

Military Health System: The Defense Health Agency in 2017

**Director, Defense Health Agency
February 9, 2017**

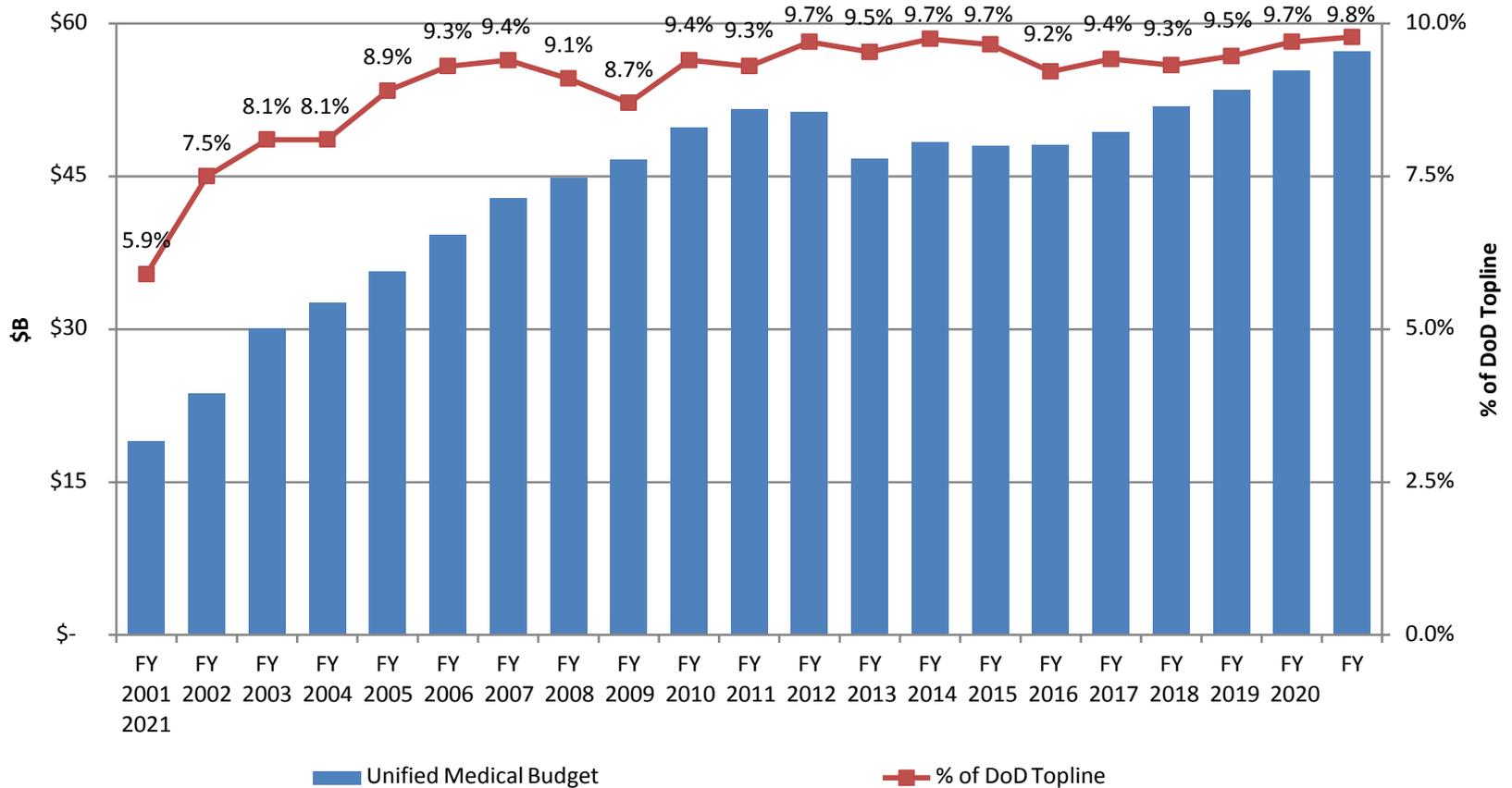


Medical as Percent of DoD Budget

MHS cost growth unsustainable, but cost curve is bending



Defense Health Agency



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

MHS Reform: *What We Have Undertaken*

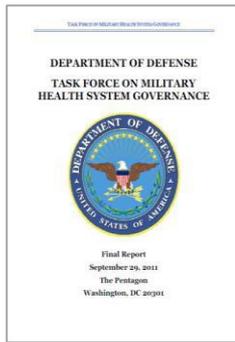


- Creating a more **globally integrated** health system – built on our battlefield successes
- Driving enterprise-wide shared services; **standardized clinical and business processes** that produce better health and better health care
- Implementing future-oriented strategies to create a **better, stronger, more relevant** medical force

How We Got Here And Where We're Headed



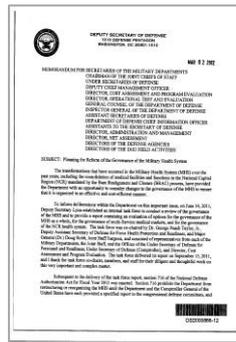
DoD Task Force on MHS Governance



September 2011

Recommended DHA model for MHS governance

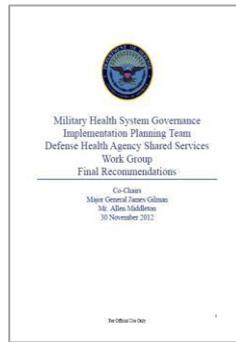
DEPSECDEF Planning Memo



March 2012

Directed planning for DHA implementation

DHA Planning WG Report



November 2012

Provided DHA and Shared Services implementation plan for DEPSECDEF approval

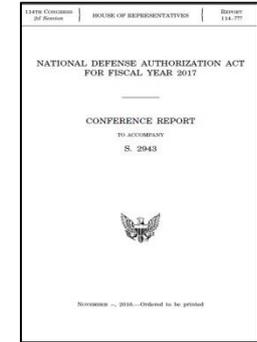
DEPSECDEF "Nine Commandments" Memo



March 2013

Directed implementation of DHA

NDAA 2017



Dec 2017

Directed implementation of NDAA

DHA Leadership Team



 **Mr. Guy Kiyokawa**
Deputy Director



 **Vice Admiral Raquel Bono**
Director



 **CSM Robert Luciano**
Sr. Enlisted Advisor



 **MG Jeffrey Clark**
Director for J3 Operations

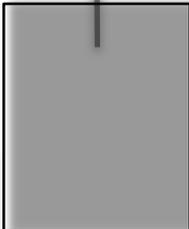


 Director for J4, CAE

TBD
Director for Strat, Plans, & Func Integ (J5)



 **Dr. Paul Cordts**
Director for Functional Champion



Acting Director for Health IT (J6)



 **Brig Gen James Dienst**
Director for Education & Training (J7)



 **RADM Colin Chinn**
Director for Research & Development (J9)



 Director for TRICARE Health Plan (J10)



 **RDML David Lane**
Director for NCR Medical (J11)

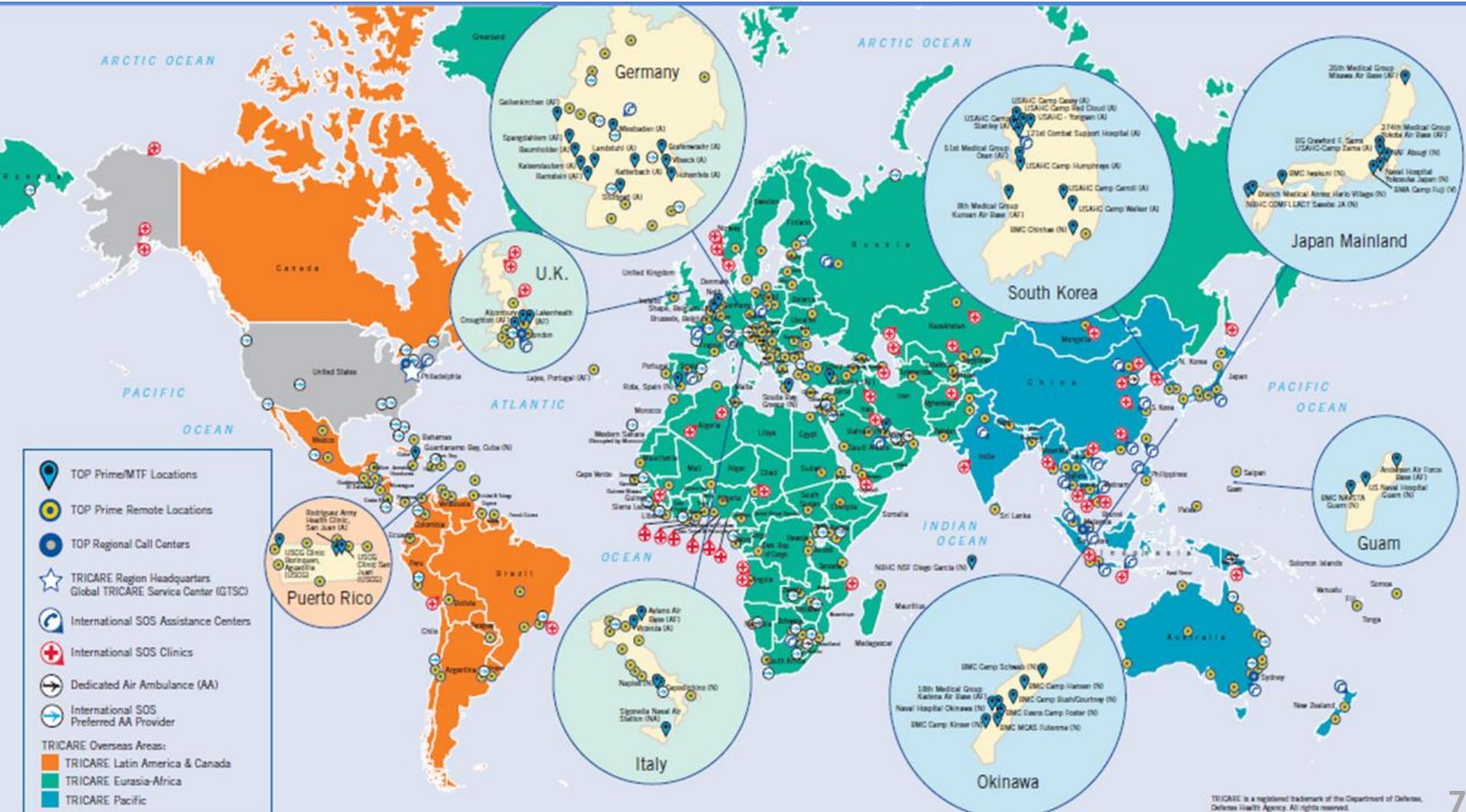
Defense Health Agency *As A Combat Support Agency*



Tricare Overseas Program: Globally Integrated Healthcare Delivery



Defense Health Agency



Our role as a Combat Support Agency

Aeromedical Support



Enterprise Support Activities (ESA)



Pharmacy Programs



TRICARE Health Plan



Health Information Technology



Budget & Resource Management



Medical Logistics



Facilities



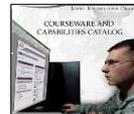
Procurement/Contracting



Research, Development & Acquisition



Public Health



Education & Training Directorate

“Medically Ready Force...Ready Medical Force”

MHS GENESIS

Go Live!



Defense Health Agency

SAVE THE DATE

Initial Deployment

February 15, 2017

Fairchild Air Force Base
92nd Medical Group
Spokane, Washington



Modern. Secure. Connected.

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“Medically Ready Force...Ready Medical Force”

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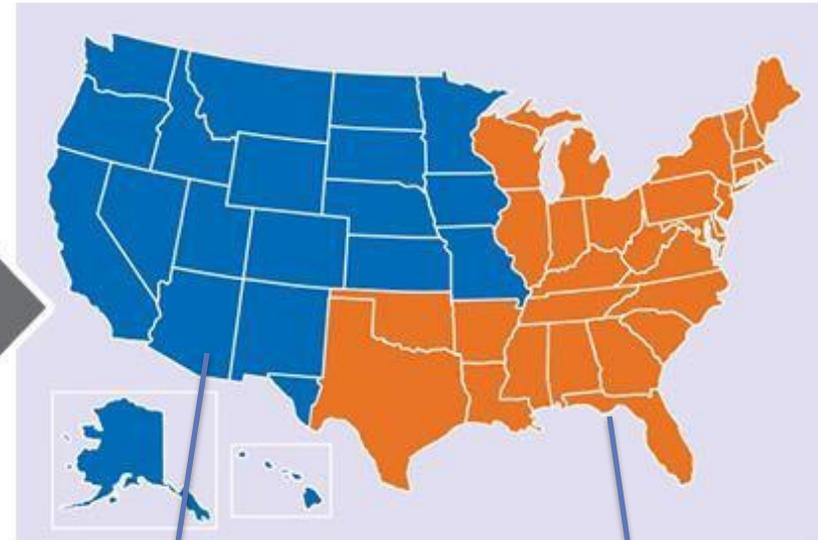
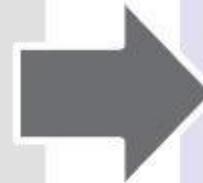
Next Generation of TRICARE Contracts



Current Regions

Simpler, streamlined processes

2 Regions = \$60 billion over 5 years



New Regions

**West
HealthNet**

**East
Humana Military**

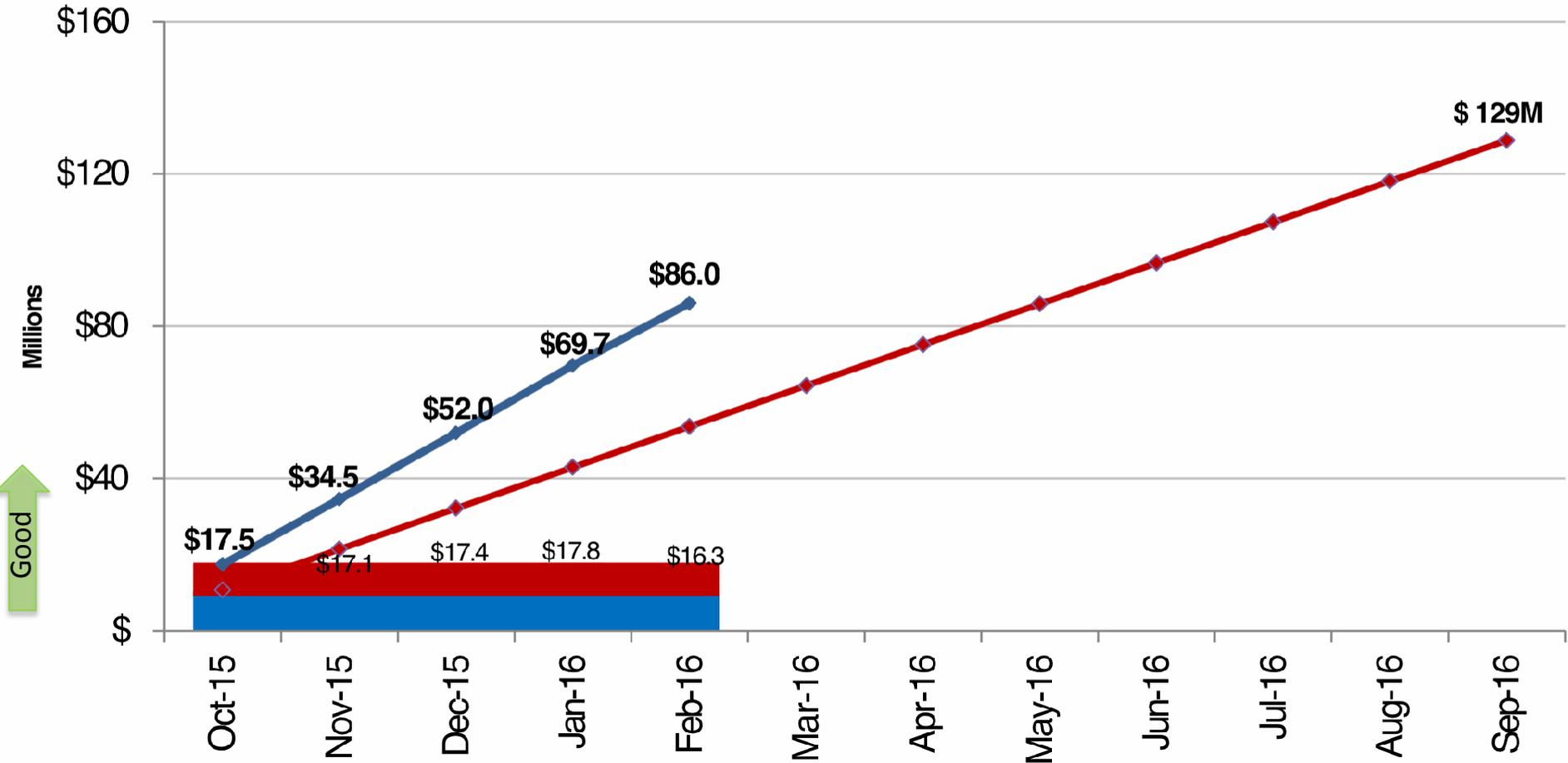
“Medically Ready Force...Ready Medical Force”

Pharmacy as a Shared Service

Cost Savings of Moving Retail Prescriptions to Mail/MTF



Over 65 Under 65 FY 16 Cumulative Savings FY16 Target

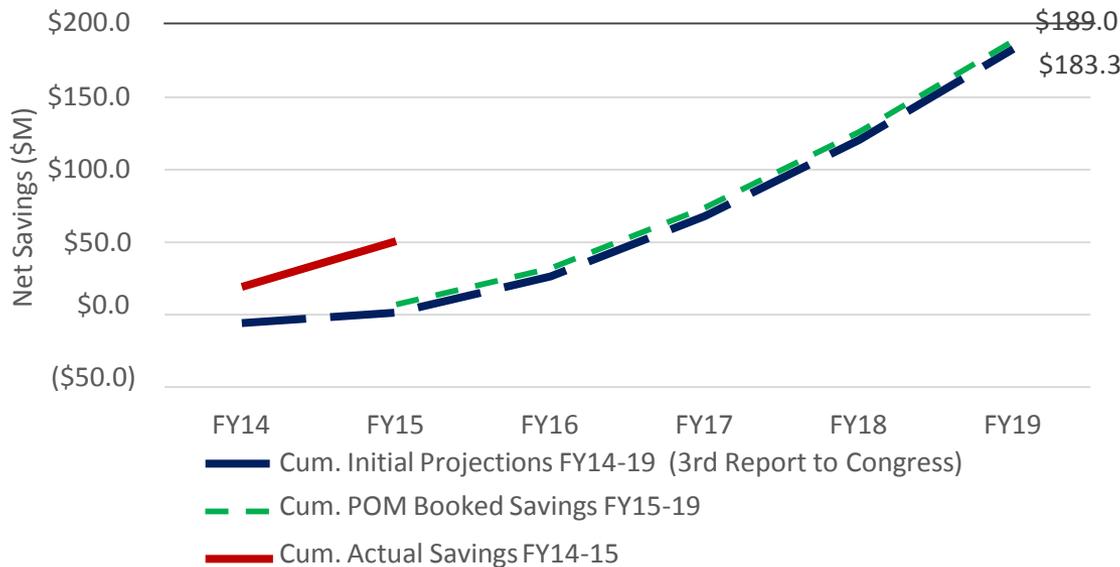


Medical Logistics

Original vs. POM Savings Comparison



MEDLOG Shared Service Net Savings



Savings Explanations

Overall Summary of Savings Update

- Additional items added to initiatives (S1 & S3)
- Increased utilization across DoD of standardized items (S1)
- Orthopedic product lines added to e-commerce vehicles (S4)

Obstacles to Savings Maximization

- Trade Act Agreement – Increasing number of manufacturers utilize production facilities located in non-compliant countries

	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL			
Initial Projections FY14-19 (3rd Report to Congress)	(\$5.7)	\$7.1	\$25.0	\$41.7	\$52.5	\$62.8	\$183.3			
POM Booked Savings FY15-19	-	\$7.1	\$25.0	\$41.7	\$52.5	\$62.8	\$189.0			
	FY14	FY15	FY16Q1	FY16Q2	FY16Q3	FY16Q4	FY17	FY18	FY19	TOTAL
Actual Savings FY14-16Q3/ Updated Projections FY16Q4 - FY19	\$19.13	\$31.58	\$10.85	\$11.66	\$12.37	\$13.68	\$57.23	\$70.91	\$82.59	\$310.0

Medical Education and Training Center

All Roads Lead to San Antonio



- The campus graduates 18,000 enlisted medical service members / year
- 48 programs, from radiology to surgical technology.
- **100% of deployed medics have come through this school**



“Medically Ready Force...Ready Medical Force”

2017 National Defense Authorization Act ***Transforming Military Medicine***



- NDAA advances our ability to deliver a system of health and readiness...integrated around the patient
- Major reforms to the TRICARE benefit, Access, MHS Organization, and authorities
- Welcome, comprehensive actions drive mutually reinforcing, patient-centered changes
- Many coordinated actions underway -- Regulation, TRICARE Policy, Contracting, IT, and Communications
- Milestones / Implementation dates are established in law; we will meet them

2017 National Defense Authorization Act: *Actions and Opportunities*



***Military Health System/TRICARE Actions**

- Introduce Select
- Amend Prime rules
- Reserve Component benefits
- Access to Urgent and Primary Care
- Value-Based Purchasing
- Pilot Programs
- Advisory Committees
- Fed Vision and Dental
- Telehealth
- TRICARE Auto enrollment

***Military Health System Organizational Opportunities**

- Categorization (Med Centers / Hospitals / Clinics)
- Defense Health Agency Responsibilities
- Joint Trauma
- Graduate Medical Education

*Non-exhaustive list

A large, light green arrow points from the left towards a grey, multi-pointed star. Inside the star, the text "Optimize Our health plan" is written in a dark grey font. The word "Our" is underlined.

Optimize
Our health
plan

Vision for the future



- Medically Ready Force...Ready Medical Force
- Mature Combat Support Agency Capabilities
- Enable DoD's Health Information Technology Modernization
- Improve Access to Care, Quality of Care and Patient Safety
- Modernize the TRICARE Health Plan
- Provide Support to Enhanced Multi-Service Markets
- Realize Cost Savings and Improve Accountability

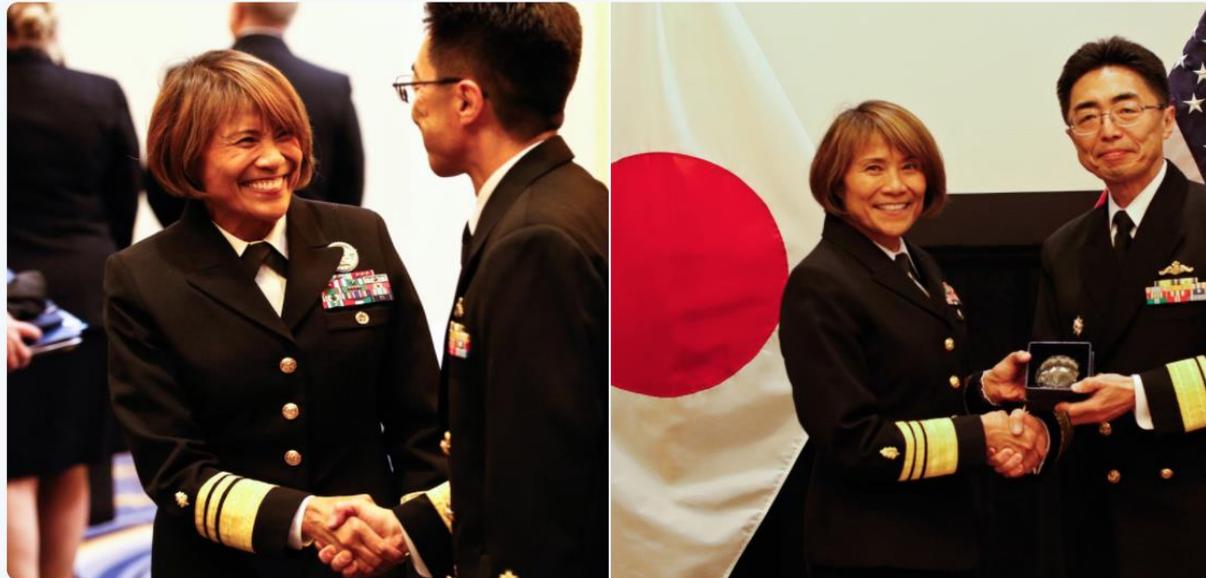
“Medically Ready Force...Ready Medical Force”

Connecting Military Medicine through Social Media



VADM Raquel Bono @DHADirector · 29 Nov 2016

Wonderful to see RADM Sato of the JMSDF again at #AMSUS2016. Our continued work with Japan helps strengthen global security and health.



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@DHADirector



@MilitaryHealth