

**DEFENSE HEALTH PROGRAM**  
**Operation and Maintenance**  
**Fiscal Year (FY) 2008/2009 Budget Estimates**  
**Exhibit OP-5, In-House Care**

**I. Description of Operations Financed:** This Budget Activity Group provides for the delivery of patient care 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, Inpatient Facilities and Medical Clinics:** Resources medical care in CONUS and OCONUS facilities which are staffed and equipped to provide inpatient and outpatient care for both surgical and non-surgical conditions for Military Health System beneficiaries.

**Dental Care:** Resources dental care and services in CONUS and OCONUS for authorized personnel through the operation of hospital departments of dentistry, installation dental clinics, and Regional Dental Activities.

**Pharmaceuticals:** Resources Pharmaceuticals specifically identified and measurable to the provision of Pharmacy Services in CONUS and OCONUS facilities.

**Note:** This BAG excludes funding for the following items: a) operation of management headquarters for TRICARE Regional Offices, b) deployable medical and dental units and c) healthcare resources devoted exclusively to teaching.

**II. Force Structure Summary:** The In-House Care Budget Activity Group (BAG) includes staffing to provide medical and dental care in military facilities which provide the full range of inpatient and ambulatory medical and dental care services. In addition to medical and dental care this BAG also includes medical center laboratories, alcohol treatment facilities, clinical investigation activities, facility on-the-job training/education programs and federal sharing agreements.

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

	FY 2007							
	FY 2006 Actuals	Budget Request	Congressional Action			Current Estimate	FY 2008 Estimate	FY 2009 Estimate
			Amount	Percent	Appropriated			
<b>A. <u>Subactivities</u></b>								
1. <u>MEDCENS, Hospitals &amp; Clinics (CONUS)</u>	3,568,375	2,772,139		0%	2,772,139	2,772,139	3,155,287	3,181,599
2. <u>MEDCENS, Hospitals &amp; Clinics (OCONUS)</u>	299,556	268,739		0%	268,739	268,739	263,661	279,414
3. <u>Pharmaceuticals, In-House (CONUS)</u>	1,132,010	2,009,002		0%	2,009,002	2,009,002	1,456,778	1,595,954
4. <u>Pharmaceuticals, In-House (OCONUS)</u>	108,323	126,223		0%	126,223	126,223	130,763	146,716
5. <u>Dental Care Activities - (CONUS)</u>	356,886	355,350		0%	355,350	355,350	363,193	375,446
6. <u>Dental Care Activities - (OCONUS)</u>	<u>53,519</u>	<u>61,346</u>		<u>0%</u>	<u>61,346</u>	<u>61,346</u>	<u>56,163</u>	<u>59,967</u>
<b>Total</b>	<b>5,518,669</b>	<b>5,592,799</b>		<b>0%</b>	<b>5,592,799</b>	<b>5,592,799</b>	<b>5,425,845</b>	<b>5,639,096</b>

Reflects FY 2007 President's Budget Request which is equal to the Continuing Resolution.

FY 2006 estimate includes \$516,356 in O&M funding to address the Global War on Terrorism, Hurricanes, Pandemic Influenza and Army Modularity as follows:

-P.L. 109-148, Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006 provides DHP O&M \$17,717 for emergency hurricane and other related expenses.

-P.L. 109-234, Emergency Supplemental Appropriation Act for Defense, The Global War on Terror and Hurricane Recovery 2006, provides DHP O&M \$482,900 for Global War on Terrorism and \$15,739 for Army Modularity.

From the DoD Medicare Eligible Retiree Health Care Fund, the In-House Care BAG received \$1,303,442 in FY 2006. Projections for the In-House Care BAG in FY 2007 are approximately \$1,344,095 , FY 2008 approximately \$1,435,430 and in FY 2009 \$1,534,539. These amounts are not included in the tables above.

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<b>B. <u>Reconciliation Summary</u></b>	<b>Change <u>FY 2007/FY 2007</u></b>	<b>Change <u>FY 2007/FY 2008</u></b>	<b>Change <u>FY 2008/FY 2009</u></b>
<b>Baseline Funding</b>	<b>5,592,799</b>	<b>5,592,799</b>	<b>5,425,845</b>
Congressional Adjustments (Distributed)	0	n/a	n/a
Congressional Adjustments (Undistributed)	0	n/a	n/a
Adjustments to Meet Congressional Intent	0	n/a	n/a
Congressional Adjustments (General Provisions)	0	n/a	n/a
<b>Subtotal Appropriated Amount</b>	<b>5,592,799</b>	<b>n/a</b>	<b>n/a</b>
Fact-of-Life Changes (CY to CY Only)	0	n/a	n/a
<b>Subtotal Baseline Funding</b>	<b>5,592,799</b>	<b>n/a</b>	<b>n/a</b>
Anticipated Supplemental Reprogrammings	0	n/a	n/a
Price Changes	n/a	336,399	294,231
Functional Transfers	n/a	-10,428	0
Program Changes	n/a	-492,925	-80,980
<b>Current Estimate</b>	<b>5,592,799</b>	<b>5,425,845</b>	<b>5,639,096</b>
Less: Wartime Supplemental	0	0	0
<b>Normalized Current Estimate</b>	<b>5,592,799</b>	<b>5,425,845</b>	<b>5,639,096</b>

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III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
<b>FY 2007 President's Budget Request (Amended, if applicable)</b>		<b>5,592,799</b>
1. Congressional Adjustments		0
a. Distributed Adjustments	0	
b. Undistributed Adjustments	0	
c. Adjustments to meet Congressional Intent	0	
d. General Provisions	0	
e. Congressional Earmarks	0	
<b>FY 2007 Appropriated Amount</b>		<b>5,592,799</b>
2. War-Related and Disaster Supplemental Appropriations		0
3. Fact of Life Changes		0
a. Functional Transfers	0	
b. Technical Adjustments	0	
c. Emergent Requirements	0	
<b>FY 2007 Baseline Funding</b>		<b>5,592,799</b>
4. Reprogrammings (requiring 1415 Actions)	0	
a. Increases		
b. Decreases		
<b>Revised FY 2007 Estimate</b>	0	<b>5,592,799</b>
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings, Iraq Freedom Fund Transfers		0
<b>FY 2007 Normalized Current Estimate</b>		<b>5,592,799</b>
6. Price Change		336,399
7. Functional Transfers		-10,428

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<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
a. Transfers In	0	
b. Transfers Out	-10,428	
1) Transfer of funding for Emergency Medical Service (EMS) support from Navy DHP to Navy Line.	-10,428	
8. Program Increases		203,929
a. Annualization of New FY 2007 Program	0	
b. One-Time FY 2008 Increases	0	
c. Program Growth in FY 2008	203,929	
1) Conversion of military positions to civilian.	146,387	
2) Funds utilization management/referral management and short term contract requirements.	27,210	
3) Increases resources for Congressionally mandated DoD/VA Joint Incentive Fund (JIF).	15,000	
4) Initial outfitting and transition costs for medical/dental (Fort Drum, Fort Lewis)	2,000	
5) Realigns funding from Base Operations/Communications for patient Appointing and Referral Management program.	13,332	
9. Program Decreases		-696,854
a. Annualization of FY 2007 Program Decreases	0	
b. One-Time FY 2007 Increases	-9,008	
1) To Procurement to support Food and Drug Administration test trials for certification of Adenovirus.	-9,008	
c. Program Decreases in FY 2008	-687,846	
1) Revised assumptions for pharmacy growth	-277,963	
2) Reduction in costs due to increased Medical Treatment Facilities efficiencies.	-212,360	
3) Realigns funding to Information Management for DoD Pharmacy Data Transaction Service, TRICARE Regional Offices IM-IT -support, updates to the Defense Enrollment Eligibility Reporting System,	-41,933	

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<b>C. <u>Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
and the Deployment Health Support Directorate for proper program execution.		
4) Realigns funding to Base Operations/Communications to reflect proper execution of Sustainment, Restoration and Modernization.	-27,347	
5) Realigns resources to Consolidated Health Support to support OPERATION NOBLE EAGLE.	-23,700	
6) Decrease in medical equipment requirements	-7,668	
7) Realigns funding to DHP BRAC to fund Joint Medical activities	-16,937	
8) Realigns to Education and Training to reflect proper execution of the Training Requirements Arbitration Panel (TRAP).	-16,088	
9) Realigns funding to Consolidated Health Support to complete manpower transfers supporting physical examinations	-10,624	
10) Realigns funding to Information Management to reflect proper program execution.	-3,873	
11) Realigns funding to Management Activities to support increased contract requirements.	-3,000	
12) Realigns funding to Information Management to fund AHLTA sustainment training at military treatment facilities.	-2,497	
13) Realigns funding to Education and Training for the US Army Aeromedical Center.	-435	
14) Realigns funding to Education and Training for the Tri-Service Oral Health Studies program to reflect proper program execution.	-62	
15) Reduction to requirements associated with the military end strength reductions.	-39,584	
16) Realigns resources to Management Activities for the Defense Health Board.	-12	
17) Realigns resources to Consolidated Health Support for civilian FTEs to support the Armed Forces Institute of Pathology.	-383	
18) Realigns resources to Consolidated Health Support for Vaccine Healthcare Center.	-3,380	

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
<b>FY 2008 Budget Request</b>		<b>5,425,845</b>
10. Price Change		294,231
11. Functional Transfers		0
a. Transfers In	0	
b. Transfers Out	0	
12. Program Increases		152,911
a. Annualization of New FY 2008 Program	0	
b. One-Time FY 2009 Increases	9,785	
1) One-time reversal of funding from DHP Procurement in FY08 to support Federal Drug Administration test trials for certification of Adenovirus.	9,785	
c. Program Growth in FY 2009		143,126
1) Conversion of military positions to civilian	103,125	
2) Realigns funding from Consolidated Health Support to properly reflect execution of the Patient Safety, Patient Travel and Chiropractic Care Programs.	28,351	
3) Initial outfitting and transition costs for medical/dental (Fort Campbell, Fort Irwin) MILCON projects	10,981	
4) Realigns funding from Base Operations/Communications for patient Appointing and Referral Management program.	669	
9. Program Decreases		-233,891
a. Annualization of FY 2008 Program Decreases	0	
b. One-Time FY 2008 Increases	0	
c. Program Decreases in FY 2009	-233,891	
1) Reduction in costs due to increased Medical Treatment Facilities efficiencies	-204,650	

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2) Realigns funding to Base Operations/Communications to reflect proper program execution.	-11,798	
3) Realigns funding to Information Management to fund AHLTA deployment at Military Treatment Facilities.	-397	
4) Realigns resources to Private Sector Care for Health Care Cost-Savings associated with the military end strength reductions.	-17,046	
<b>2009 Budget Request</b>		<b>5,639,096</b>

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**IV. Performance Criteria and Evaluation Summary**

**Population by Service Obligation - World Wide**

Average Eligible Population

	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>Change FY2006/FY2007</b>	<b>Change FY2007/FY2008</b>	<b>Change FY2007/FY2008</b>
<b>Catchment Area</b>							
Army	1,722,009	1,725,035	1,713,212	1,697,419	3,026	-11,823	-15,793
Coast Guard	62,042	62,556	61,940	61,908	514	-616	-32
Air Force	993,316	986,809	934,849	928,982	6,507	-51,961	-5,867
Marine Corps	430,566	428,797	426,615	420,196	-1,769	-2,183	-6,419
Navy	911,280	902,793	891,188	889,492	-8,488	-11,605	-1,697
Navy Afloat	293,955	288,735	282,656	283,978	-5,221	-6,079	1,323
Other/Unknown	10,476	10,480	10,447	10,471	4	-33	24
Subtotal	4,423,643	4,405,203	4,320,905	4,292,444	-18,441	-84,298	-28,461
<b>Non-Catchment Area</b>							
Army	1,792,601	1,761,706	1,782,977	1,737,459	-30,895	21,272	45,519
Coast Guard	129,996	131,499	134,106	135,569	1,503	2,608	1,463
Air Force	1,608,172	1,601,521	1,633,372	1,628,734	-6,651	31,852	-4,639
Marine Corps	268,761	271,162	275,470	273,457	2,401	4,309	2,013
Navy	863,424	867,833	879,145	882,696	4,409	11,312	3,552
Navy Afloat	74,256	73,499	71,601	70,190	-758	-1,898	-1,411
Other/Unknown	19,516	19,649	19,872	20,058	133	223	186
Subtotal	4,756,725	4,726,866	4,796,542	4,748,161	-29,859	69,676	-48,831

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	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>Change FY2006/FY2007</b>	<b>Change FY2007/FY2008</b>	<b>Change FY2007/FY2008</b>
Total Average Eligible Population							
Army	3,514,609	3,486,740	3,496,189	3,434,878	-27,869	9,449	-61,311
Coast Guard	192,038	194,054	196,046	197,476	2,016	1,992	1,431
Air Force	2,601,488	2,588,330	2,568,221	2,557,715	-13,158	-20,109	-10,506
Marine Corps	699,327	699,959	702,085	693,653	632	2,126	-8,432
Navy	1,774,704	1,770,626	1,770,333	1,772,188	-4,079	-293	1,855
Navy Afloat	368,211	362,233	354,256	354,168	-5,978	-7,977	-89
Other/Unknown	<u>29,992</u>	<u>30,128</u>	<u>30,319</u>	<u>30,528</u>	<u>137</u>	<u>191</u>	<u>210</u>
Subtotal	9,180,368	9,132,069	9,117,446	9,040,604	-48,299	-14,623	-76,842

Note: The data are derived from the Managed Care Forecasting and Analysis System (MCFAS) 6.0.0.1 Beneficiary Population Forecasting Model -- Data Version FY2005.0

DHP Requirements (\$000s)	20,266,071	20,249,163	20,182,381	21,530,232	-16,908	-66,782	1,347,851
Beneficiaries (000s)	9,180	9,132	9,117	9,041	-48	-15	-77
Enrollees (000s)	4,277	4,257	4,346	4,374	-20	89	28

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<u>V. Personnel Summary</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Change</u>		
					<u>FY 2006/ FY 2007</u>	<u>FY 2007/ FY 2008</u>	<u>FY 2008/ FY 2009</u>
<u>Active Military End Strength (E/S) (Total)</u>	56,927	59,822	56,385	54,243	2,895	-3,437	-2,142
Officer	17,844	20,128	19,447	19,115	2,284	-681	-332
Enlisted	39,083	39,694	36,938	35,128	611	-2,756	-1,810
 <u>Active Military Average Strength (A/S)</u>							
<u>(Total)</u>	60,569	60,166	58,104	55,314	-403	-2,062	-2,790
Officer	19,257	20,025	19,788	19,281	768	-237	-507
Enlisted	41,312	40,141	38,316	36,033	-1,171	-1,825	-2,283
 <u>Civilian FTEs (Total)</u>							
U.S. Direct Hire	31,595	34,240	36,063	37,275	2,645	1,823	1,212
Foreign National Direct Hire	29,997	32,563	34,398	35,610	2,566	1,835	1,212
Foreign National Indirect Hire	497	460	461	461	-37	1	0
Total Direct Hire	30,494	33,023	34,859	36,071	2,529	1,836	1,212
Foreign National Indirect Hire	1,101	1,217	1,204	1,204	116	-13	0
Memo: Military Technician Included							
Memo: Reimbursable Civilians Included							
 <u>Average Annual Civilian Salary (\$000)</u>	63	64	67	68			

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VI. OP 32 Line Items as Applicable (Dollars in thousands - see next page):