

**Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities**

I. Description of Operations Financed: This Budget Activity Group is comprised of the Army, Navy and Air Force's Medical Headquarters and Defense Health Agency's functions supporting Military Health System world-wide patient care delivery. Funds CIVPERS, Contracts, and operations of the Army, Navy and Air Force's Medical Headquarters and Defense Health Agency's functions:

Defense Health Agency - Resources required for the Defense Health Agency's (DHA) operating costs supporting delivery of patient care world-wide for members of the Armed Forces, family members, and others entitled to DoD health care. Oversees and maintains DoD Unified Medical Program resources for all medical activities. The Defense Health Agency became the Operation of Record in FY 2015.

Management Headquarters - Resources required for the U.S. Army Medical Command, the Navy Bureau of Medicine and Surgery, the Air Force Medical Service, and the Defense Health Agency management headquarters operating costs to coordinate and oversee the provision of health care within the Military Health System.

II. Force Structure Summary:

Force Structure Summary: Management Activities includes resources necessary to support headquarters functions outlined in DoD Instruction 5100.73, Major Department of Defense Headquarters Activities. Within the Military Health System, this includes the cost of operating the acquisition, administration, audiovisual, audit, cost analysis, data automation, financial management, information and public affairs, legal and legislative affairs, logistics, management analysis, manpower and organization, personnel, and security programs at the Defense Health Agency, the U.S. Army Medical Command, the Navy Bureau of Medicine and Surgery, and the Air Force Medical Service.

Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities

III. Financial Summary (\$ in thousands)

	FY 2016	Budget	FY 2017			Current	FY 2018
			Congressional Action				
A. <u>BA Subactivities</u>	<u>Actuals</u>	<u>Request</u>	<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>	<u>Estimate</u>	<u>Estimate</u>
Defense Health Agency	171,731	133,814	0	0.0	133,814	133,814	145,748
Management Headquarters	138,500	177,566	0	0.0	177,566	177,566	185,004
Total	310,231	311,380	0	0.0	311,380	311,380	330,752

1. FY 2016 actuals include \$0K for Overseas Contingency Operations (OCO).
2. FY 2017 estimate excludes \$0K for OCO.
3. FY 2018 estimate excludes \$0K for OCO.

Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities

III. Financial Summary (\$ in thousands)

B. <u>Reconciliation Summary</u>	Change	Change
	<u>FY 2017/FY 2017</u>	<u>FY 2017/FY 2018</u>
Baseline Funding	311,380	311,380
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	311,380	
Fact-of-Life Changes (2017 to 2017 Only)		
Subtotal Baseline Funding	311,380	
Supplemental		
Reprogrammings		
Price Changes		6,347
Functional Transfers		
Program Changes		13,025
Current Estimate	311,380	330,752
Less: Wartime Supplemental		
Normalized Current Estimate	311,380	

**Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities**

III. Financial Summary (\$ in thousands)

<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2017 President's Budget Request (Amended, if applicable)		311,380
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
FY 2017 Appropriated Amount		311,380
2. OCO and Other Supplemental Enacted		
3. Fact-of-Life Changes		
FY 2017 Baseline Funding		311,380
4. Reprogrammings (Requiring 1415 Actions)		
Revised FY 2017 Estimate		311,380
5. Less: OCO and Other Supplemental Appropriations and Reprogrammings (Items 2 and 4)		
FY 2017 Normalized Current Estimate		311,380
6. Price Change		6,347
7. Functional Transfers		
8. Program Increases		31,684
a. Annualization of New FY 2017 Program		
b. One-Time FY 2018 Increases		
c. Program Growth in FY 2018		
1) Contract Funds Realigned to Management Activities: Realigns funds within the Defense Health Agency to Management Activities, Defense Health Agency program element from In-House Care to fund Health Insurance Portability and Accountability Act (HIPAA), Tricare Regional Offices, and administration and management staffing support requirements. The FY 2017 Management Activities management and professional	15,643	

**Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities**

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
support services baseline funding request is \$54,856K.		
2) Health Information Technology and Public Health Enterprise Support Activities Staff Realigned to Management Activities: Realigns Defense Health Agency funding for 79 civilian FTEs to Management Activities, Defense Health Agency program element from Information Management (72 FTEs) and Consolidated Health Support (7 FTEs) to consolidate the accounting for Health Information Technology and Public Health Enterprise Support Activities operations. The FY 2017 Management Activities civilian personnel baseline funding request is \$182,845K. The FY 2017 Management Activities baseline civilian staffing request is 1,283 FTEs and the Management Activities baseline contractor staffing request is 458 CMEs.	12,296	
3) Administration and Management Contract Support Services: Funds management analysis, audit preparation, and administrative contract support services at the Bureau of Medicine and Surgery (\$2,489K), the Defense Health Agency (\$331K) and the Air Force Medical Services (\$266K). Funds contract services in OP32 line 987, Other Intra-Government Purchases. The FY 2017 Management Activities other intra-government purchases baseline funding request is \$10,352K. The FY 2017 Management Activities baseline civilian staffing request is 1,283 FTEs and the Management	3,446	

**Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities**

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
Activities baseline contractor staffing request is 458 CMEs.		
4) Mission Travel: Realignment of travel funds within the Defense Health Agency to Management Activities, Management Headquarters program element (\$259K) from Information Management (-\$197K) and Consolidated Health Support (-\$62K) to account for Major Headquarters funding and travel requirements for Health Information Technology and Public Health Enterprise Support Activities operations. The FY 2017 Management Activities baseline travel funding request is \$9,023K.	259	
5) Travel for Patient and Family Engagement Training: Funds increase in essential mission travel requirements for the Air Force Medical Service Patient and Family Engagement (PFE) training. This training is an Air Force Medical Service Management Activities sponsored pilot. The pilot provides training for 30 participants from eight Military Treatment Facilities (MTF), including MTF leadership and PFE Coordinators. The purpose of the training is to implement standardized and innovative methods to improve access and safety through increased patient and family engagement among the MTF beneficiary population. The FY 2017 Management Activities baseline travel funding request is \$9,023K.	40	
9. Program Decreases		-18,659
a. Annualization of FY 2017 Program Decreases		
b. One-Time FY 2017 Increases		

**Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities**

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
c. Program Decreases in FY 2018		
1) 20% Management Headquarters Reduction: Continuation of the 20% reduction to the Defense Health Program (DHP) Management Headquarters in compliance with the Department of Defense July 31, 2013 memorandum, "20% Headquarters Reduction," signed by the Deputy Secretary of Defense. The reduction applies to the total Management Headquarters budget and reduces contracts (-\$12,010K) and supplies and materials (-\$72K) funding to support management headquarters. The FY 2017 Management Headquarters program element baseline funding request is \$177,566K. The FY 2017 Management Activities baseline contractor staffing request is 458 CMEs.	-12,082	
2) Reduced Requirement for Contract Services: Reduced Management and Professional Support Services (-\$1,984K), Other Services (-\$1,195K), Studies, Analysis and Evaluations (-\$311K), and Engineering and Technical Services (-\$171K) contract requirements based on best practices utilized by the Defense Health Agency, Air Force Medical Services, and Navy Bureau of Medicine and Surgery. By program element, Management Activities contract funding are reduced in the Defense Health Agency (-\$2,485K) and Management Headquarters (-\$1,176K). The FY 2017 Management Activities management and professional support services baseline funding request is \$54,856K. The FY 2017 Management Activities other services baseline funding request is \$21,651K. The FY 2017 Management	-3,661	

**Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities**

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
<p>Activities studies, analysis and evaluations baseline funding request is \$8,599K. The FY 2017 Management Activities engineering and technical services baseline funding request is \$2,363K. The FY 2017 Management Activities baseline contractor staffing request is 458 CMEs.</p>		
<p>3) 25% Major Headquarters Reduction: Continuation of the 25% Major Headquarters reduction by decreasing 18 Civilian FTEs and associated pay (-\$2,746K) from the Defense Health Agency-National Capital Region, Management Headquarters program element to implement the Secretary of Defense directed 25% Major Headquarters reduction. The FY 2017 Management Activities civilian personnel baseline funding request is \$182,845K. The FY 2017 Management Activities baseline civilian staffing request is 1,283 FTEs and the Management Activities baseline contractor staffing request is 458 CMEs.</p>	-2,746	
<p>4) Desktop to Datacenter (D2D) Infrastructure Realignment: Realigns funding from Army Medical Command's Management Activities, Management Headquarters program element, IT Contract Services (-\$156K) to the Defense Health Agency's Information Management for the Health Information Technology Directorate (HIT) Military Health System (MHS) enterprise-wide Desktop to Datacenter (D2D) infrastructure requirements. The FY 2017 Management Activities IT contract support services baseline funding request is \$3,133K.</p>	-156	

Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities

III. Financial Summary (\$ in thousands)

C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
5) Utility Services Realigned to Base Operations: Realigns funds from Management Activities, Defense Health Agency program element, Other Intra-Government Purchases (-\$14K) to Base Operations (+\$14K) to standardize accounting for budgeting and execution of all utilities in the Base Operations, Facilities Operations-Health Care program element. The FY 2017 Management Activities other intra-government purchases baseline funding request is \$10,352K.	-14	
FY 2018 Budget Request		330,752

**Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities**

IV. Performance Criteria and Evaluation Summary:

Refer to the Personnel Summary in Section V.

**Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities**

V. <u>Personnel Summary</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	Change <u>FY 2016/ FY 2017</u>	Change <u>FY 2017/ FY 2018</u>
<u>Active Military End Strength (E/S) (Total)</u>	714	931	975	217	44
Officer	550	654	676	104	22
Enlisted	164	277	299	113	22
<u>Civilian End Strength (Total)</u>	<u>1,555</u>	<u>1,289</u>	<u>1,322</u>	-266	33
U.S. Direct Hire	1,551	1,283	1,316	-268	33
Total Direct Hire	1,551	1,283	1,316	-268	33
Foreign National Indirect Hire	3	5	5	2	0
Reimbursable Civilians	1	1	1	0	0
<u>Active Military Average Strength (A/S) (Total)</u>	<u>715</u>	<u>823</u>	<u>953</u>	108	130
Officer	546	602	665	56	63
Enlisted	169	221	288	52	67
<u>Civilian FTEs (Total)</u>	<u>1,555</u>	<u>1,283</u>	<u>1,316</u>	-272	33
U.S. Direct Hire	1,551	1,277	1,310	-274	33
Total Direct Hire	1,551	1,277	1,310	-274	33
Foreign National Indirect Hire	3	5	5	2	0
Reimbursable Civilians	1	1	1	0	0
Average Annual Civilian Salary (\$ in thousands)	130.3	142.6	140.5	12.3	-2.1
<u>Contractor FTEs (Total)</u>	<u>440</u>	<u>458</u>	<u>501</u>	18	43

Narrative Explanation of changes in Military Personnel: The increase from FY 2016 to FY 2017 (+217) accounts for an under execution of the FY 2016 Military Personnel End Strength (+17), realignments from Navy Bureau of Medicine and Surgery (+157) and Air

**Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities**

Force Medical Service (+50) to DHA for Enterprise Support Activities, other internal realignments to meet emerging requirements for Navy Bureau of Medicine and Surgery (+17) and Army Medical Command (+3), and DOD directed Major Headquarters Activities reductions (-27). The increase from FY 2017 to FY 2018 (+44) includes internal realignments from other Budget Activity Groups into DHA for Enterprise Support Activities (+64), internal DHP realignments to meet emerging requirements (+27), and DOD directed Major Headquarters Activities reductions (-47).

Narrative Explanation of changes in Civilian Personnel: The decrease from FY 2016 to FY 2017 (-272) reflects manpower reductions directed by the Secretary of Defense Modernization Study and Headquarters reduction: Army Medical Command (-124), Navy Bureau of Medicine and Surgery (-39), Air Force Medical Service (-24), and the Defense Health Agency (-85). The increase from FY 2017 to FY 2018 (+33) includes manpower adjustments and internal reprogramming: The Defense Health Agency (+64), Army Medical Command (-19), Navy Bureau of Medicine and Surgery (-8), and Air Force Medical Service (-4).

Narrative Explanation of changes in Contractor FTEs: The increase from FY 2016 to 2017 (+18) accounts for Army Medical Command's management support services contracts to deploy strategy for accountability and standardization of Army medicine's core processes (+11) and the transfer of National Capital Region's Headquarters operations to the Defense Health Agency (+7). The increase from FY 2017 to 2018 (+43) accounts for the computation of the Defense Health Agency contract funding for Tricare Regional Offices, Health Insurance Portability and Accountability Act (HIPAA), and Administration and Management support.

**Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities**

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

<u>OP 32 Line</u>	<u>FY 2016</u> <u>Actuals</u>	<u>Change</u> <u>FY 2016/FY 2017</u>		<u>FY 2017</u> <u>Estimate</u>	<u>Change</u> <u>FY 2017/FY 2018</u>		<u>FY 2018</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	201,752	3,803	-23,412	182,143	3,559	-2,349	183,353
103 Wage Board	34	1	-35	0	0	563	563
106 Benefit to Fmr Employees	0	0	100	100	0	-100	0
107 Voluntary Sep Incentives	200	0	-183	17	0	183	200
121 PCS Benefits	111	0	0	111	0	-111	0
199 TOTAL CIV COMPENSATION	202,097	3,804	-23,530	182,371	3,559	-1,814	184,116
308 Travel of Persons	8,645	164	214	9,023	180	299	9,502
399 TOTAL TRAVEL	8,645	164	214	9,023	180	299	9,502
412 Navy Managed Supply, Matl	2	0	0	2	0	0	2
417 Local Purch Supplies & Mat	364	7	309	680	14	-2	692
499 TOTAL SUPPLIES & MATERIALS	366	7	309	682	14	-2	694
502 Army Fund Equipment	8	0	-8	0	0	0	0
599 TOTAL EQUIPMENT PURCHASES	8	0	-8	0	0	0	0
771 Commercial Transport	73	1	177	251	5	0	256
799 TOTAL TRANSPORTATION	73	1	177	251	5	0	256
901 Foreign National Indirect Hire (FNIH)	404	8	62	474	9	217	700
914 Purchased Communications (Non-Fund)	1	0	458	459	9	0	468
915 Rents (Non-GSA)	12	0	16	28	1	-2	27
917 Postal Services (U.S.P.S)	1	0	404	405	8	1	414
920 Supplies & Materials (Non-Fund)	4,467	85	-2,670	1,882	38	14	1,934
921 Printing & Reproduction	38	1	713	752	15	0	767
922 Equipment Maintenance By Contract	190	4	52	246	5	0	251
923 Facilities Sust, Rest, & Mod by Contract	3	0	-1	2	0	-2	0
925 Equipment Purchases (Non-Fund)	242	5	2,613	2,860	57	203	3,120
932 Mgt Prof Support Svcs	59,266	1,126	-5,536	54,856	1,097	14,294	70,247
933 Studies, Analysis & Eval	16,300	310	-8,011	8,599	172	-737	8,034

**Defense Health Program
Fiscal Year (FY) 2018 Budget Estimates
Operation and Maintenance
Management Activities**

<u>OP 32 Line</u>	<u>FY 2016</u> <u>Actuals</u>	<u>Change</u> <u>FY 2016/FY 2017</u>		<u>FY 2017</u> <u>Estimate</u>	<u>Change</u> <u>FY 2017/FY 2018</u>		<u>FY 2018</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
934 Engineering & Tech Svcs	0	0	2,363	2,363	47	-2,410	0
955 Other Costs (Medical Care)	2,772	111	8,094	10,977	428	-235	11,170
959 Other Costs (Insurance Claims/Indmnties)	14	0	-14	0	0	0	0
964 Other Costs (Subsistence and Support of Persons)	5	0	9	14	0	1	15
986 Medical Care Contracts	512	20	-532	0	0	0	0
987 Other Intra-Govt Purch	8,638	164	1,550	10,352	207	3,050	13,609
988 Grants	0	0	0	0	0	1	1
989 Other Services	4,346	83	17,222	21,651	433	150	22,234
990 IT Contract Support Services	1,831	35	1,267	3,133	63	-3	3,193
999 TOTAL OTHER PURCHASES	99,042	1,952	18,059	119,053	2,589	14,542	136,184
Total	310,231	5,928	-4,779	311,380	6,347	13,025	330,752