



THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-1200

HEALTH AFFAIRS

JUN 07 2005

The Honorable Duncan Hunter
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515-6035

Dear Mr. Chairman:

The House Armed Services Committee Report 108-106 on the Department of Defense (DoD) Authorization Act for Fiscal Year (FY) 2004 requested the Secretary of Defense, in coordination with the Secretary of Veterans Affairs (VA), to consider establishing Centers of Excellence in both Departments as a means of examining and testing innovative cost containment proposals and report to both the House and Senate Committee on Armed Services.

DoD, together with VA, is implementing the Demonstration Site Projects and the Joint Incentive Fund (JIF) required by Sections 721 and 722 of the National Defense Authorization Act for FY03. DoD is firmly committed to meeting the spirit of this legislation, which addresses the concern about the growing cost of health care for active and retired military personnel and their families expressed in the Committee's Report.

Accordingly, the DoD/VA Health Executive Council, co-chaired by the Assistant Secretary of Defense, Health Affairs and the VA Under Secretary for Health, approved criteria for the selection of projects and initiatives designed to encourage innovative, practical initiatives that feature alternative treatment regimens and streamlined business practices. Business Case Analyses for each of the seven demonstration site pilots and the twelve joint incentive fund projects revealed positive returns on investment and enhancements to the quality and/or access to care for beneficiaries of both Departments. Examples of the selected projects span a wide range of services including tele-health, women's health services, a joint cardiac catheterization lab, a joint dialysis unit and the opening of a joint ambulatory care clinic.

Although the sites selected to host these pilots and initiatives are not being referred to as Centers of Excellence, they are pioneering new approaches to delivering health care to Military Health System beneficiaries in their local markets. Taken individually, each site is examining and testing innovative proposals, which in part are aimed at maximizing efficiency and controlling cost. Collectively, these projects and initiatives will provide, to both the veterans health system and the Military Health

System, a breadth of experience in increasing efficiencies and enhancing beneficiary access and satisfaction without compromising quality. This experience will serve as a model to other facilities within both systems for future ideas for collaboration.

Thank you for your interest in and continued support of the Military Health System.

Sincerely,

For Stephen L. Jones
William Winkenwerder, Jr., MD

cc:
Senator Carl Levin