



PERSONNEL AND
READINESS

UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

SEP 23 2015

The Honorable John McCain
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This annual report is in response to the Senate Report 112-173, page 132-133, accompanying S. 3254, the National Defense Authorization Act for Fiscal Year (FY) 2013, which requests the Secretary of Defense, in consultation with the Director of the Office of Personnel Management, report on the use of healthcare provider appointing authorities delegated under title 38, U.S.C., chapter 74, to appoint and pay for critically needed healthcare occupations. The initial report was submitted August 16, 2013. The enclosed report describes the successes achieved utilizing the delegated authorities to enhance the Department of Defense's human resource programs for recruitment of healthcare provider positions during FY 2014-15.

Thank you for your interest in the health and well-being of our Service members, veterans, and their families. A similar letter is being sent to the Chairmen of the congressional defense committees, the Senate Committee on Homeland Security and Governmental Affairs, and the House Committee on Oversight and Government Reform.

Sincerely,

A handwritten signature in dark ink, appearing to read "Brad Carson", with a long horizontal flourish extending to the right.

Brad Carson
Acting

Enclosure:
As stated

cc:
The Honorable Jack Reed
Ranking Member



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SEP 23 2015

The Honorable William M. "Mac" Thornberry
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

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Brad Carson
Acting

Enclosure:
As stated

cc:
The Honorable Adam Smith
Ranking Member



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SEP 23 2015

The Honorable Ron Johnson
Chairman
Committee on Homeland Security and
Governmental Affairs
United States Senate
Washington, DC 20510

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Brad Carson
Acting

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As stated

cc:
The Honorable Thomas R. Carper
Ranking Member



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SEP 23 2015

The Honorable Jason Chaffetz
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

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Brad Carson
Acting

Enclosure:
As stated

cc:
The Honorable Elijah E. Cummings
Ranking Member



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WASHINGTON, DC 20301-4000

SEP 23 2015

The Honorable Thad Cochran
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

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Brad Carson
Acting

Enclosure:
As stated

cc:
The Honorable Barbara A. Mikulski
Vice Chairwoman



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WASHINGTON, DC 20301-4000

SEP 23 2015

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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Brad Carson
Acting

Enclosure:
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cc:
The Honorable Nita M. Lowey
Ranking Member

HEALTH CARE PROVIDER APPOINTMENT AND COMPENSATION AUTHORITIES FISCAL YEAR 2015



SENATE REPORT 112-173 NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2013

The estimated cost of this report or study for the Department of Defense is approximately \$2,800 in Fiscal 2015. This includes \$0 in expenses and \$2,800 in DoD labor.

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2015 REPORT TO CONGRESS

SUBJECT: DEPARTMENT OF DEFENSE HEALTH CARE PROVIDER APPOINTMENT AND COMPENSATION AUTHORITIES

The authority granted by section 1599c of title 10, U.S. Code, to exercise the authorities in chapter 74 of title 38, U.S. Code, continue to be utilized extensively throughout the Department of Defense (DoD) and have contributed to our successful recruitment and retention efforts for critical healthcare positions. This report provides an update to the information submitted in the Department's report submitted in September 2014. A copy of that report is included.

Of particular note, the DoD continues to increase the number of direct care mental health care providers, who include civilian, military, and contractor licensed mental health care providers, technicians and counselors. The direct care mental health care population grew from 6,548 in Fiscal Year 2009 to 9,319 in the second quarter of 2015. This growth included a 40 percent increase (2,168 to 3,035) in the civilian mission critical occupations of clinical psychologist, psychiatrist, Licensed Clinical Social Workers and mental health nurses/Psychiatric Nurse Practitioners.

In previous reports, we provided an update on turnover and loss rates in our physicians and dentists and were able to demonstrate that the Physicians' and Dentists' Pay Plan helped to reduce turnover rates for these two occupations. However, the Department of the Army is beginning the process of reducing staffing levels, including physicians and dentists, due to a drawdown of the war effort. Army is using attrition to reduce civilian employees by simply not filling certain positions when they become vacant. This is a deliberate and planned initiative, the results of which are reflected in the reduction in employees in some of our mission critical occupations (MCOs). In other words, this reduction in the number of civilian employees in certain MCOs should not be interpreted as something that needs remedial action but rather is a deliberate management effort to "right-size" the force.

UPDATE ON USE OF INITIATIVES UNDERTAKEN USING SPECIFIC AUTHORITIES

- One of the most widely used title 38 delegations is Premium Pay for Nurses and Nurse Anesthetists. Special rules and pay apply when nurses work weekends, holidays, overnight duty and/or when they are required to be on-call. Alternate work schedules are also widely used. We believe our ability to attract and retain Nurses is due in part to these Premium Pay provisions.
- During this reporting period, we have addressed several human resources topics that impact the ability of the Military Health System to attract and retain civilian personnel. For instance, we examined the use of Special Salary Rates (SSRs) throughout the Department. We are happy to report SSRs are used extensively throughout the Department and, as new needs are identified, requests for additional SSRs are submitted for approval. There are very close collaboration and coordination between the Services when SSRs are requested, reviewed and/or revised. This cooperation has resulted in fair

and equitable use of SSRs across the Services and has all but eliminated intra-Service competition based on SSRs. In addition, joint use of SSRs serves to make DoD more competitive with salaries being paid within the Department of Veterans Affairs (VA), as our SSRs mirror VA's rates when our respective facilities are co-located.

- As we have reported previously, DoD continues to make use of both the Expedited Hiring Authority for healthcare occupations and the Office of Personnel Management's Direct Hiring Authority for several of our mission critical occupations.
- In previous reports, we have discussed the Nurse Tier System and DoD agency specific qualification standards for certain critical healthcare occupations.
 - As we examined the details of creating a VA-like personnel system for DoD Nurses, we determined that duplicating the VA system would be prohibitively expensive and would require moving our employees out of the competitive service. We believe these are two obstacles that we would not be able to overcome.

AUTHORITIES NEEDED

The Department continues to benefit from the authorities available to us. Current authorities are sufficient and directly attributable to the sustained successes achieved. No additional authorities are needed at this time. Environmental scans to analyze current and future requirements, attrition and retirement trends, and workload and manpower projections for healthcare occupations will continue in order to gauge gaps and assess future needs.