OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

PERSONNEL AND
READINESS

OCT 30 2017

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

Dear Mr. Chairman:

The enclosed report is in response to section 730 of the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114-328), which requires the Department of Defense (DoD) to incorporate measures of accountability for the performance of the Military Health System (MHS) into the annual performance review of certain military and civilian leaders in the MHS, as determined by the Secretary of Defense (SecDef). DoD understands Congress' intent is to incorporate accountability elements for MHS leaders that assess system performance and ensure responsibility for the following domains:

1) Quality of Care
2) Access of beneficiaries to care
3) Improvement in health outcomes for beneficiaries
4) Patient safety
5) Such other matters as the SecDef, in consultation with the Secretaries of the military departments, consider appropriate

The MHS maintains enterprise-wide measure sets to monitor system performance. The Partnership for Improvement (P4I) measure set serves as the primary reference source for evaluation of accountability in system performance. This report focuses on the specific P4I measures and their role in assessment of MHS performance and provides details on the incorporation of the measures into annual performance reviews of MHS military and civilian leaders.

Thank you for your interest in the health and well-being of our Service members, Veterans, and their families. A similar letter will be sent to the Chairman of the Senate Committee on Armed Services

Sincerely,

A. M. Kurta
Performing the Duties of the Under Secretary of Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Adam Smith
Ranking Member

OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

PERSONNEL AND
READINESS

OCT 30 2017

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

Dear Mr. Chairman:

The enclosed report is in response to section 730 of the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114-328), which requires the Department of Defense (DoD) to incorporate measures of accountability for the performance of the Military Health System (MHS) into the annual performance review of certain military and civilian leaders in the MHS, as determined by the Secretary of Defense (SecDef). DoD understands Congress' intent is to incorporate accountability elements for MHS leaders that assess system performance and ensure responsibility for the following domains:

1) Quality of Care
2) Access of beneficiaries to care
3) Improvement in health outcomes for beneficiaries
4) Patient safety
5) Such other matters as the SecDef, in consultation with the Secretaries of the military departments, consider appropriate

The MHS maintains enterprise-wide measure sets to monitor system performance. The Partnership for Improvement (P4I) measure set serves as the primary reference source for evaluation of accountability in system performance. This report focuses on the specific P4I measures and their role in assessment of MHS performance and provides details on the incorporation of the measures into annual performance reviews of MHS military and civilian leaders.

Thank you for your interest in the health and well-being of our Service members, Veterans, and their families. A similar letter will be sent to the Chairman of the House Committee on Armed Services.

Sincerely,

A. M. Kurta
Performing the Duties of the Under Secretary of Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Jack Reed
Ranking Member

Section 730 of the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114–328)

Report on Accountability for the Performance of the Military Health System of Certain Leaders within the System

The estimated cost of this report for the Department of Defense is approximately $33,000 for the 2017 Fiscal Year. This includes $5,500 in expenses and $28,000 in DoD labor.
Generated on 2017Jul27 RefID: 3-8859826

This page was intentionally left blank.

Report on Accountability for the Performance of the Military Health System (MHS) of Certain Leaders within the System

Table of Contents

Executive Summary

Section 730 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, (Public Law 114–328) (Appendix B) requires the Department of Defense (DoD) to incorporate measures of accountability for the performance of the Military Health System (MHS) into the annual performance review of certain military and civilian leaders in the MHS, as determined by the Secretary of Defense (SecDef). DoD understands Congress' intent is to incorporate accountability elements for MHS leaders that assess system performance and ensure responsibility for the following five domains:

1) Quality of care
2) Access of beneficiaries to care
3) Improvement in health outcomes for beneficiaries
4) Patient safety
5) Such other matters as the SecDef, in consultation with the Secretaries of the Military Departments, considers appropriate

The MHS maintains enterprise-wide measure sets to monitor system performance. The Partnership for Improvement (P4I) measure set serves as the primary reference source for evaluation of accountability in system performance (Appendix A). This report focuses on the following three sections: Section I provides background information on the MHS quality journey since the 2014 MHS Review; Section II provides specific P4I measures and their role in assessment of MHS performance; and Section III provides details on the incorporation of the measures into annual performance reviews of MHS military and civilian leaders.

The MHS Guiding Principles developed and approved by the Service Surgeons General, the Defense Health Agency (DHA), and the Joint Staff Surgeon, provide the vision that supports system performance and accountability. The principles are as follows:

- Readiness is the primary mission. DoD will ensure a ready medical force and a medically ready force.
- The Services are ultimately responsible for this readiness and will be supported by the DHA.
- The DHA is responsible for the health benefit and supported by the Services, who will use this as a means to enable and sustain readiness.
- The Direct Care System (DCS) will be the first choice to meet the readiness requirements.
- The DHA creates healthcare direction, policies, and procedures for the DCS.
- DHA is the single-source budgeting authority for the DCS.
- All active duty medical personnel are tied to operational force requirements.

Section I – MHS Performance Background

The MHS is on a journey to becoming a highly reliable health care organization. The journey began in May 2014, when SecDef issued a memorandum directing a 90-day comprehensive review of the MHS to evaluate access to care, health care quality, and patient safety. A working group consisting of Service Flag/General Officers, senior enlisted leaders and subject matter experts in access, quality and safety, chartered by the Deputy Secretary of Defense, conducted the review and summarized its findings in a final report that contained 82 action items for performance improvement.[1] The report found that in general, "the MHS provides good quality care that is safe and timely and is comparable to that found in the civilian sector". However, the report found particular areas of improvement that could elevate the MHS to a top-tier health care system. The report identified a need for better use of metrics to monitor performance and found wide variation in performance, specifically with regard to access to care, quality, and patient safety across the enterprise.

In October 2014, SecDef issued a follow-on memorandum, mandating the implementation of changes necessary for MHS to become a top-performing health system and addressing all recommendations in the MHS Review.[2] Subsequently, SecDef set deadlines for the Services and the DHA to develop action plans to improve the performance of military treatment facilities (MTFs) identified during the MHS Review, and for the MHS to develop a plan to improve transparency of MTF performance data and enhance patient engagement. This was outlined in a SecDef memorandum "Military Health System Action Plan for Access, Quality of Care, and Patient Safety," which stated the following:

"To address the gap in the ability to measure and energize system wide performance, I direct that within 90 days, the DHA will establish a MHS performance management system (PMS) to support the Services as they manage and monitor MTF performance. The DHA will also use the PMS to manage the performance of the MTFs under their purview. The PMS will monitor MHS-wide core measures and dashboards for the purpose of monitoring system level improvements in all areas identified in the MHS Review. By July 15, 2015, I want a report that clearly demonstrates the PMS capability to drive system-wide improvement for the identified common executable goals against common standards and for the dashboards to have measures identified in all areas covered by the MHS Review."[3]

As a result, MHS senior leaders participated in a special session focused on the optimization of MHS governance operations and the enterprise strategic priorities. Three "priority areas" were identified based on the needs of beneficiaries, combatant commands, and the MHS workforce. The priority areas included: High Reliability, Readiness, and Access to Care. The domains of accountability identified in section 730 of the NDAA for FY 2017 align with the initiatives and supporting objectives formulated for the MHS Priority Areas. Improving in the areas of patient safety; quality of care; access to primary and specialty care; experience of care; virtual health capabilities; and standardized knowledge, skills, and attributes/abilities for the MHS workforce are among the many initiatives the MHS has undertaken in support of the

[1,2] Partnership for Improvement: MHS Performance Management System, page 1, 1 October 2014

[3] Partnership for Improvement: MHS Performance Management System, page 1, 1 October 2014

MHS Priority Areas. These priority areas serve as the foundation of the current processes to hold leaders accountable for the performance of the MHS.

In March 2015, MHS leadership selected four focus areas for enterprise-wide improvements: Access; Direct Care Primary Care Capacity; Quality Outcomes for Condition-Based Care; and Patient Harm. These focus areas address areas identified in the 2014 MHS Review that provide clear opportunities for measureable improvement. The MHS maintains several enterprise-wide measures sets to monitor various aspects of MHS performance, in both the direct and purchased care systems. One such measure set is P4I, which directly addresses section 730 of the NDAA for FY 2017 with regard to accountability in the MHS. The P4I measures support the MHS focus areas and is the basis for incorporating measures of accountability for health system performance and readiness.

A key enabler of P4I is the development of enterprise-wide measures. Through the MHS governance process, 30 measures were selected for inclusion into an enterprise-wide dashboard. Each measure is aligned with the MHS Quadruple Aim—Increased Readiness, Better Care, Better Health, Lower Cost—with performance thresholds, clear performance targets, and a "development status" to reflect the maturity of the measure. Most of the measures are not unique to the MHS, but rather, reflect the state of performance improvement in U.S. medicine using the best available science. Furthermore, many of these measures are required and reported to other organizations, such as The Joint Commission, for certification or comparison purposes.

Section II – MHS Measure Sets and Measures of Accountability for Performance

MHS leadership accountability relies on P4I measure set of nine measures. These nine measures are chosen specifically to drive focused improvement in a given year and keep the MHS focused on becoming a high reliability organization. The Principal Deputy Assistant Secretary of Defense for Health Affairs (PDASD(HA)) and Service Deputy Surgeons General review these areas on a monthly basis to enhance knowledge sharing with regard to process improvement efforts. In June 2016, leadership directed the MTFs to evaluate their performance against the P4I measure set. When meeting the goal for a particular P4I measure, the MHS leadership can continue to monitor the measure and decide to either maintain the goal or set a higher threshold in order to improve further. Setting this additional threshold further illustrates our leaders' commitment to reducing variation and surpassing expectations.

Currently, the accountability for the direct care system execution and improvement efforts continues to rest with the Services and the DHA National Capital Region Medical Directorate (NCR MD). The DHA supports the improvement efforts of the Services by providing access to strategic partnerships, such as the Institute for Healthcare Improvement. In September 2016, the MHS implemented system-wide learning collaborative on access to care and surgical quality to accelerate improvement through learning, knowledge sharing, and spread of evidence-based practices. In October 2018, as responsibility for the administration and management of the MTFs transitions to the DHA, DHA will ensure accountability within the MTFs for meeting the performance objectives of the P4I measure set.

The targeted areas of improvement and the associated P4I measures for each domain can change based on MHS priorities or other matters as the SecDef, in consultation with the Secretaries of the Military Departments considers appropriate. In addition, the Services may also incorporate additional measures to each domain based on their Service-specific priorities.

When targets are reached, the improved outcomes are not only maintained, but monitoring continues with the goal of continuous improvement. This is an important principle of the journey to becoming a high reliability organization. MHS senior leaders hold their respective MTF leadership accountable, and in turn are held accountable themselves for meeting these agreed upon performance goals through their annual performance reviews.

Section III – Annual Performance Reviews for Military and Civilian Leaders

Accountable health system leadership in the private sector typically begins with hospital chief executive officers and extends up the hierarchy to the health system's top leader. Using the private sector leadership model as a base, the Department determined the MHS positions (military and civilian) with responsibility and accountability for the operation of MTFs and/or performance of the TRICARE health plan. The determination was based on current responsibilities with regard to health system performance and direct influence over the MTFs and the TRICARE health plan. These positions include:

- Assistant Secretary of Defense for Health Affairs (ASD(HA))
- PDASD(HA)
- DHA Director
- DHA Deputy Director
- Director of TRICARE (J-10)
- National Capital Region Director
- Military Department Surgeons General
- Military Department Deputy Surgeons General
- Army Regional Commanders
- Navy Regional Commanders
- Air Force Major Command Surgeons
- MTF Commanders/Directors

All military and civilian MHS senior leaders are subject to annual performance reviews that align with the MHS performance measures in quality, access, health outcomes, patient safety, and experience of care. Elements tied to system performance currently are or in the process of being included for responsible MHS senior leaders. All Components, the three Military Departments, and the DHA evaluate MHS performance at the strategic, operational, and tactical levels.

For civilian leaders, SMART (Specific, Measurable, Achievable, Relevant and Time-bound) objectives aligned to MHS performance measures in quality, access, health outcomes, patient safety, and experience of care will be developed and tracked using the Defense Performance Management and Appraisal Program for General Scale employees or the Executive Performance Appraisal Tool for Senior Executive Service (SES) leaders.

The Navy Bureau of Medicine and Surgery utilizes its own performance measure dashboard to monitor the results of the regional assessments to maintain transparency at the leadership levels. Each measure is assessed for improvement efforts at the higher major command, Regional Health Command, and the MTF tactical level.

Similarly, the United States Army Medical Command (MEDCOM) uses the Army's Strategic Management System (SMS) web-based dashboard tool to transparently monitor and assess performance of MTFs on the Army Medicine Campaign Plan 2017. These performance objectives align with MHS performance measures in quality, access, health outcomes, patient safety, and experience of care. The SMS measures are assessed for improvement efforts at the MEDCOM strategic level, Regional Health Command operational level, and MTF tactical level. The SMS Army Medicine Assessment Dashboard enables all MEDCOM military and civilian leaders to accurately, transparently, and in a timely manner review these areas to assess for success, or as needing improvement, on an ongoing basis.

At the direction of the Air Force Surgeon General, the Air Force Medical Operations Agency (AFMOA) established the Performance Management Group (PMG) to provide oversight of Air Force Medical Service (AFMS) performance measures in order to effectively execute the MHS and AFMS strategic priorities to build a high reliability organization. The PMG offers a unified operational approach to provide transparency to Major Command Surgeons and MTF Commanders. The measures incorporated into the PMG are designed to appraise the effectiveness of policy developed at the Surgeon General-level, AFMOA and Major Command/Surgeon General ability to create executable implementation guidance, and MTF leadership's ability to effectively execute and deliver the benefit. Performance at all three levels is incorporated into annual feedback, performance reports, and appraisals.

The DHA Director and Deputy Director's performance evaluations are tied to accomplishment of the Directors' Strategic Objectives, Initiatives, and Projects. At the operational level, annual evaluations also take into account the performance of the MTFs within the NCR MD. At the tactical level, each commanding officer is evaluated against the P4I performance measures for patient safety, quality, and access to care as well as fiscal performance and facility specific performance objectives. The DHA, through the NCR MD, utilizes the MHS Dashboard to monitor and assess the performance of MTFs against the P4I measures. These assessments provide transparent insight on overall system performance at all leadership levels, highlighting both areas of success and need for improvements.

The ASD(HA) and the PDASD(HA) are held accountable for system performance through the annual SES performance plans. Each leader within the SES is reviewed annually based on five domains including: leading change, leading people, results driven, business acumen and building coalitions. Performance of the health system would be a performance element under "results driven." While the performance management systems may differ, military and civilian leaders' individual performance objectives within the annual performance review process are aligned to support the performance objectives and the MHS quality measure sets including the P4I measures.

DoD will continue to incorporate performance objectives based on the P4I measures, and any subsequent changes, to hold MHS leaders identified in Section I accountable for MHS performance. Performance with respect to the P4I measures will be among the evaluation criteria used to determine suitability for promotions, consideration for leadership positions, eligibility for educational programs, awarding of cash bonuses and other merit-based incentives for meeting and exceeding performance goals. Going forward, as the DHA assumes responsibility for the administration and management of MTFs, the MHS senior leaders who will be held accountable for MHS performance will likely change. Any additions to, or removal from, the list of senior leaders, to be held accountable for system performance, will be determined during the transition planning currently underway.

Conclusion

DoD remains committed to holding military and civilian leaders accountable for MHS performance. This report highlights the senior military and civilian leaders who will be held accountable for the domains identified in section 730 of the NDAA for FY 2017. From the MHS Review in 2014 and subsequent planning, senior leaders developed a measure set, P4I, which is used to identify areas for improvement from which the Services and NCR MD implement actions to benefit the health outcomes of the MHS's 9.5 million beneficiaries. The Secretary remains committed to the care of those who are currently serving, or have served, and their families.

DoD recognizes the interdependencies of the more than 40 sections of the NDAA for FY 2017 and other statutory requirements. For example, section 702 of the NDAA for FY 2017 requires the transition of the administration and management of MTFs to the DHA. The Military Departments will retain the responsibility to recruit, organize, train, and equip a ready medical force, to include the responsibility for leader development and leader accountability. DoD anticipates ongoing implementation of the NDAA for FY 2017, and other future actions, will require the MHS to periodically revisit the list of MHS leadership positions to be held accountable for MHS performance.

Appendix A: Measure Descriptions

P4I Measure	Description
Central Line Associated Bloodstream Infections	Percentile of Central line Associated Bloodstream Infections in DoD Intensive Care Units (ICUs) relative to other similar ICUs participating in Centers for Disease Control National Hospital Safety Network program.
Healthcare Effectiveness Data and Information Set (HEDIS®) Diabetes Composite	The percentage of members 18–75 years of age with diabetes (type 1 and type 2) who meet the criteria as specified below: The index includes 2 diabetes care measures for direct care: a process measure (annual A1C testing) and an outcome measure (A1C test results in good control (<8.0)). Only one measure (annual A1C testing) is available in the purchase care claims data. The rate of compliance with the measures is converted to index points based on the HEDIS® national benchmarks. Data is displayed as percent of possible index points obtained for the measures.
Acute Conditions Composite	The composite includes HEDIS® measures for appropriate use of imaging studies for low back pain, use of antibiotics for upper respiratory infection and treatment of pharyngitis with antibiotics and strep test. The rate of compliance for each measure is converted to index points based on the HEDIS® national benchmarks. Data is displayed as percent of possible index points obtained for the three measures combined.
Satisfaction with Getting Care When Needed	Get Care When Needed: "In general, I am able to see my provider when needed." (5-point scale, from "strongly agree" to "strongly disagree"; percent satisfied is "agree" and "strongly agree").
Secure Messaging Enrollment	Measures the number of direct care beneficiaries who have registered to use secure messaging against the MTF's Prime and Plus enrolled population.
Third Next Available 24hour	Measures the number of primary care clinics that have Third Available Appointments within the Acute (24 hours) Access to Care standards.

Third Next Available Routine (7 Days)	Measures the number of primary care clinics that have a Third Available Appointments within the Routine (Future) Access to Care standards.
Total Enrollment	The number of Prime, Reliant (only those enrolled to Op Forces), and TRICARE Plus beneficiaries for each MTF. This determines how many patients the MHS serves, which enables it to keep a medically ready force and ready medical force.
Unintended Retained Foreign Objects	The number of retained object events. A retained object is defined as a surgical object that is unintentionally left in the patient during a procedure.

Appendix B: SECTION 730 – ACCOUNTABILITY FOR THE PERFORMANCE OF THE MILITARY HEALTH SYSTEM OF CERTAIN LEADERS WITHIN THE SYSTEM.

(a) In General.—Commencing not later than 180 days after the date of the enactment of this Act, the Secretary of Defense, in consultation with the Secretaries of the military departments, shall incorporate into the annual performance review of each military and civilian leader in the military health system, as determined by the Secretary of Defense, measures of accountability for the performance of the military health system described in subsection (b).

(b) Measures of Accountability for Performance.—The measures of accountability for the performance of the military health system incorporated into the annual performance review of an individual pursuant to this section shall include measures to assess performance and assure accountability for the following:

(1) Quality of care.

(2) Access of beneficiaries to care.

(3) Improvement in health outcomes for beneficiaries.

(4) Patient safety.

(5) Such other matters as the Secretary of Defense, in consultation with the Secretaries of the military departments, considers appropriate.

(c) Report On Implementation.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report on the incorporation of measures of accountability for the performance of the military health system into the annual performance reviews of individuals as required by this section.

(2) ELEMENTS.—The report required by paragraph (1) shall include the following:

(A) A comprehensive plan for the use of measures of accountability for performance in annual performance reviews pursuant to this section as a means of assessing and assuring accountability for the performance of the military health system.

(B) The identification of each leadership position in the military health system determined under subsection (a) and a description of the specific measures of accountability for performance to be incorporated into the annual performance reviews of each such position pursuant to this section.

Appendix C: Acronyms

Acronym	Term
AFMOA	Air Force Medical Operations Agency
AFMS	Air Force Medical Service
ASD(HA)	Assistant Secretary of Defense for Health Affairs
DCS	Direct Care System
DHA	Defense Health Agency
DoD	Department of Defense
FY	Fiscal Year
HEDIS®	Healthcare Effectiveness Data and Information Set
ICU	Intensive Care Unit
MEDCOM	U.S. Army Medical Command
MHS	Military Health System
MTF	Military Treatment Facility
NCR MD	National Capital Region Medical Directorate
NDAA	National Defense Authorization Act
P4I	Partnership for Improvement
PDASD(HA)	Principal Deputy Assistant Secretary of Defense for Health Affairs
PMG	Performance Management Group
SecDef	Secretary of Defense
SES	Senior Executive Service
SMS	Strategic Management System