

STATEMENT OF  
MRS. ELLEN P. EMBREY  
ACTING ASSISTANT SECRETARY OF DEFENSE  
FOR HEALTH AFFAIRS

BEFORE THE  
HOUSE ARMED SERVICES COMMITTEE  
MILITARY PERSONNEL SUBCOMMITTEE

“THE MILITARY HEALTH SYSTEM: HEALTH AFFAIRS/TRICARE  
MANAGEMENT ACTIVITY ORGANIZATION”

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SUBCOMMITTEE ON MILITARY PERSONNEL

Madam Chairwoman, Members of the Committee, thank you for the opportunity to be here today to respond to your request for information and views about the Military Health System's organizational and governance structure.

Title 10, United States Code, defines the key leadership roles and responsibilities of the organizations that comprise the Military Health System. Most of those organizations and their leaders are present today. Ms. McGinn, Major General Granger and I represent the organizations within the Office of the Secretary of Defense.

When I arrived in the Office of the Assistant Secretary of Defense (Health Affairs) in January 2002, I was one of four Deputy Assistant Secretaries supporting the Assistant Secretary of Defense (Health Affairs), who in turn advised the Secretary of Defense and the Under Secretary of Defense for Personnel & Readiness. At that time, there was a clear division of roles and responsibilities between the Office of the Assistant Secretary of Defense (Health Affairs) and its supporting field activity, the TRICARE Management Activity. These structures were established in the late 1990s as an outcome of Defense Reform Initiatives, to control the rising cost of health care services, improve access to care for the beneficiary population, and increase consistency and quality of care available across the Department—whether in military treatment facilities or through managed care contract providers. The initiative accommodated the Office of the Secretary of Defense personnel ceilings and realigned the majority of the former Health Affairs staff to a newly formed TRICARE Management Activity, which was also the successor to the series of field activities, including the Office of CHAMPUS.

The Office of the Assistant Secretary of Defense (Health Affairs) staff remains capped at a total of 42 military and civilian personnel, and its primary role and responsibility is to advise the Secretary of Defense on all health matters, and develop Department-wide policies and programs consistent with the Department's health care and medical readiness needs, including responsibility for central development, control and oversight of Defense Health Program resource planning, budgeting, and execution, and resource management of the \$44 billion Military Health System.

The TRICARE Management Activity's primary role and responsibility is to execute defense-wide programs, services, and contracts to improve access, quality and consistency in Military Departments' execution of health care services to eligible service-members, their families, and retirees. Now a workforce of over 1,367 personnel that are assigned worldwide, TRICARE Management Activity provides services, support and assistance to the military treatment facilities to improve access and deliver the benefit.

The military departments' Surgeons General lead and manage organizations and facilities that develop, enhance and execute their military department's medical readiness, health care delivery, professional development, and research & development programs. This includes responsibility for taking on joint operating programs in a lead or executive agent role, such as the Armed Forces Blood Program Office, the Veterinary Corps, Military Vaccine Activity, and Vaccine Healthcare Centers Network. Within each military department, the Surgeon General has responsibility to manage medical treatment facilities consistent with national quality and accreditation standards and to ensure timely access to care for their beneficiary population.

Additionally, the Joint Staff and the geographic and functional Combatant Commanders have Command Surgeons that advise them on contingency operations health planning, patient movement and tracking, and theater health delivery services in geographic and functional commands around the globe.

Since the events of September 11, 2001, the Department has had to adapt to a series of new environmental drivers and expanded requirements:

- Increased national security threats around the globe and associated force health protection requirements, including reintroduction of the anthrax and smallpox vaccination programs
- Six years of continuous concurrent overseas contingency military operations in Iraq and Afghanistan;

- Ongoing mobilization of National Guard and Reserve component members
- Expanded health & dental care benefit programs for mobilized Reservists
- 95,000 military medical personnel deployed to support war-fighters
- New requirements to assess and track individual medical readiness
- Significant increases in support for deploying forces, e.g.:
  - Mandatory health assessments before, during, and twice after deployment
  - Substantial increases in demand for psychological health programs and services; requirements to establish the Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury
  - Requirements to establish several other Centers of Excellence, such as the Vision, Hearing and Amputee Centers of Excellence
  - Research and treatments to address traumatic injuries associated with blasts, particularly brain injury
  - New requirements for wounded warrior rehabilitation and recovery care, including case management and care coordination services.
  - Requirements to establish a new theater trauma registry and electronic health system to collect and track theater health encounters; and
  - Development, testing, and implementation of common cognitive assessment tools for field and baseline assessments.
- Global stabilization and reconstruction operations in response to catastrophic natural disasters in Indonesia, Pakistan, Philippines, Mississippi, Louisiana and Texas
- Imminent threat of global pandemic (SARS and H5N1 influenza)
- Necessity for much greater coordination and collaboration with the Department of Veterans Affairs, Health & Human Services, and Homeland Security
- Promulgation of new international health regulations to address threats of bioterrorism

- Establishment of the Uniformed Services University of the Health Sciences Center for Humanitarian Assistance Medicine
- Implementation of new Base Realignment and Closure and Quadrennial Defense Review recommendations that called for consolidation, alignment of common functions, unity of effort
- Mandate for new Joint Capabilities Integrated Development System methodology to identify and prioritize joint war-fighting capabilities, which assigned Office of the Secretary of Defense Principal Staff Advisors as portfolio managers to accelerate development of joint capabilities
- Significant growth in biomedical research & development program to address gaps in science and technologies to support maximum restoration of function for wounded warriors
- Establishment of the new Africa Combatant Command, with global health mission to provide humanitarian assistance, establish public health infrastructure, assist allied countries in management of disease to win hearts and minds
- Growth of MHS costs from \$20B in 2002 to \$44B in 2009
- New strategic priorities established to optimize human performance, particularly physical and mental resilience
- Awarding and managing the second generation of multi-billion dollar TRICARE contracts which are key components for integrating the delivery of health care for our beneficiaries by the Military Health System.
- Initiating acquisition of the third generation of multi-billion TRICARE contracts which will be brought on-line in the near future.

An updated Charter for the Assistant Secretary of Defense (Health Affairs) was published in June 2008 to include many of the new responsibilities derived from the aforementioned environment factors and new or expanded mission requirements.

**Roles and Responsibilities of Health Affairs and  
TRICARE Management Activity**

Madam Chairwoman, indeed our world has changed dramatically in the last decade, as has the Department of Defense and its components. It is no surprise that Health Affairs and the TRICARE Management Activity have also evolved during this time period to meet the emerging requirements for leading the Military Health System. We take a collaborative leadership approach in developing, to the maximum extent possible, win-win solutions with Department and Line Senior Leaders, the Services' Surgeons General, the Joint Staff Surgeon, and Combatant Commanders and their Surgeons. The issues identified in the testimonies for this hearing are not new and DoD leadership is aware of them. DoD is committed to constantly improving the organizational structure of the Military Health System and is aware of various recommendations to improve internal communications, planning and coordination efforts. The input from all stakeholders is valued and is currently being reviewed. " I would like to briefly describe the roles and responsibilities of Health Affairs and the TRICARE Management Activity. The following summarizes key roles and responsibilities from Department of Defense Directive 5136.01, "Assistant Secretary of Defense (Health Affairs) – ASD(HA)," dated June 4, 2008:

The Assistant Secretary of Defense (Health Affairs) is the principal advisor to the Secretary of Defense and the Under Secretary of Defense (Personnel & Readiness) for all DoD health policies, programs, and force health protection activities. This includes:

- Ensuring the effective execution of the Department's medical mission,
- Providing and maintaining readiness for medical services and support to:
  - members of the Armed Forces including during military operations;
  - their dependents;
  - those held in the control of the Armed Forces; and
  - others entitled to or eligible for DoD medical care and benefits, including under the TRICARE Program.

In carrying out these responsibilities, the Assistant Secretary of Defense (Health Affairs) exercises authority, direction, and control over the DoD medical and dental personnel authorizations and policy, facilities, programs, funding, and other resources in the Department of Defense.

The Assistant Secretary of Defense (Health Affairs) is further charged to:

- Develop policies, conduct analyses, provide advice, and make recommendations to the Under Secretary of Defense (Personnel & Readiness) and the Secretary of Defense, and
- Issue guidance to the Department's components on matters pertaining to the Military Health System.

Such policies, procedures, and standards shall govern management of all Defense health and medical programs – clinical; research; medical materiel and logistics; medical infrastructure; human capital, to include medical special pays; medical education and training; patient rights, responsibilities, and privacy; quality assurance; health records; organ and tissue donation; veterinary services; health promotion; medical materiel; and the Armed Services Blood Program.

The Assistant Secretary also serves as the program manager for all Defense health and medical resources, and steers the Unified Medical Program through the planning, programming, budgeting, and execution process, to include representations before Congress. Other responsibilities include:

- Serving as principal advisor within the Department on Chemical, Biological, Radiological, and Nuclear (CBRN) medical defense programs;
- Serving as principal advisor within the Department on force health, including policy, readiness, and medical research.

The Assistant Secretary also establishes standards and procedures for mental health evaluations, combat stress control, and comprehensive health surveillance; and develops policies and standards to ensure effective and efficient results through the

approved joint process for joint medical capabilities integration, clinical standardization, and operational validation of all medical materiel.

In sum, the Assistant Secretary of Defense (Health Affairs) must ensure that they are attentive and responsive to the requirements of a wide variety of internal and external stakeholders. It is also important to note that the Assistant Secretary of Defense (Health Affairs) may not direct a change in the structure of the chain of command within a Military Department or with respect to medical personnel assigned to that command.

Department of Defense Directive 5136.12, establishes the roles and responsibilities of the TRICARE Management Activity.

Three mission requirements of the TRICARE Management Activity are: (1) manage TRICARE; (2) manage and execute the Defense Health Program (DHP) Appropriation and the DoD Unified Medical Program; and (3) support the Uniformed Services in implementation of the TRICARE Program and the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS).

The Deputy Director, TRICARE Management Activity (TMA) leads the accomplishment of these mission requirements in partnership with the Director, TMA and his key leadership staff.

### **Organization of Health Affairs and TRICARE Management Activity**

In 2002, a weekly Senior Military Medical Advisory Council was established to consult with the Military Department's Surgeons General on a routine basis in governing change within the Military Health System. In addition, weekly Deputy Assistant Secretary of Defense-led integrating councils were established to ensure that policy changes necessary to adapt to new and expanded missions were accomplished with the fullest participation of the Surgeons General, their Deputies, and other Office of Secretary of Defense staff elements. Chartered workgroups appropriate to each of the



integrating councils were established to bring policy revisions, program changes, and new requirements to the councils to enable accelerated policy decisions.

In 2002, then Assistant Secretary of Defense (Health Affairs) Winkenwerder determined that he needed to leverage the Assistant Secretary's authority to ensure effective execution of the Department's medical mission...including the TRICARE program. Thus, Dr. Winkenwerder reorganized to ensure unambiguous alignment of policy and program execution strategies and stronger support to the Military Departments to accelerate required change. Specifically, he designated: 1) his position as both the Assistant Secretary of Defense (Health Affairs) and the Director, TRICARE Management Activity; 2) the Principal Deputy Assistant Secretary of Defense (Health Affairs) also as the Principal Deputy Director of TRICARE Management Activity; and 3) each Deputy Assistant Secretary of Defense as both policy and program developer in Health Affairs as well as a TRICARE Management Activity Functional Chief to manage execution of related support programs and services to the Military Departments. The dual-hatted Health Affairs/TRICARE Management Activity key senior leaders also reduced the requirement to recruit and appoint additional Senior Executive Service personnel to perform execution responsibilities in TRICARE Management Activity. These positions continue to perform in a dual-hatted status and, in my opinion, are the most efficient way to ensure that new policy and programs are supported and executed by the Military Departments in a timely manner. This execution role complements the Military Departments execution responsibilities as outlined in Title 10, US Code.

Today, Military Health System enterprise-wide deliberations follow the tenets of a March 2006 Assistant Secretary of Defense (Health Affairs) memorandum, "Policy on Military Health System Decision Making Process." The Military Departments' Surgeons General play a critical role in this oversight process. Health Affairs, TRICARE Management Activity, and the Services' Surgeons General and their staffs engage from the action officer level to the level of the principals.

The Military Health System is governed through ongoing collaboration, consensus, and compromise. We achieve this through a governance structure which engages key stakeholders on a weekly basis, including determining outcome performance measures for which we will be held accountable. This process provides a framework to achieve agreement and approval on what is in the best interest of the Military Health System. The process also provides a weekly venue in which all voices are heard.

A critical part of this framework is the use of integrating councils. Each Deputy Assistant Secretary of Defense (DASD) for Health Affairs chairs an integrating council to ensure functional integration of complex issues. Each week, at the action officer level (typically O6-Colonel-Captain level), functional steering groups work through key decision issues in areas such as clinical policy, force health protection and readiness, health plan operations, and financial management. Decision recommendations roll-up to the two-star Deputy Surgeon General level in integrating councils. Finally, each week the Senior Military Medical Advisory Council – chaired by the Assistant Secretary of Defense (Health Affairs) and including the Services’ Surgeons General and the DASDs – meet to review informational and decision briefings. Four-star level Senior Military Department officials and line leaders are also formally engaged in the decision-making process through the Military Health System Executive Review.

Beyond these formal and institutionalized informational and decision forums, informal communication, collaboration, and coordination occur at all levels nearly daily among Health Affairs, TRICARE Management Activity, and the Services – from action officers to the most senior officials. Our decisions impact the Department’s Unified Medical Program, which represents nearly 8 percent...and growing...of the Department’s topline budget, affecting:

- Full continuum of care services for every member of our Nation’s military, their families, our wounded warriors, our retirees and their families
- Clinical and force health protection and readiness programs and policies
- Health benefit delivery programs, services and contracts
- Our infrastructure (physical facilities)

- Resource management across the enterprise– fiscal and human capital management
- Information technologies and related patient information

Although there are no current plans for any significant reorganization of Health Affairs and the TRICARE Management Activity, we are considering some minor adjustments of personnel reporting relationships – notably, to appropriately align personnel performing the functions of the Principal Deputy’s portfolio under the Principal Deputy’s supervisory chain within the TRICARE Management Activity.

Finally, BRAC has directed a co-located medical headquarters in the National Capital Area (affecting Health Affairs, TRICARE Management Activity, and Services’ Surgeons General staffs). In Fall 2008, an “Implementation Team” was formed to bring this requirement from concept to fruition. The Deputy Director, TRICARE Management Activity currently chairs this team, and the Services’ Deputy Surgeons General are members. The team will focus on issues such as space and force protection requirements, as well as explore alternative frameworks for sharing common services in the new headquarters location. I believe this co-location initiative offers significant opportunities to achieve unity of effort.

## **Conclusion**

Madam Chairwoman, the Military Health System is the largest, most dynamically complex health care organization in the world. Each individual component – Health Affairs, TRICARE Management Activity, the Military Departments’ Surgeons General and their respective medical departments and services, the Joint Staff Surgeon, and the Combatant Command Surgeons – deserves great credit for what we have accomplished collectively in this ever changing environment. Together we have significantly improved the efficiency and effectiveness of the Military Health System, under extraordinary circumstances, and with your help and support, we will remain committed to better serving the needs of America’s military men and women and their families.

I look forward to answering your questions.

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