

**Defense Health Program  
Fiscal Year (FY) 2019 Budget Estimates  
Operation and Maintenance  
In-House Care**

**I. Description of Operations Financed:**

This Budget Activity Group provides for the delivery of medical and dental care plus pharmaceuticals received by Department of Defense eligible beneficiaries in Military Treatment Facilities and Dental Treatment Facilities in the Continental United States (CONUS) and Outside the Continental United States (OCONUS). This program includes the following:

**Care in Department of Defense Medical Centers, Hospitals and Clinics** - Includes resources for the provision of healthcare in DoD-owned and operated CONUS and OCONUS Military Treatment Facilities which are staffed, and equipped to provide inpatient care for both surgical and medical patients and/or outpatient care for ambulatory patients.

**Dental Care** - Includes resources for the provision of dental care and services in CONUS and OCONUS to authorized personnel through the operation of hospital departments of dentistry and installation dental clinics, and the operation of Regional Dental Activities.

**Pharmaceuticals** - Includes pharmaceuticals specifically identified and provided by Pharmacy Services in DoD owned and operated CONUS and OCONUS facilities. Excludes the cost of operating Pharmacy Services in the Military Treatment Facilities.

**II. Force Structure Summary:**

The In-House Care Budget Activity Group includes staffing in Military Treatment Facilities to provide the full range of inpatient and ambulatory medical and dental care services. In addition to medical and dental care, this Budget Activity Group also includes medical center laboratories, substance abuse programs, facility on-the-job training/education programs and federal health care sharing agreements. This Budget Activity Group excludes operation of management headquarters, TRICARE Regional Offices,

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**II. Force Structure Summary (cont.)**

deployable medical and dental units and health care resources devoted exclusively to teaching organizations.

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**III. Financial Summary (\$ in thousands)**

	FY 2018							
	FY 2017	Budget	<u>Congressional Action</u>			Current	FY 2019	
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>			
<b>A. <u>BA Subactivities</u></b>	<b><u>Actuals</u></b>	<b><u>Request</u></b>				<b><u>Estimate</u></b>	<b><u>Estimate</u></b>	
1. MEDCENS, Hospitals & Clinics (CONUS)	6,727,318	6,722,857	0	0.0	6,722,857	6,722,857	6,858,146	
2. MEDCENS, Hospitals & Clinics (OCONUS)	462,001	483,980	0	0.0	483,980	483,980	500,973	
3. Pharmaceuticals (CONUS)	1,389,994	1,555,584	0	0.0	1,555,584	1,555,584	1,659,644	
4. Pharmaceuticals (OCONUS)	135,210	149,713	0	0.0	149,713	149,713	163,609	
5. Dental Care (CONUS)	433,717	493,181	0	0.0	493,181	493,181	506,274	
6. Dental Care (OCONUS)	42,568	52,453	0	0.0	52,453	52,453	49,923	
<b>Total</b>	<b>9,190,808</b>	<b>9,457,768</b>	<b>0</b>	<b>0.0</b>	<b>9,457,768</b>	<b>9,457,768</b>	<b>9,738,569</b>	

1. FY 2017 actuals include \$96,415K for Overseas Contingency Operations (OCO).
2. FY 2017 actuals does not reflect Department of Defense (DoD) Medicare-Eligible Retiree Health Care Fund (MERHCF) of \$1,632,031K(O&M only).
3. FY 2018 request excludes \$61,857K for OCO.
4. FY 2018 request does not reflect DoD MERHCF of \$1,661,000K (O&M only).
5. FY 2019 estimate excludes \$72,627K for OCO.
6. FY 2019 estimate does not reflect anticipated DoD MERHCF receipts of \$1,717,199K (O&M only).

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<b>B. <u>Reconciliation Summary</u></b>	<b>Change</b>	<b>Change</b>
	<b><u>FY 2018/FY 2018</u></b>	<b><u>FY 2018/FY 2019</u></b>
<b>Baseline Funding</b>	<b>9,457,768</b>	<b>9,457,768</b>
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
<b>Subtotal Appropriated Amount</b>	<b>9,457,768</b>	
Fact-of-Life Changes (2018 to 2018 Only)		
<b>Subtotal Baseline Funding</b>	<b>9,457,768</b>	
Supplemental	61,857	
Reprogrammings		
Price Changes		213,351
Functional Transfers		-7,453
Program Changes		74,903
<b>Current Estimate</b>	<b>9,519,625</b>	<b>9,738,569</b>
Less: Wartime Supplemental	-61,857	
<b>Normalized Current Estimate</b>	<b>9,457,768</b>	

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<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
<b>FY 2018 President's Budget Request (Amended, if applicable)</b>		<b>9,457,768</b>
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
<b>FY 2018 Appropriated Amount</b>		<b>9,457,768</b>
2. OCO and Other Supplemental Enacted		61,857
a. OCO and Other Supplemental Requested		
1) Overseas Contingency Operations	61,857	
3. Fact-of-Life Changes		
<b>FY 2018 Baseline Funding</b>		<b>9,519,625</b>
4. Reprogrammings (Requiring 1415 Actions)		
<b>Revised FY 2018 Estimate</b>		<b>9,519,625</b>
5. Less: OCO and Other Supplemental Appropriations and Reprogrammings (Items 2 and 4)		-61,857
<b>FY 2018 Normalized Current Estimate</b>		<b>9,457,768</b>
6. Price Change		213,351
7. Functional Transfers		-7,453
a. Transfers In		
b. Transfers Out		
1) Transfer 21 Military Positions From Air Force DHP to Department of the Air Force:	-7,453	
Transfers 21 Air Force Defense Health Program military personnel positions and associated operations and maintenance support funding from Defense Health Program to Department of the Air Force for Medical Operational Support Teams (OST). Medical OSTs directly support Air Force operational mission		

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requirements by providing resilience education to service members and promote a critical medical readiness capability for the Department of the Air Force. The FY 2018 Air Force In-House Care baseline funding request is \$1,586,898K.		
8. Program Increases		265,149
a. Annualization of New FY 2018 Program		
b. One-Time FY 2019 Increases		
c. Program Growth in FY 2019		
1) a. Medically Ready Armed Forces: Incremental increase to fund the Military Treatment Facilities' requirements for the increase in military end strength and their family members. The FY 2018 MEDCENS baseline funding request is \$7,206,837K. The FY 2018 MEDCENS baseline civilian staffing request is 41,100 FTEs and the baseline contractor staffing request is 12,690 CMEs.	95,584	
2) b. Pharmaceuticals for Military End Strength Increase: Incremental increase to fund the pharmaceutical requirement for the increase in military end strength and their family members from FY 2018 to FY 2019. The FY 2018 Pharmacy baseline funding request is \$1,705,297K.	62,172	
3) c. Dental Readiness for Increased Military End Strength: Funds the dental requirements associated with the growth in military end strength from FY 2018 to FY 2019. The FY 2018 In-House Care Dental Care baseline funding request is \$545,634K. The FY 2018 Dental	8,792	

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Care baseline civilian staffing request is 3,417 FTEs and the contractor staffing request is 1,249 CMEs.		
4) d.Military Health System Virtual Health Expansion: Funds support the FY 2017 National Defense Authorization Act, Section 718 provision to enhance the use of virtual health services for provider consultations, patient monitoring, and healthcare delivery in the Military Health System. Provides funds to leverage technology to improve access to care for beneficiaries wherever they are located. The FY 2018 In-House Care baseline funding request is \$9,457,768K. The FY 2018 In-House Care baseline civilian staffing request is 46,043 FTEs and the baseline contractor staffing request is 13,869 CMEs.	47,488	
5) e.Enduring Requirement for Prosthesis for Wounded Warriors: Funds enduring prosthesis requirements for Wounded Warriors who pursue continuity of healthcare services in the Military Treatment Facilities. The FY 2018 CONUS MEDCENS baseline funding request is \$6,722,857K. The FY 2018 MEDCENS baseline civilian staffing request is 41,100 FTEs and the baseline contractor staffing request is 12,690 CMEs.	10,604	
6) f.Invisible Wounds Interdisciplinary Clinic: Funds contract services for the Air Force Medical Service Interdisciplinary Clinic at Eglin Air Force Base, FL, to provide additional pain management, mental health, and neurological and physical therapists to care for patients with invisible wounds	2,400	

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such as Post Traumatic Stress Disorder, Traumatic Brain Injury and Pain Management. The MEDCENS baseline funding request is \$7,206,837K. The MEDCENS baseline contractor staffing request is 12,690 CMEs.		
7) g. Referral Management Center Consolidation: Funds the establishment of the Tidewater enhanced Multi-Service Market Referral Management Center to manage and track all patients referred for healthcare in the private sector by the Tidewater area Military Treatment Facilities and manage the Right of First Refusal referrals for healthcare services requested by private sector providers to maximize the provision of health care services in the Military Treatment Facilities. The FY 2018 MEDCENS baseline funding request is \$7,206,837K. The FY 2018 MEDCENS baseline staffing request is 41,100 and baseline contractor staffing request is 12,690 CMEs.	2,857	
8) h. Increased Consumable Supplies for Bureau of Medicine and Surgery: Funds the increase in consumable supplies requirement at Bureau of Medicine and Surgery, Naval Medical Center Camp Lejeune, NC and Marine Corps Air Station Iwakuni, Japan to support the increase in patient care services that will be provided as a result of the reopening of operating rooms previously closed for renovations. The FY 2018 Supplies and Materials baseline funding request is \$1,705,297K.	9,231	
9) i. Federal Health Care Center Funds Transfer from Consolidated Health Support:	8,022	



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<b>C. <u>Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
<p>Realigns Navy Bureau of Medicine and Surgery funds for the CAPT James A. Lovell Federal Health Care Center (FHCC), North Chicago, IL location to In-House Care from Consolidated Health Support Budget Activity Group to standardize accounting for budgeting and execution for the James A. Lovell FHCC contract healthcare services that continue to be funded within the Defense Health Program. The FY 2018 In-House Care baseline funding request is \$9,457,768K.</p>		
<p>10) j. Realignment of Hospital Aseptic Housekeeping Services from Base Operations:</p> <p>Realigns funds to In-House Care from Base Operations Budget Activity Group for Hospital Aseptic Housekeeping Services to standardize budget and execution in the In-House Care Medical Centers program elements. The FY 2018 MEDCENS baseline funding request is \$7,206,837K. The FY 2018 MEDCENS baseline civilian staffing request is 41,100 FTEs and the baseline contractor staffing request is 12,690 CMEs.</p>	7,300	
<p>11) k. Realignment of Automated Pharmacy Dispensing Solutions from Information Management/Information Technology:</p> <p>Realigns Defense Health Agency's funding for Automated Pharmacy Dispensing Solutions utilized in the Military Treatment Facilities to In-House Care from Information Management/Information Technology Budget Activity Group to standardize accounting of pharmacy dispensing solutions in In-House Care Budget</p>	6,717	

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<b>C. <u>Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
Activity Group. The FY 2018 IT contract Support Services baseline funding request is \$39,279K.		
12) l.Army Manpower Realignment to Korea: Realigns 65 FTEs and associated funding to In-House Care OCONUS Medical Centers from Consolidated Health Support (60 FTEs, +\$2,936K) and Information Management/Information Technology (5 FTEs, +\$464K) Budget Activity Group to support peacetime medical and dental services in Korea. FTEs and associated funding are available for realignment from the European Area of Responsibility (AOR) following the Department of Army manpower studies that identified decreased workload in the European AOR from community closures at Bamberg and Schweinfurt, Germany. The FY 2018 OCONUS MEDCENS baseline funding request is \$483,980K. The FY 2018 OCONUS MEDCENS baseline civilian staffing request is 1,207 FTEs.	3,400	
13) m.Army OCONUS Civilian Manpower Reprogramming for Medical/Dental Care: Realigns 12 FTEs and associated funding to In-House Care from Consolidated Health Support Budget Activity Group to support healthcare mission requirements at OCONUS medical and dental treatment facilities. FTEs and associated funding are available for realignment from the European AOR following the Department of Army manpower studies that identified decreased workload in the European AOR from the closure at Schweinfurt, Germany. The FY 2018 OCONUS MEDCENS baseline funding request is \$483,980K. The FY 2018	582	

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OCONUS MEDCENS baseline civilian staffing request is 1,207 FTEs.		
9. Program Decreases		-190,246
a. Annualization of FY 2018 Program Decreases		
b. One-Time FY 2018 Increases		
c. Program Decreases in FY 2019		
1) a. Improve Financial Management - Deobligations: Reduction of \$135,935K as the result of the Military Health System review of historical deobligation trends and associated financial management improvements. CONUS and OCONUS Military Treatment Facilities and CONUS and OCONUS Dental Care centers contract requirements were reduced for equipment and equipment maintenance, medical care contracts and other contract services. Reductions were taken as follows: Army MEDCOM (-\$35,570K); Bureau of Medicine and Surgery (-\$44,358K); Air Force Medical Service (-\$40,802K); National Capital Region Medical Department (-\$11,074K) and Defense Health Agency (-\$4,131K). The FY 2018 In-House Care baseline funding request is \$9,457,768K. The FY 2018 baseline contractor staffing request is 13,869 CMEs.	-135,935	
2) b. Navy Bureau of Medicine and Surgery Reduction: Reduction of \$12,367K associated with Section 702, Reform of the Administration of the Defense Health Agency and Military Treatment Facilities in NDAA 2017. Savings are a result of initial efforts to eliminate duplicative activities carried out by the elements of the Defense Health Agency and the	-12,367	

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<p>military departments. The FY 2018 In-House Care baseline funding request is \$9,457,768K and the baseline contract staffing request is 13,869 CMEs.</p> <p>3) c.Reduced Pharmacy Requirements for Navy Bureau of Medicine and Surgery: Navy Bureau of Medicine and Surgery reduced pharmacy requirements based on business process reengineering to limit pharmaceutical requisitions to a 30 day supply to prevent expired pharmaceuticals and promote efficient use of funds. The FY 2018 Pharmacy baseline funding request is \$1,705,297K.</p> <p>4) d. Reduced Requirements for Contract Services: The Army Medical Command, Navy Bureau of Medicine and Surgery and the Defense Health Agency reduced requirements for studies, analysis and evaluations, management professional support services, equipment, and other services to eliminate duplication. The FY 2018 In-House Care baseline funding request is \$9,457,768K. The FY 2018 In-House Care baseline civilian staffing request is 46,043 FTEs and the FY 2018 baseline contractor staffing request is 13,869 CMEs.</p> <p>5) e. Air Force Global Patient Movement: Air Force Medical Service reduced requirements for medical equipment in In-House Care Budget Activity Group based on analysis of historical obligations and projected equipment requirements. Funding was realigned to Consolidated Health Support Budget Activity Group to fund additional medical equipment</p>	<p>-9,040</p> <p>-7,449</p> <p>-5,821</p>	

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<b>C. <u>Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
for the Air Force Global Patient Movement Program. The FY 2018 In-House Care Equipment baseline funding request is \$457,535K.		
6) f. Reduced Requirements for Functional Area Applications (FAA): Reduced requirements in In-House Care IT Contract Support Services based on analysis of Functional Area Applications that were found to be redundant or no longer required as the Military Health System (MHS) GENESIS is deployed. The following functional areas were reduced to eliminate duplication: queuing, medical logistics, data reuse/registries and computational applications for performance management. The FY 2018 IT Contract Support Services baseline funding request is \$39,279K. The FY 2018 In-House Care baseline contractor FTE request is 13,869K.	-2,831	
7) g. Reduced Requirements for Medical Imaging Devices: Reduction of radiological requirements through the efficient utilization of Computerized Tomography (CT) Scanners and Magnetic Resonance Imaging (MRI) diagnostic services inventory. The FY 2018 In-House Care baseline funding request is \$9,457,768K.	-1,000	
8) h. Desktop to Datacenter (D2D) Infrastructure: Continues the Desktop to Datacenter Infrastructure funding realignment from In-House Care to Information Management/Information Technology, Defense Health Agency, Health Information Technology (HIT) Directorate for the enterprise-wide Desktop to	-6,450	

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Datacenter (D2D) infrastructure requirements. The FY 2018 In-House Care baseline funding request is \$9,457,768K.		
9) i. Realignment of Non-GSA Rents to Base Operations: Realigns funding for Non-GSA Rents from In-House Care to Base Operations Budget Activity Group to standardize accounting of Non-GSA Rents in the Facility Operations Program Element. The FY 2018 Non-GSA Rents baseline funding request is \$20,073K.	-9,238	
10) j. Army OCONUS Civilian Manpower Reprogramming for Veterinary Science: Realigns two full-time equivalent (FTE) civilians and associated funding from In-House Care to Consolidated Health Support, Veterinary Services program element to ensure veterinary mission readiness at Asbach, Germany. The FTEs and associated funding are available for realignment from the European Area of Responsibility (AOR) following the Department of Army's manpower studies that identified decreased workload in the European AOR from the closure at Schweinfurt, Germany. The FY 2018 OCONUS MEDCENS baseline funding request is \$43,980K. The OCONUS MEDCENS baseline civilian staffing request is 1,207 FTEs.	-115	
<b>FY 2019 Budget Request</b>		<b>9,738,569</b>

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**IV. Performance Criteria and Evaluation Summary:**

Population by Service Obligation - Worldwide\*

				<u>Change</u>	
	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018-FY 2017</u>	<u>FY 2019-FY 2018</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>		
Catchment Area					
Army	1,631,593	1,632,094	1,632,959	501	866
Coast Guard	68,994	68,270	67,543	-724	-728
Air Force	849,165	853,346	857,414	4,181	4,068
Marine Corps	430,588	431,487	431,775	899	288
Navy	809,594	813,217	816,875	3,623	3,658
Navy Afloat	257,209	260,582	263,459	3,373	2,877
Other/Unknown	20,884	20,904	20,922	20	18
Subtotal	4,068,027	4,079,900	4,090,947	<u>11,873</u>	<u>11,046</u>

				<u>Change</u>	
	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018-FY 2017</u>	<u>FY 2019-FY 2018</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>		
Non-Catchment Area					
Army	2,204,930	2,209,456	2,212,097	4,5260	2,641
Coast Guard	148,061	146,952	145,825	-1,1090	-1,127
Air Force	1,714,898	1,723,744	1,733,326	8,8460	9,581
Marine Corps	296,169	296,647	296,900	4780	253
Navy	882,181	885,253	888,097	3,0720	2,844
Navy Afloat	60,421	61,228	61,902	8070	674
Other/Unknown	30,926	30,961	30,991	350	30
Subtotal	5,337,586	5,354,242	5,369,138	<u>19,035</u>	<u>14,896</u>

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**IV. Performance Criteria and Evaluation Summary:**

Total Eligible Population	<u>Change</u>				
	<u>FY 2017 Actual</u>	<u>FY 2018 Estimate</u>	<u>FY 2019 Estimate</u>	<u>FY 2018-FY 2017</u>	<u>FY 2019-FY 2018</u>
Army	3,836,523 0	3,841,550 0	3,845,056	5,027 0	3,507
Coast Guard	217,055 0	215,223 0	213,368	-1,832 0	-1,855
Air Force	2,564,063 0	2,577,090 0	2,590,739	13,027 0	13,649
Marine Corps	726,757 0	728,135 0	728,675	1,378 0	541
Navy	1,691,775 0	1,698,470 0	1,704,972	6,695 0	6,502
Navy Afloat	317,630 0	321,810 0	325,361	4,180 0	3,551
Other/Unknown	51,810 0	51,865 0	51,913	55 0	48
Total	9,432,238	9,476,320	9,460,085	28,530	25,942

Note:

1. FY 2017 Is actual MHS eligible beneficiaries as of Year End FY 2017
  2. FY 2018 - 2019 are projected MHS eligible beneficiaries based on Projection of Eligible Population Model.
- Data as of 23 March 2017.



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**IV. Performance Criteria and Evaluation Summary:**

Enrollees - Direct Care

					<u>Change</u>	
	<u>FY 2017 Actual</u>	<u>FY 2018 Estimate</u>	<u>FY 2019 Estimate</u>	<u>FY 2018-FY 2017</u>	<u>FY 2019-FY 2018</u>	
TRICARE Region - North	940,584	-	-	-940,584		0
TRICARE Region - South	928,430	-	-	-928,430		0
TRICARE Region - East	-	1,884,169	1,886,143	1,884,169	1,974	
TRICARE Region - West	970,537	975,502	984,193	4,965	8,691	
TRICARE Region - Europe	137,175	137,560	137,609	385	49	
TRICARE Region - Pacific	213,651	225,268	224,895	11,617	-373	
OE Region - Latin America	3,959	4,520	4,523	561	3	
Alaska	59,432	59,272	59,272	-160	0	
Sub-Total CONUS Regions	2,839,551	2,859,671	2,870,336	20,120	10,665	
Sub-Total OCONUS Regions	414,216	426,619	426,298	12,403	(321)	
Total Direct Care Enrollees	3,253,766	3,286,290	3,296,634	32,523	10,344	

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	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Change</u>	
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>FY 2018-FY 2017</u>	<u>FY 2019-FY 2018</u>
DHP Requirements (in thousands of dollars)	16,022,534	16,778,191	17,048,318	755,657	270,127
Beneficiaries (000's)	9,432,238	9,476,320	9,460,085	44,082	-16,235
Enrollees (000's)	3,253,766	3,286,290	3,296,634	32,523	10,344

Notes:

1. Funding reflected in DHP Requirements are for Direct Care only, Budget Activity Groups 1 and 3 -7. Previous versions included Private Sector Care requirements not relevant to Direct Care Workload data.

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**IV. Performance Criteria and Evaluation Summary:**

Direct Care System	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Change</u>	
	Actual	Estimate	Estimate	<u>FY 2018-FY 2017</u>	<u>FY 2019-FY 2018</u>
Inpatient Admissions, Non-Weighted (SIDR Dispositions- All)	228,253	223,604	226,457	-4,649	2,853
Inpatient Admissions, Weighted (MS-DRG RWPs, Non Mental Health)	196,030	191,791	194,187	-4,239	2,396
Inpatient Admissions, Occupied Bed Days (Mental Health Only)	97,922	100,678	100,722	2,756	44
Average Length of Stay (ALL Bed Days/All Dispositions)	2.98	2.93	2.94	0	0
Ambulatory Visits, Non-Weighted (Encounters, CAPER)	39,704,553	37,419,582	37,455,187	-2,284,971	35,605
Ambulatory Visits, Weighted (Adj Provider Aggregate RVUs, CAPER)	78,906,034	75,281,312	75,342,713	-3,624,722	61,401

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**IV. Performance Criteria and Evaluation Summary:**

Ambulatory Procedures, Weighted	10,961,235	10,806,868	10,828,151	-154,367	21,283
(Aggregate Weight Number of Outpatient					
Pharmacy Prescriptions "Scripts"	45,695,695	46,315,786	47,033,786	620,091	718,000

Notes:

1. The FY 2017 to FY 2018 and FY 2018 to FY 2019 increases in Inpatient Admissions, Occupied Bed Days (Mental Health Only) is due to increased Residential Treatment Facilities capacity and efforts to recapture mental health care from the network.
2. The decrease in ambulatory visits (weighted and non-weighted) is due to the closure of inpatient and ambulatory surgery at Forts Knox, Sill and Jackson and reduced ambulatory procedure center (APC) projections at Naval Medical Center Portsmouth and Naval Hospital Bremerton.

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**IV. Performance Criteria and Evaluation Summary:**

Dental Workload (Dental Weighted Values (DWVs) from Components)

	FY 2017 Actual	FY 2018 Estimate	FY 2019 Estimate	Change	
				FY 2018- FY 2017	FY 2019- FY 2018
CONUS	11,327,853	11,389,176	11,514,288	61,323	125,112
OCONUS	2,795,788	2,720,951	2,760,146	-74,837	39,195
Total DWVs	14,123,641	14,110,127	14,274,434	-13,514	164,307
CONUS					
Active Duty	9,463,345	9,502,143	9,597,587	38,798	95,444
Non-Active					
Duty	1,864,508	1,887,033	1,916,701	22,525	29,668
Total CONUS	11,327,853	11,389,176	11,514,288	61,323	125,112
OCONUS					
Active Duty	1,972,849	1,903,722	1,927,454	-69,127	23,732
Non-Active					
Duty	822,939	817,229	832,693	-5,710	15,464
Total OCONUS	2,795,788	2,720,951	2,760,147	-74,837	39,196

Note:

- Dental Workload data provided by Service Dental Treatment Commands.

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<b>V. <u>Personnel Summary</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>Change FY 2017/ FY 2018</u></b>	<b><u>Change FY 2018/ FY 2019</u></b>
<u>Active Military End Strength (E/S) (Total)</u>	56,243	56,606	56,333	363	-273
Officer	20,149	19,765	19,649	-384	-116
Enlisted	36,094	36,841	36,684	747	-157
<u>Active Military Average Strength (A/S) (Total)</u>	56,765	56,425	56,470	-340	45
Officer	20,589	19,957	19,707	-632	-250
Enlisted	36,176	36,468	36,763	292	295
<u>Civilian FTEs (Total)</u>	48,131	46,043	46,159	-2,088	116
U.S. Direct Hire	46,431	44,516	44,572	-1,915	56
Foreign National Direct Hire	781	587	652	-194	65
Total Direct Hire	47,212	45,103	45,224	-2,109	121
Foreign National Indirect Hire	764	785	780	21	-5
Reimbursable Civilians	155	155	155	0	0
Average Annual Civilian Salary (\$ in thousands)	91.6	93.3	93.7	1.7	.4
<u>Contractor FTEs (Total)</u>	14,911	13,869	13,719	-1,042	-150

Explanation of changes in Active Military End Strength: The net increase from FY 2017 to FY 2018 (+363) is attributed to growth from FY 2017 to FY 2018 due to FY 2017 Military End Strength (+961), transfers to Department of the Army for downsizing of Military Treatment Facilities at Fort Sill, OK, Fort Knox, KY and Fort Jackson, SC to outpatient facilities and reduced staffing needs at Walter Reed National Military Medical Center and Fort Belvoir Community Hospital (-354), transfer of responsibility for Warrior Transition Units to Department of the Army (-4), transfer to Department of the Air Force for

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reduction to medical end strength (-250), and internal DHP realignments to meet emerging requirements (+10). The net decrease from FY 2018 to FY 2019 (-273) reflects the transfer to Department of the Air Force for reductions to medical end strength and Medical Operational Support Teams (-21), transfers to the Department of the Navy to increase organic medical support to the U.S. Marine Corps (-24) and internal realignments to meet emerging requirements (+22).

Explanation of changes in Civilian FTEs: Decrease from FY 2017 to FY 2018 (-2088) due to FY 2017 actual execution exceeding the budgeted program by 1620 FTEs. The decrease to FY 2018 brings the programmed endstrength back to baseline. Additional decrease is attributed to Military Treatment Facility Management realigned to Base Operations Support (-450) and incremental reduction to shape a properly sized and highly capable Defense Health Program work force (-18). The increase from FY 2018 to FY 2019 (+116) is attributed to Army MEDCOM's realignment of FTEs (+65) from Consolidated Health Support (+60) and Information Management/Information Technology (+5) to In-House Care for sustained operations at United States Medical Material Center, Korea. Additional FTEs were internally realigned within the Army program to support ongoing requirements at OCONUS medical and dental treatment facilities (+9). The increase also results from a smaller adjustment in FY 2019 over FY 2018 to reduce the effects of civilian hiring restrictions over the last few cycles (+42).

Explanation of changes in Contractor FTEs: The net decrease from FY 2017 to FY 2018 (-1,042) reflects FY 2017 actuals for Navy Bureau of Medicine and Surgery (BUMED) (-552), Defense Health Agency (DHA) (-354) and National Capital Region Medical Directorate (-200) contractors not reflected in the FY 2018 program offset by an increase in embedded clinical pharmacists support in Military Treatment Facilities to support patient medication monitoring to identify, resolve, monitor and prevent medication therapy problems (+64). The decrease from FY 2018 to FY 2019 (-150) is attributed to reduction taken as part of the Military Service Headquarters decrease associated with efficiencies

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gained through elimination of duplicative headquarters functions outlined in the FY 2017 National Defense Authorization Act, Section 702.

Contractor FTE Footnote:

FY 2018 contractors have been updated based upon actual execution and anticipated savings. The FY 2018 Budget Request reflected an estimate of 13,795 contractors in FY 2018.



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**VI. OP 32 Line Items as Applicable (Dollars in thousands):**

<u>OP 32 Line</u>	<u>FY 2017</u> <u>Actuals</u>	<u>Foreign</u> <u>Currency</u> <u>Rate Diff</u>	<u>Change</u> <u>FY 2017/FY 2018</u>		<u>FY 2018</u> <u>Estimate</u>	<u>Foreign</u> <u>Currency</u> <u>Rate Diff</u>	<u>Change</u> <u>FY 2018/FY 2019</u>		<u>FY 2019</u> <u>Estimate</u>
			<u>Price</u>	<u>Program</u>			<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	4,228,149	0	82,618	-216,191	4,094,576	0	20,882	1,911	4,117,369
103 Wage Board	97,000	0	1,895	20,634	119,529	0	610	2,020	122,159
104 FN Direct Hire (FNDH)	34,625	0	677	-8,098	27,204	0	139	2,712	30,055
105 Separation Liability (FNDH)	1,187	0	0	0	1,187	0	0	0	1,187
107 Voluntary Sep Incentives	3,288	0	0	0	3,288	0	0	0	3,288
<b>199 TOTAL CIV COMPENSATION</b>	<b>4,364,249</b>	<b>0</b>	<b>85,190</b>	<b>-203,655</b>	<b>4,245,784</b>	<b>0</b>	<b>21,631</b>	<b>6,643</b>	<b>4,274,058</b>
308 Travel of Persons	77,597	0	1,319	9,390	88,306	0	1,590	963	90,859
<b>399 TOTAL TRAVEL</b>	<b>77,597</b>	<b>0</b>	<b>1,319</b>	<b>9,390</b>	<b>88,306</b>	<b>0</b>	<b>1,590</b>	<b>963</b>	<b>90,859</b>
401 DLA Energy (Fuel Products)	190	0	22	148	360	0	-1	9	368
402 Service Fund Fuel	0	0	0	9	9	0	0	0	9
411 Army Supply	36	0	1	-37	0	0	0	0	0
412 Navy Managed Supply, Matl	613	0	0	15	628	0	-2	15	641
416 GSA Supplies & Materials	6,922	0	118	922	7,962	0	143	28	8,133
417 Local Purch Supplies & Mat	50,833	0	864	141	51,838	0	933	104	52,875
422 DLA Mat Supply Chain (Medical)	17,958	0	-2	663	18,619	0	22	379	19,020
<b>499 TOTAL SUPPLIES &amp; MATERIALS</b>	<b>76,552</b>	<b>0</b>	<b>1,003</b>	<b>1,861</b>	<b>79,416</b>	<b>0</b>	<b>1,095</b>	<b>535</b>	<b>81,046</b>
502 Army Fund Equipment	581	0	17	-6	592	0	2	10	604
503 Navy Fund Equipment	206	0	0	4	210	0	0	5	215
505 Air Force Fund Equip	35,365	0	0	-35,365	0	0	0	0	0

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	FY 2017	Foreign	Change		FY 2018	Foreign	Change		FY 2019
			Currency	FY 2017/FY 2018			FY 2018/FY 2019	Currency	
	<u>Actuals</u>	<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>	<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	<u>Estimate</u>
<b>OP 32 Line</b>									
506 DLA Mat Supply Chain (Const & Equip)	211	0	7	-2	216	0	-4	8	220
507 GSA Managed Equipment	9,135	0	155	25	9,315	0	168	18	9,501
<b>599 TOTAL EQUIPMENT PURCHASES</b>	<b>45,498</b>	<b>0</b>	<b>179</b>	<b>-35,344</b>	<b>10,333</b>	<b>0</b>	<b>166</b>	<b>41</b>	<b>10,540</b>
611 Navy Surface Warfare Ctr	843	0	12	6	861	0	7	10	878
614 Space & Naval Warfare Center	348	0	13	-361	0	0	0	0	0
633 DLA Document Services	0	0	0	1,863	1,863	0	35	2	1,900
671 DISA DISN Subscription Services (DSS)	2	0	0	-2	0	0	0	0	0
677 DISA Telecomm Svcs - Reimbursable	0	0	0	70	70	0	1	0	71
<b>699 TOTAL DWCF PURCHASES</b>	<b>1,193</b>	<b>0</b>	<b>25</b>	<b>1,576</b>	<b>2,794</b>	<b>0</b>	<b>43</b>	<b>12</b>	<b>2,849</b>
706 AMC Channel Passenger	70	0	-1	-69	0	0	0	0	0
719 SDDC Cargo Ops-Port hndlg	0	0	0	24	24	0	0	-2	22
771 Commercial Transport	7,214	0	123	1,279	8,616	0	155	14	8,785
<b>799 TOTAL TRANSPORTATION</b>	<b>7,284</b>	<b>0</b>	<b>122</b>	<b>1,234</b>	<b>8,640</b>	<b>0</b>	<b>155</b>	<b>12</b>	<b>8,807</b>
901 Foreign National Indirect Hire (FNIH)	29,570	0	578	4,677	34,825	0	178	-272	34,731
912 Rental Payments to GSA (SLUC)	112	0	2	-85	29	0	1	-1	29
913 Purchased Utilities (Non-Fund)	1,796	0	31	-1,827	0	0	0	0	0

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<u>OP 32 Line</u>	<u>FY 2017</u> <u>Actuals</u>	<u>Foreign</u> <u>Currency</u> <u>Rate Diff</u>	<u>Change</u> <u>FY 2017/FY 2018</u>		<u>FY 2018</u> <u>Estimate</u>	<u>Foreign</u> <u>Currency</u> <u>Rate Diff</u>	<u>Change</u> <u>FY 2018/FY 2019</u>		<u>FY 2019</u> <u>Estimate</u>
			<u>Price</u>	<u>Program</u>			<u>Price</u>	<u>Program</u>	
914 Purchased Communications (Non-Fund)	1,912	0	33	-814	1,131	0	20	2	1,153
915 Rents (Non-GSA)	15,897	0	270	3,906	20,073	0	361	-9,118	11,316
917 Postal Services (U.S.P.S)	1,343	0	23	-278	1,088	0	20	1	1,109
920 Supplies & Materials (Non-Fund)	572,429	0	21,752	-85,823	508,358	0	19,318	36,647	564,323
921 Printing & Reproduction	4,321	0	73	4,875	9,269	0	167	9	9,445
922 Equipment Maintenance By Contract	172,612	0	2,934	-35,581	139,965	0	2,519	5,708	148,192
923 Facilities Sust, Rest, & Mod by Contract	88,207	0	1,500	54,450	144,157	0	2,595	-7,090	139,662
924 Pharmaceutical Drugs	1,525,194	0	53,382	126,721	1,705,297	0	64,801	53,155	1,823,253
925 Equipment Purchases (Non-Fund)	251,111	0	9,542	196,882	457,535	0	17,386	-19,600	455,321
930 Other Depot Maintenance (Non-Fund)	180	0	3	-183	0	0	0	0	0
932 Mgt Prof Support Svcs	37,230	0	633	-15,954	21,909	0	394	-479	21,824
933 Studies, Analysis & Eval	98,041	0	1,667	-74,606	25,102	0	452	-7,866	17,688
937 Locally Purchased Fuel (Non-Fund)	79	0	9	319	407	0	-2	10	415
955 Other Costs (Medical Care)	301,055	0	10,537	131,321	442,913	0	16,831	-85,862	373,882
957 Other Costs (Land and	4,312	0	73	-4,385	0	0	0	0	0

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<u>OP 32 Line</u>	<u>FY 2017</u> <u>Actuals</u>	<u>Foreign</u> <u>Currency</u> <u>Rate Diff</u>	<u>Change</u> <u>FY 2017/FY 2018</u>		<u>FY 2018</u> <u>Estimate</u>	<u>Foreign</u> <u>Currency</u> <u>Rate Diff</u>	<u>Change</u> <u>FY 2018/FY 2019</u>		<u>FY 2019</u> <u>Estimate</u>
			<u>Price</u>	<u>Program</u>			<u>Price</u>	<u>Program</u>	
Structures)									
959 Other Costs (Insurance Claims/Indmties)	2,677	0	46	-2,723	0	0	0	0	0
960 Other Costs (Interest and Dividends)	366	0	6	-372	0	0	0	0	0
964 Other Costs (Subsistence and Support of Persons)	1,389	0	24	931	2,344	0	42	3	2,389
986 Medical Care Contracts	1,110,922	0	38,883	127,740	1,277,545	4,729	48,726	103,930	1,434,930
987 Other Intra- Govt Purch	214,828	0	3,652	-169,631	48,849	0	879	260	49,988
988 Grants	6,549	0	111	-2,443	4,217	0	76	8	4,301
989 Other Services	101,128	0	1,719	35,356	138,203	5,878	2,593	-8,591	138,083
990 IT Contract Support Services	75,175	0	1,278	-37,174	39,279	0	707	-1,610	38,376
<b>999 TOTAL OTHER PURCHASES</b>	<b>4,618,435</b>	<b>0</b>	<b>148,761</b>	<b>255,299</b>	<b>5,022,495</b>	<b>10,607</b>	<b>178,064</b>	<b>59,244</b>	<b>5,270,410</b>
<b>Total</b>	<b>9,190,808</b>	<b>0</b>	<b>236,599</b>	<b>30,361</b>	<b>9,457,768</b>	<b>10,607</b>	<b>202,744</b>	<b>67,450</b>	<b>9,738,569</b>

1. From OP-32 955 to OP-32 986 \$100.7M: Realign funds within the In House Care Budget Activity Group (BAG) in accordance with Common Cost Accounting System's (CCAS) guidance to align medical support services (\$88.2M) and dental technician and laboratory services (\$12.5M) in OP-32 986.
2. From OP-32 989 to OP-32 986 \$3.8M: Realign funds within In House Care in accordance with CCAS guidance to align medical support services in OP-32 986.