFs that are not aligned to a Market. As MTFs are aligned under the SSO as Small Markets or Stand-Alone MTFs, they will report to and communicate with the DHA through the SSO. The SSO will communicate with and report directly to the DHA. Facility types include Community Hospitals and Ambulatory Clinics.

Small Markets:
16 Small Markets, comprised of 61 MTFs, will directly report to the SSO.

Stand-Alone MTFs:
69 Stand-Alone MTFs will be directly managed and administered by the SSO.
Defense Health Regions
Core Market Benefits

- Access to a larger network of healthcare professionals, providers and specialties
- Increased pathways that maximize career progression opportunities
- Maintain currency and enhance proficiency across your knowledge, skills and abilities (KSAs) spectrum
- Engage in partnerships with industry and academia to help meet our mission

Market Office Solution

Market offices are implemented to effectively manage and oversee Markets by providing:

- Optimization to improve readiness and health
- Standardization across policy and process
- Integration of people, processes, and technology
- Coordination to address interdependencies
Comparing DHA Headquarters with Market Office Authorities

DHA HQ is responsible for coordinating with ASD(HA), the MILDEPs, and the COCOMS to identify the MHS strategic goals in support of the QPP (improved readiness, better care, better health, and lower costs).

Market Offices are DHA management and execution bodies that support MTFs to ensure compliance with DHA requirements. Market Offices drive execution of the Quadruple Aim Performance Process business plan to optimize MTF performance across the Market.

DHA HQ establishes requirements for health care delivery at MTFs across the enterprise.

The Market Office tailors these requirements to its individual Market based on patient population and hospital performance.
Transition of MTFs into a Market

The Market transition process is a shared responsibility between the DHA and Market Office Leadership to ensure the Market is ready and DHA has the capability and capacity to support each Market.

**Market Certification**
- Market meets Certification criteria and is certified as a Market by DHA

**DHA HQ**
- IOC Conditions have been met by all FCs
- DHA has the capability and capacity to take on the specific Market

**Input**

**SMMAC and sTLT Briefing**
DHA Director briefs Market Certification and DHA HQ ability to support the Market to each body

**DHA Director Signs Memo**
- DHA Director signs memo setting the date for MTF(s) transfer from the Services to the Market

**Required Coordination**
- External stakeholders* notified of certification
- Update local media stakeholders* on MTF Transfer

**Output**

**MTF(s) Transfer to DHA on D Day**
- MTF(s) officially transfer to Market

*External stakeholders include: Congress, Secretary of Defense, Deputy Secretary of Defense, Personnel and Readiness, Health Affairs, Surgeons General, MTF Commanders, MTF Staff, Senior Mission Commanders, beneficiaries, unions, local leadership, and others as appropriate
The below process outlines how the MTFs will be transferred into Markets, after the point of Market Office Certification and confirmation the DHA has the capability and capacity to support the incoming Market.

**Required Coordination**

- Notification of Market Certification to the following stakeholder:
  - Congress, Secretary of Defense, Deputy Secretary of Defense, Personnel and Readiness, Health Affairs, and the Surgeons General, DHA HQ Staff, MTF Commanders, MTF Staff, Unions, Senior Mission Commanders, Beneficiaries, Local Leadership, and others as appropriate
- Revalidate Service DS elements and DHA authorities prior to MTF(s) transfer
- Update local media organizations with MTF(s) transfer announcements

**MTF Transfer Process Decision Point**

- DHA Director determines if the MTF Transfer can occur once preceding actions complete

**Director’s Memo**

- DHA Director signs Director’s Memo, which:
  - Identifies date on which MTFs() will transfer into the Market
  - Identifies MTF(s) that will comprise the Market
  - Identifies authorities, responsibilities, and processes transferring from the Service DS elements to DHA
  - Identifies authorities, responsibilities, and processes remaining with the Service DS elements
- DHA Director memo sent to Secretary of Defense, Deputy Secretary of Defense, Personnel and Readiness, Health Affairs, and Surgeon Generals

*Disclaimer: This timeline is flexible and will be adjusted as needed*
MARKET BASED BUYING
Market-Based Buying Strategy

Structure + Process = Outcome

People
- MAO functions
- MAO staffing
  - Direct support
  - FOC
- Roles & Responsibilities

Enabler/Tool
- Defined acquisition workflow
  - Capture, aggregate and track demand
- Standardize process
  - Optimize buying
- Enterprise visibility
  - SSRB
  - Develop IPM (15 Dec 19)
  - Use Procedural Instructions to export defined process to all DHA Markets/SSO

Market Buying
- Improve efficiencies
  - Cost savings
- Improved effectiveness
  - Actions per task order
- Standardizations
  - Improved quality
  - Decreased cost

1Avedis Donabedian – “Evaluating the Quality of Medical Care”
Transition To Market-based Buying

OBJECTIVE: MARKET-BASED BUYING

- Why market-based buying
  - Economies of scale; reduce workload & variability
  - Optimize critical internal management processes (M1)

- DHA buying practices on Medical Q-Coded Services (MQS) contract
  - Current buying practices are not sustainable
  - 824 Task Orders; 4.78 FTEs per Task Order (from 1 Feb 18 to 31 Mar 19)

<table>
<thead>
<tr>
<th>Service</th>
<th>Base Year FTEs</th>
<th># Task Orders</th>
<th>FTEs/TO</th>
<th>% of Task Orders</th>
<th>% of FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Force</td>
<td>1913.59</td>
<td>650</td>
<td>2.94</td>
<td>78.88%</td>
<td>48.63%</td>
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<tr>
<td>Army</td>
<td>674.61</td>
<td>68</td>
<td>9.92</td>
<td>8.25%</td>
<td>17.14%</td>
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<tr>
<td>DHA</td>
<td>526.93</td>
<td>21</td>
<td>25.09</td>
<td>2.55%</td>
<td>13.39%</td>
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<tr>
<td>Navy</td>
<td>820.10</td>
<td>85</td>
<td>9.65</td>
<td>10.32%</td>
<td>20.84%</td>
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<tr>
<td>TOTAL</td>
<td>3935.23</td>
<td>824</td>
<td>4.78</td>
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Market-Based Buying: Example

EXAMPLE OF AGGREGATION

MTF-Centric Buying:
- 5 Locations
- 51 Requirements
- 11 Task Orders
- No economies of scale; HCW variability; increased workload

4.6 FTEs/TO

Market-Based Buying:
- 5 Locations
- 51 Requirements
- 2 Task Orders
- Economies of scale; reduced HCW variability; reduced workload

25.5 FTEs/TO

Market-Based Buying is an approach = aggregation
Demand Management is a practice = efficiency
Current State to Future State

**CURRENT STATE**
There is a lack of coordination and shared processes across Components and requiring activities resulting in duplicative processes and delays in acquisition.

**FUTURE STATE**
The Future State is an integrated process that enables medical service requirements across Components to be compiled, planned, and consolidated on a market-level.
Proposed Future State Framework

Market Based Buying Strategy: Proposed Future State Framework

<table>
<thead>
<tr>
<th>Market Acquisition Office</th>
<th>Demand Signal Generation</th>
<th>Develop Acquisition Package</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand Management Function</td>
<td>Validate Urgent Request</td>
<td>Validate Requirements</td>
</tr>
<tr>
<td>Market CORS</td>
<td>Aggregate Submitted Requirements</td>
<td>Consolidate Requirements</td>
</tr>
<tr>
<td>Contracting Activity</td>
<td>Submit Requirement into Portal</td>
<td>Submit Relevant Documents to Market COR</td>
</tr>
<tr>
<td>Requiring Activity</td>
<td>Urgent Request?</td>
<td></td>
</tr>
</tbody>
</table>

Yes: Proceed to next step
No: Return to previous step

Procure Requirement
Market-Based Buying: Implementation Approach

MTF Solution
• Needs Process
• Planned, funded and unfunded requirements
• Execution

Market Solution (Market Acquisition Office)
• Communication Center
• Process Implementation
• Market Analysis
• SARB

Enterprise Solution (PMO)
• Communication Center
• Process Implementation
• Market Analysis
• SARB

Export to Other Market Acquisition Offices

Scope: NCR, Central North Carolina, Jacksonville, Coastal Mississippi

Scope: PMO, Other Markets

18 months
Market-Based Buying Strategy
Web Based Application Tool

Agreements

Other (Medical Equipment) - ICSMO

Needs Procurement

PMO

Enterprise Packet → Enterprise Approval → Enterprise Funding → EMSD- CD

Market Acquisition Office

Market Packet → Packet Approval → Packet Funding → Aligned Contract Office

Other (IT, Simulation & Modeling, Minor Construction)

Supplies

Requirements

Submitter
Package
Decision Board
Approval

Requiring Activity

30
Market-Based Buying Strategy Schedule

Plan of Action & Milestones (POA&M)

**Policy**
- MBB IPM signed on 15 Dec 19
- Contract Award
- Begin Phase 1

**People (MAO)**
- Organic Support: 1 Jan 20
- Begin MAO IOC
- Direct Support: Mar 20
- Begin hiring DHA Staff
- Nov 20
- Central North Carolina market operational
- Apr 21
- Jacksonville and Coastal Mississippi markets operational

**People (PMO)**
- Mar 20
- Begin hiring DHA Staff
- Oct 20
- FOC

IOC: Defined as placing a market PM in the MAO either in a direct support agreement using MTF organic assets or through a hiring action.

FOC: Defined as implementing the AUTOSCARB process in each MTF in the market. CORs will likely be organic assets from the MTFs that are designated as MAO CORs.
Great outcomes, a ready medical force, patients satisfied – all flow directly from a patient-centered approach that informs our daily actions and decisions.
Industry Engagement Strategy

• **Recommended industry strategy**
  1. Industry leaders should begin to shift focus from the MTF/hospital level to the Market and DHA enterprise level
  2. The big value for DHA is strategic sourcing
  3. We will discuss further how to contact and engage with our new Market leaders
What Success Looks Like

A Ready, Resilient, and Reliable MHS:

- Achieves Great Outcomes for Readiness and Health
- Sustains a Ready Medical Force
- Puts the Patient at the Center
- Cultivates Staff Fulfillment
- Guarantees Satisfied Patients

...and drives value for our patients, our staff, and our defense mission.
QUESTIONS?