

Defense Health Agency Transition

Briefing to the Defense Health Board

Defense Health Agency Transition Team
June 2013

MILITARY HEALTH SYSTEM (MHS)
Governance Transition



Pre-Decisional

What WE are undertaking

- Sustain readiness, quality, and value to those we serve through a more globally integrated health delivery system – building off our battlefield successes
- Establish shared services to drive common clinical and business processes, and support these processes with disciplined policy execution, oversight, and accountability
- Achieve long-term improvement and efficiency to create better health and better health care
- We're shaping our own future for an even better MHS...and we need your help!



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2

What We Mean by Integration

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3

Our Objectives

1. Promote more **effective and efficient health operations** through enhanced enterprise-wide shared services
2. Deliver more **comprehensive primary care and integrated health services** using advanced patient-centered medical homes
3. Coordinate care over time and across treatment settings to **improve outcomes** in the management of chronic illness, particularly for patients with complex medical and social problems
4. Match personnel, infrastructure, and funding to **current missions, future missions, and population demand**
5. Establish more inter-Service standards/metrics, and standard process to promote **learning and continuous improvement**
6. Create **enhanced value in military medical markets** using an integrated approach in 5-year business plans
7. Align incentives with **health and readiness outcomes** to reward value creation

Our Principles / Our Promise

- Transparency
- Frequency of Communications (2-way)
- Sustain and Expand Trusted Working Relationships

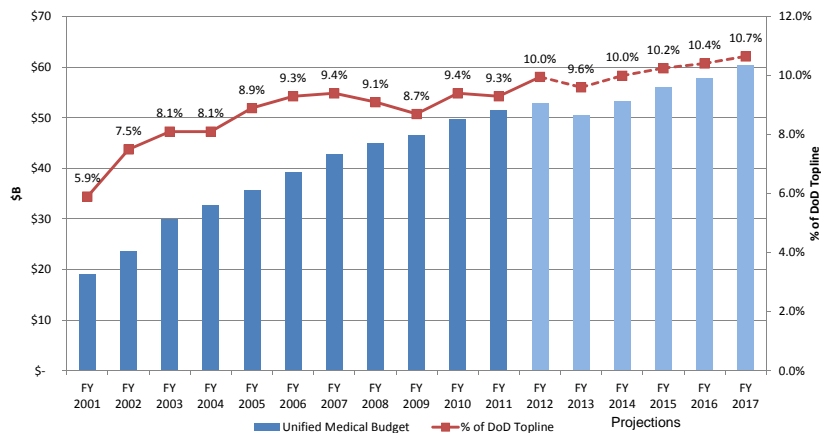


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5

Defense Medical Budget as Percent (%) of DoD Budget

Continued cost increases within MHS are unsustainable over time



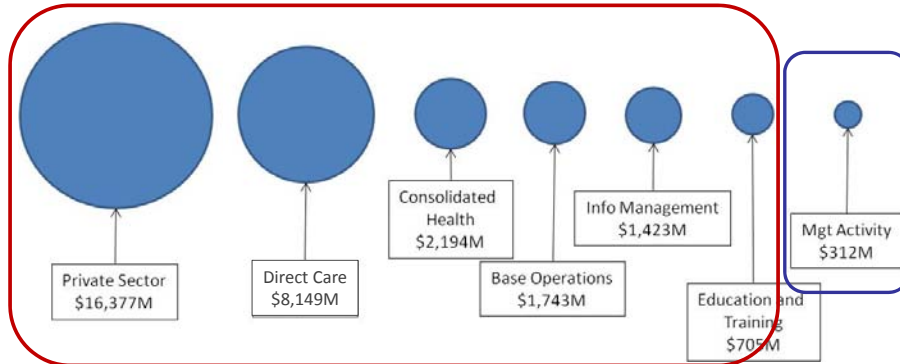
Includes Normal Cost contributions to the Medicare Eligible Retiree Health Care Fund (MERHCF)



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6

Governance Reform: Influencing the Big Rocks



Management Activities represent a small part of DoD's health care costs

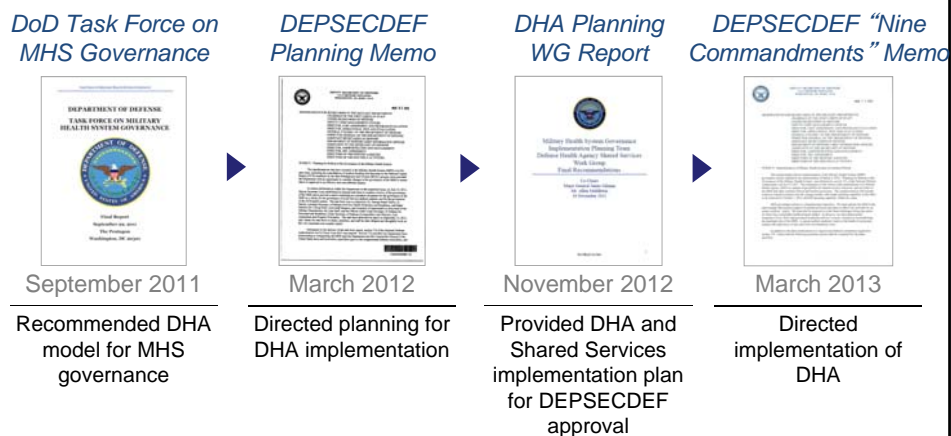
Opportunities exist for a properly organized management HQ to effect change with shared services



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*Source: FY 2012 President's Budget position for DHP O&M
7

How we got hereTask Force to Transition



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8

Deputy Secretary of Defense Memorandum

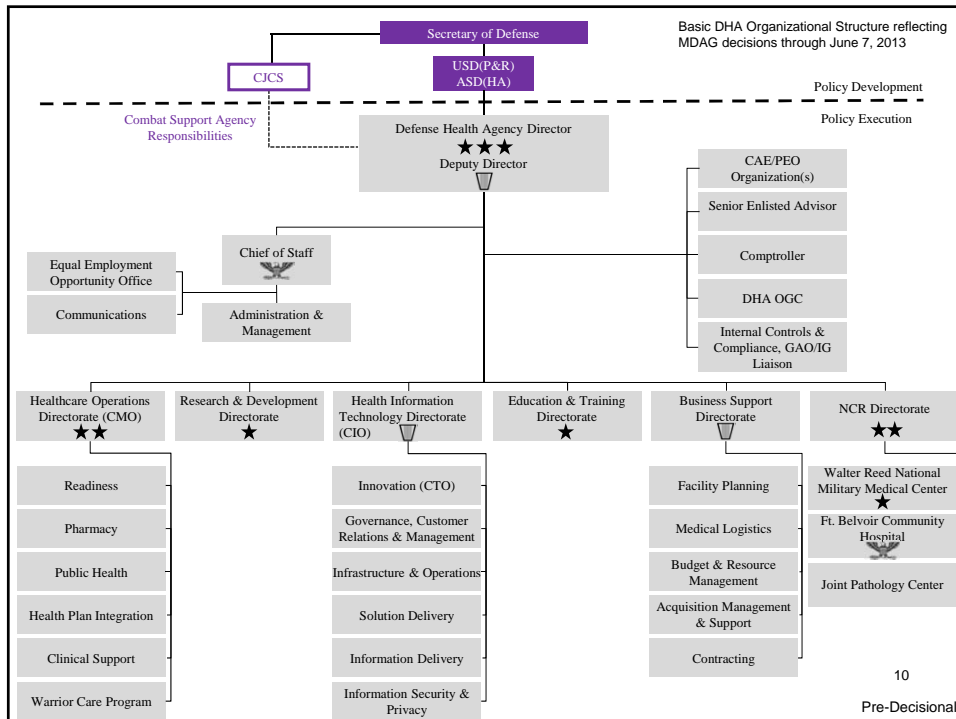
March, 11 2013 DSD Memo



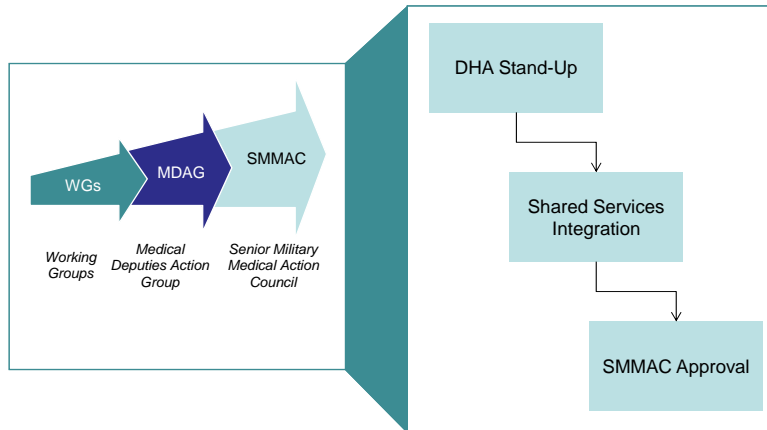
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- Establishes a Defense Health Agency
 - Led by 3-Star Director
 - Combat Support Agency
 - Initial Operating Capability, 10/1/13
 - Full Operating Capability, 10/1/15
- Establishes Shared Services
- Transitions JTF CAPMED to a Directorate within the DHA
- Identifies Multi-Service Market Areas with enhanced authorities
- Eliminates dual-hatting in HA/TMA; clearer lines of policy and execution

9



Decision-Making Process



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11

10 Shared Services

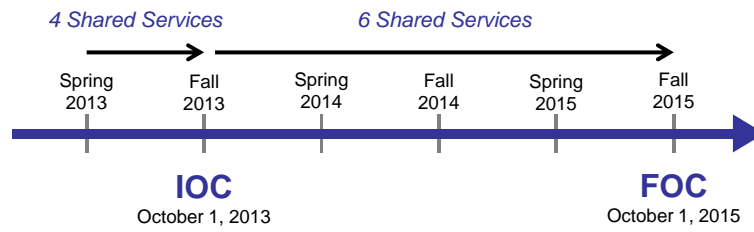
- | | |
|---|---|
| <ul style="list-style-type: none"> 1 Facility Planning 2 Medical Logistics 3 Health Information Technology 4 TRICARE Health Plan 5 Pharmacy Programs | <ul style="list-style-type: none"> 6 Public Health 7 Acquisition 8 Budget & Resource Management 9 Medical Education & Training 10 Medical Research & Development |
|---|---|
- Implemented by IOC on October 1, 2013
 ■ Implemented by FOC on October 1, 2015



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12

Timeline



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13

Final Thoughts

- This is a once-in-a-generation opportunity
- We are shaping our shared future
- There are millions depending on us to get this right



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14