

**Defense Health Program  
Operation and Maintenance  
Fiscal Year (FY) 2011 Budget Estimates  
In-House Care**

**I. Description of Operations Financed:** This Budget Activity Group (BAG) 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 deployable medical and dental units and healthcare resources devoted exclusively to teaching.

**II. Force Structure Summary:** The In-House Care 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.

**Defense Health Program  
Operation and Maintenance  
Fiscal Year (FY) 2011 Budget Estimates  
In-House Care**

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

	FY 2010						
	FY 2009 Actuals	Budget Request	Congressional Action			Current Estimate	FY 2011 Estimate
			Amount	Percent	Appropriated		
<b>A. Subactivities</b>							
1. MEDCENS, Hospitals & Clinics (CONUS)	5,070,006	4,587,235	2,930	0.064%	4,590,165	4,575,006	5,317,643
2. MEDCENS, Hospitals & Clinics (OCONUS)	415,238	378,705	0	0%	378,705	378,350	420,786
3. Pharmaceuticals, In-House (CONUS)	1,143,840	1,234,560	0	0%	1,234,560	1,220,645	1,341,241
4. Pharmaceuticals, In-House (OCONUS)	112,551	142,239	0	0%	142,239	137,544	114,183
5. Dental Care Activities - (CONUS)	435,888	508,146	0	0%	508,146	507,730	521,537
6. Dental Care Activities - (OCONUS)	<u>57,110</u>	<u>63,488</u>	<u>0</u>	<u>0%</u>	<u>63,488</u>	<u>63,488</u>	<u>66,487</u>
<b>Total</b>	7,234,633	6,914,373	2,930	0.064%	6,917,303	6,882,763	7,781,877

Notes:

1. FY 2009 actuals include funding of \$714.196M FY 2009 Overseas Contingency Operations (OCO) Bridge Supplemental, Public Law 110-252, and \$247.159M for Supplemental Appropriations Act of 2009, Public Law 111-32.
2. Does not reflect Departmental DoD Medicare-Eligible Retiree Health Care Fund (MERHCF) for FY 2009 of \$1,299.900M, FY 2010 of \$1,244.200M, and FY 2011 of \$1,289.256M O&M only.
3. FY 2010 current estimate excludes \$569.030M for OCO under the Department of Defense Appropriations Act, FY 2010, Public Law 111-118.

**Defense Health Program**  
**Operation and Maintenance**  
**Fiscal Year (FY) 2011 Budget Estimates**  
**In-House Care**

<b>B. <u>Reconciliation Summary</u></b>	<b><u>Change</u></b> <b><u>FY 2010/FY 2010</u></b>	<b><u>Change</u></b> <b><u>FY 2010/FY 2011</u></b>
<b>Baseline Funding</b>	<b>6,914,373</b>	<b>6,882,763</b>
Congressional Adjustments (Distributed)	2,930	n/a
Congressional Adjustments (Undistributed)	0	n/a
Adjustments to Meet Congressional Intent	0	n/a
Congressional Adjustments (General Provisions)	0	n/a
<b>Subtotal Appropriated Amount</b>	<b>6,917,303</b>	<b>n/a</b>
OCO & Other Supplemental Appropriations	569,030	n/a
Fact-of-Life Changes (CY to CY Only)	-34,540	n/a
<b>Subtotal Baseline Funding</b>	<b>7,451,793</b>	<b>n/a</b>
Anticipated OCO Supplemental	5,192	n/a
Reprogrammings	0	n/a
Less OCO and Anticipated Supplemental Appropriations	-574,222	n/a
Revised Current Estimate	<b>6,882,763</b>	<b>n/a</b>
Price Changes	n/a	174,694
Functional Transfers	n/a	0
Program Changes	<u>n/a</u>	<u>724,420</u>
<b>Current Estimate</b>	<b>6,882,763</b>	<b>7,781,877</b>

**Defense Health Program  
Operation and Maintenance  
Fiscal Year (FY) 2011 Budget Estimates  
In-House Care**

<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
<b>FY 2010 President's Budget Request (Amended, if applicable)</b>		6,914,373
1. Congressional Adjustments		2,930
a. Distributed Adjustments		2,930
1) Madigan Army Medical Center Trauma Assistance Center	2,500	
2) Fort Drum Regional Health Planning Organization	430	
b. Undistributed Adjustments		
c. Adjustments to meet Congressional Intent		0
d. General Provisions		0
<b>FY 2010 Appropriated Amount</b>		6,917,303
2. OCO and Other Supplemental Appropriations		569,030
3. Fact of Life Changes		-34,540
a. Functional Transfers		-15,000
1) Transfers In		
2) Transfers Out: Joint Incentive Funds transfer to VA	-15,000	
b. Technical Adjustments		-19,540
1) Increases		0
2) Decreases		-19,540
a) Reallocation of baselined Overseas Contingency Operation funding from In-House Care to Consolidated Health Support for Post Deployment Health Reassessments to reflect proper execution.	-19,540	
c. Emergent Requirements		0
1) Program Increases		0
a) One-Time Costs	0	
b) Program Growth	0	
2) Program Reductions		0
a) One-Time Costs	0	
b) Program Decreases		
<b>FY 2010 Baseline Funding</b>		<b>7,456,985</b>

**Defense Health Program  
Operation and Maintenance  
Fiscal Year (FY) 2011 Budget Estimates  
In-House Care**

<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
4. Reprogrammings/Supplemental		5,192
a. Anticipated Supplemental	5,192	
b. Reprogrammings	0	
5. Less: Item 2, OCO and Other Supplemental Appropriations		-574,222
a. OCO Appropriation		-569,030
b. OCO Anticipated Supplemental Appropriation		-5,192
<b>Revised FY2010 Estimate</b>		<b>6,882,763</b>
<b>Current Estimate for FY 2010</b>		<b>6,882,763</b>
6. Price Change		174,694
7. Functional Transfers		
a. Transfers In		0
b. Transfers Out		0
8. Program Increases		782,478
a. Annualization of New FY 2010 Program		0
b. One-Time FY 2011 Increases		259,478
1) Reversal of BRAC Initial Outfitting and Transition:	131,325	
2) Initial Outfitting, Replacement and Modernization:	128,153	
Funds increased initial outfitting requirements for programmed MILCON projects including Fort Benning, Fort Riley, Tinker AFB and Wright Patterson AFB; projects funded through the American Recovery and Reinvestment Act at Naval Air Station Jacksonville; projects related to Ground Forces Augmentation at Fort Benning, Fort Riley and Fort Sam Houston. Also funds equipment replacement requirements as required by the Equipment Replacement and Modernization Model.		

**Defense Health Program  
Operation and Maintenance  
Fiscal Year (FY) 2011 Budget Estimates  
In-House Care**

c. Program Growth in FY 2011		523,000
1) Healthcare Provided in Military Treatment Facilities: Increases resources for the Prospective Payment System to support delivery of inpatient and outpatient care including pharmacy, increased contract requirements, equipment purchases to reflect eight-year replacement plans, Ground Forces Augmentation. Included are funding adjustment and the reversal of the VA Joint Incentive Fund contribution.	438,868	
2) In-Sourcing: Increased funding for "In-Sourcing" of civilian Full-Time-Equivalents (FTEs) to support Service conducted Wounded Ill and Injured Programs and to convert pre-determined contract FTEs to government civilian FTEs.	84,132	
9. Program Decreases		-58,058
a. Annualization of FY 2010 Program Decreases		0
b. One-Time FY 2010 Decreases		
c. Program Decreases in FY 2011		-58,058
1) Medical Supply Chain Standardization Savings: Establishes medical supply chain management by employing leading private sector processes throughout the full range of military health care operations.	-27,000	
2) Recapitalization of Military Treatment Facilities: Healthcare resources transferred to Defense-Wide MILCON to support recapitalization of medical treatment facilities.	-24,694	
3) Funding Realignment: Realigns funding from the In-House Care Budget Activity Group to Procurement and Research, Development, Test and Evaluation for advanced diagnostics and therapeutics associated with en-route care. Reduces funding due to Non-Pay, Non-Fuel Rate changes, and adjusts funding to reflect proper execution.	-6,364	
<b>FY 2011 Budget Request</b>		<b>7,781,877</b>

**Defense Health Program  
Operation and Maintenance  
Fiscal Year (FY) 2011 Budget Estimates  
In-House Care**

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

**Population by Service Obligation - World Wide**

Average Eligible Population

	FY 2009	FY 2010	FY 2011	Change FY2009/FY2010	Change FY2010/FY2011
Catchment Area					
Army	1,745,458	1,758,084	1,763,491	12,626	5,407
Coast Guard	59,772	60,025	60,332	254	307
Air Force	890,435	890,642	887,801	207	-2,841
Marine Corps	454,981	459,058	459,359	4,077	301
Navy	809,141	808,060	805,252	-1,081	-2,808
Navy Afloat	269,718	269,275	270,584	-443	1,309
Other/Unknown	<u>10,472</u>	<u>10,502</u>	<u>10,536</u>	<u>30</u>	<u>34</u>
Subtotal	4,239,975	4,255,644	4,257,353	15,669	1,709

	FY 2009	FY 2010	FY 2011	Change FY2009/FY2010	Change FY2010/FY2011
Non-Catchment Area					
Army	2,032,866	2,060,711	2,067,666	27,845	6,956
Coast Guard	140,894	142,354	143,519	1,460	1,166
Air Force	1,691,793	1,698,634	1,699,213	6,842	579
Marine Corps	285,487	288,100	288,730	2,613	630
Navy	958,524	960,898	959,456	2,374	-1,442
Navy Afloat	62,309	62,894	60,521	585	-2,374
Other/Unknown	<u>19,945</u>	<u>20,080</u>	<u>20,234</u>	<u>135</u>	<u>155</u>
Subtotal	5,191,816	5,233,669	5,239,338	41,853	5,669

**Defense Health Program  
Operation and Maintenance  
Fiscal Year (FY) 2011 Budget Estimates  
In-House Care**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Change FY2009/FY2010</b>	<b>Change FY2010/FY2011</b>
Total Eligible Population					
Army	3,778,323	3,818,794	3,831,157	40,471	12,363
Coast Guard	200,665	202,379	203,851	1,714	1,472
Air Force	2,582,228	2,589,276	2,587,014	7,048	-2,262
Marine Corps	740,468	747,157	748,088	6,689	931
Navy	1,767,665	1,768,958	1,764,708	1,293	-4,250
Navy Afloat	332,027	332,169	331,105	142	-1,065
Other/Unknown	<u>30,416</u>	<u>30,581</u>	<u>30,770</u>	<u>165</u>	<u>189</u>
Subtotal	9,431,791	9,489,313	9,496,690	57,522	7,378

Notes:

1. The data are derived from the Managed Care Forecasting and Analysis System (MCFAS) - Data Version FY2008.0.
2. The data does not include the recent addition of 22,000 Soldiers and 4,400 Sailors or their family members funded in the FY 2010 OCO Request.
3. Numbers may not sum to totals due to rounding.

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Change FY2009/FY2010</b>	<b>Change FY2010/FY2011</b>
DHP Requirements (\$000s)	26,622,754	27,600,439	29,915,277	937,685	2,354,838
Beneficiaries (000s)	9,432	9,489	9,497	57	8
MTF Prime Enrollees (000s)	3,268	3,385	3,438	117	53

**Defense Health Program  
Operation and Maintenance  
Fiscal Year (FY) 2011 Budget Estimates  
In-House Care**

<b><u>V. Personnel Summary:</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2009/ FY 2010</u></b>	<b><u>FY 2010/ FY 2011</u></b>
<b><u>Active Military End Strength (E/S) (Total)</u></b>	<b>54,303</b>	<b>56,602</b>	<b>57,286</b>	<b>2,299</b>	<b>684</b>
Officer	19,101	19,749	19,806	648	57
Enlisted	35,202	36,853	37,480	1,651	627
<b><u>Active Military Average Strength (A/S) (Total)</u></b>	<b>55,422</b>	<b>55,453</b>	<b>56,963</b>	<b>31</b>	<b>1,511</b>
Officer	19,275	19,425	19,796	150	371
Enlisted	36,147	36,028	37,167	-119	1,140
<b><u>Civilian FTEs (Total)</u></b>	<b>40,405</b>	<b>36,040</b>	<b>37,147</b>	<b>-4,365</b>	<b>1,107</b>
U.S. Direct Hire	38,818	34,380	35,486	-4,438	1,106
Foreign National Direct Hire	<u>505</u>	<u>469</u>	<u>470</u>	<u>-36</u>	<u>1</u>
Total Direct Hire	39,323	34,849	35,956	-4,474	1,107
Foreign National Indirect Hire	<u>1,082</u>	<u>1,191</u>	<u>1,191</u>	<u>109</u>	<u>0</u>
(Reimbursable Included Above - memo)	559	532	532	-27	0
Average Annual Civilian Salary (\$000)	73.531	74.435	76.221		

**VI. Out-year Summary: N/A**

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