

**Defense Health Program  
Fiscal Year (FY) 2014 Budget Estimates  
Operation and Maintenance  
Management Activities**

**I. Description of Operations Financed:** This Budget Activity Group is comprised of Services Medical Headquarters and TRICARE Management Activity (TMA) functions supporting Military Health System (MHS) worldwide patient care delivery:

**Management Headquarters** - Resources required for the U.S. Army Medical Command, the Navy Bureau of Medicine and Surgery, the Command Surgeon's staff at Air Force Major Commands, the Joint Task Force - National Capital Region Medical (JTF CapMed) and TRICARE Management Activity personnel identified as management headquarters staff that coordinate and oversee the provision of health care within the Military Health System.

**TRICARE Management Activity** - Resources required for the operation of the TRICARE Management Activity. These operating costs support delivery of patient care worldwide for members of the Armed Forces, family members, and others entitled to DoD health care. This also includes the TRICARE Regional Offices (TROs), the Military Medical Support Office (MMSO), and the Pharmacoeconomic Center (PEC).

**Business Management Modernization Program** - The Domain structure consists of: Accounting and Finance, Strategic Planning and Budgeting, Human Resource Management, Logistics, Technical Infrastructure, Acquisition, and Installations and Environment. The Domains will perform such functions as Portfolio Management, Business Process Re-engineering, Pilot programs, and Process Coordination amongst the Domains, Services, and Agencies. The funding and responsibilities of this program in the Management Activities Budget Activity Group ended in FY 2011 and were realigned to Information Management/Information Technology Budget Activity Group beginning in FY 2012.

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**II. Force Structure Summary:**

Management Headquarters includes resources necessary to support headquarters functions outlined in DoD Directive 5100.73, Major Department of Defense Headquarters Activities. Within the MHS, this includes the cost of operating the TRICARE Management Activity, U.S. Army Medical Command, the Navy Bureau of Medicine and Surgery, the Command Surgeons' staff at Air Force Major Commands and the Joint Task Force - National Capital Region Medical (JTF CapMed).

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

	<u>FY 2013</u>							<u>FY 2014</u> <u>Estimate</u>
	<u>FY 2012</u> <u>Actual</u>	<u>Budget</u> <u>Request</u>	<u>Congressional Action</u>			<u>Current</u> <u>Estimate</u>		
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>			
<b>A. <u>BA Subactivities</u></b>								
BMMP Domain Management & Systems	0	0	0	n/a	0	0		0
Management Headquarters	125,368	140,148	0	0.0	140,148	140,148		143,885
TRICARE Management Activity	173,262	191,973	0	0.0	191,973	191,973		224,363
<b>Total</b>	<b>298,630</b>	<b>332,121</b>	<b>0</b>	<b>0.0</b>	<b>332,121</b>	<b>332,121</b>		<b>368,248</b>

1. FY 2012 actuals includes \$0.1M for Overseas Contingency Operations (OCO) under the Consolidated Appropriation Act, FY 2012 (Division A) Public Law 112-74.
2. FY 2013 current estimate excludes \$0.7M for OCO.
3. FY 2014 request excludes OCO.

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<b>B. <u>Reconciliation Summary</u></b>	<b>Change</b>	<b>Change</b>
	<b><u>FY 2013/FY 2013</u></b>	<b><u>FY 2013/FY 2014</u></b>
<b>Baseline Funding</b>	<b>332,121</b>	<b>332,121</b>
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
<b>Subtotal Appropriated Amount</b>	<b>332,121</b>	
Fact-of-Life Changes (2013 to 2013 Only)		
<b>Subtotal Baseline Funding</b>	<b>332,121</b>	
Supplemental	660	
Reprogrammings		
Price Changes		4,744
Functional Transfers		28,197
Program Changes		3,186
<b>Current Estimate</b>	<b>332,781</b>	<b>368,248</b>
Less: Wartime Supplemental	-660	
<b>Normalized Current Estimate</b>	<b>332,121</b>	

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

	<b>Amount</b>	<b>Totals</b>
<b>C. Reconciliation of Increases and Decreases</b>		
<b>FY 2013 President's Budget Request (Amended, if applicable)</b>		<b>332,121</b>
1. Congressional Adjustments		
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
<b>FY 2013 Appropriated Amount</b>		<b>332,121</b>
2. OCO and Other Supplemental Enacted		660
a. OCO and Other Supplemental Requested		
1) OCO Request	660	
3. Fact-of-Life Changes		
<b>FY 2013 Baseline Funding</b>		<b>332,781</b>
4. Reprogrammings (Requiring 1415 Actions)		
<b>Revised FY 2013 Estimate</b>		<b>332,781</b>
5. Less: OCO and Other Supplemental Appropriations and Reprogrammings (Items 2 and 4)		-660
<b>FY 2013 Normalized Current Estimate</b>		<b>332,121</b>
6. Price Change		4,744
7. Functional Transfers		28,197
a. Transfers In		
1) Warrior Care Policy Office:	28,446	
Transfers resources and personnel for Warrior Care Policy (WCP) Office from the Office of Secretary of Defense (Personnel and Readiness) to the DHP. This transfer includes seven civilians and 92 support contractors. The WCP provides oversight of the Department's Integrated Disability Evaluation System (iDES) and Wounded Warrior Care Program. FY 2013 WCP office Baseline is \$0 and +7 civilians and + 92 contractors.		

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<b>C. Reconciliation of Increases and Decreases</b>	<b>Amount</b>	<b>Totals</b>
b. Transfers Out		
1) Central Adjudication Facilities Consolidation (CAF): Transfer of resources and one civilian to Washington Headquarters Services (WHS) for implementation of the Central Adjudication Facilities Consolidation (CAF) performing security background investigations under a single DoD organization. FY 2013 Baseline is \$0 and - 1 civilian.	-132	
2) Legislative Affairs Transfer of resources and one civilian to Office of Assistant Secretary of Defense for Legislative Affairs for implementation of the consolidation of legislative affairs within the Office of Secretary of Defense (OSD) from DoD Field Activities and non- permanent organizations under OSD. FY 2013 Baseline is \$0 and -1 civilian.	-117	
8. Program Increases		7,954
a. Annualization of New FY 2013 Program		
b. One-Time FY 2014 Increases		
c. Program Growth in FY 2014		
1) Manpower - Civilian Reprogramming: Technical adjustment to realign 62 current civilian workforce FTEs to meet execution projections based on Army manpower requirements for mission and priorities. The FY 2013 civilian baseline is \$162.8 and 62 civilian FTEs (30 from BOS and 32 from IMIT).	4,998	
2) Audit Readiness: Aligns funding from Defense Financial and Accounting Service (DFAS) to perform audit readiness acceleration activities, including process review and	2,000	

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<b>C. Reconciliation of Increases and Decreases</b>	<b>Amount</b>	<b>Totals</b>
remediation, internal audit costs, financial management certification and readiness support missions. The FY 2013 audit readiness baseline is \$0 and 0 civilian FTEs.		
3) Defense Acquisition Workforce (DAW): Provides resources to sustain DAW effective management including accession, education, training, and career development of persons serving in acquisition positions in the Department of Defense.	956	
9. Program Decreases		-4,768
a. Annualization of FY 2013 Program Decreases		
b. One-Time FY 2013 Increases		
c. Program Decreases in FY 2014		
1) Travel and Printing Reductions: Reduction in non-patient travel (\$3.6M) and printing (\$0.02M) in accordance with OMB Memo M12-12 (dated 11 May 2012) and Executive Order #13589 "Promoting Efficient Spending" (dated 9 November 2011). The FY 2013 travel baseline is \$10.7M and the FY 2013 printing baseline is \$0.8M and 0 civilian FTEs.	-3,619	
2) Funding Realignments: Realignment of funds to multiple Budget Activity Groups for proper execution.	-1,149	
<b>FY 2014 Budget Request</b>		<b>368,248</b>

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IV. Performance Criteria and Evaluation Summary:

Refer to the Personnel Summary in Section V.

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<b><u>V. Personnel Summary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b>Change FY 2012/ FY 2013</b>	<b>Change FY 2013/ FY 2014</b>
<u>Active Military End Strength (E/S) (Total)</u>	<u>780</u>	<u>783</u>	<u>789</u>	<u>3</u>	<u>6</u>
Officer	569	564	570	-5	6
Enlisted	211	219	219	8	0
<u>Active Military Average Strength (A/S) (Total)</u>	<u>771</u>	<u>782</u>	<u>786</u>	<u>11</u>	<u>4</u>
Officer	560	567	567	7	0
Enlisted	211	215	219	4	4
<u>Civilian FTEs (Total)</u>	<u>1,395</u>	<u>1,537</u>	<u>1,538</u>	<u>142</u>	<u>1</u>
U.S. Direct Hire	1,390	1,532	1,533	142	1
Total Direct Hire	1,390	1,532	1,533	142	1
Foreign National Indirect Hire	5	5	5	0	0
Average Annual Civilian Salary (\$ in thousands)	115.9	117.2	118.2	1.3	1.0
<u>Contractor FTEs (Total)</u>	<u>443</u>	<u>447</u>	<u>451</u>	<u>4</u>	<u>4</u>

Narrative Explanation of changes in MILPERS (FY 2012-2014): Technical adjustment to realign/reprogram MILPERS to meet mission priorities.

Narrative Explanation of changes in Civilian FTEs (FY 2012-2014): Technical adjustment to realign workforce FTEs from the Base Operations and Communications Budget Activity Group (BAG) and Information Management BAG to the Management Activities BAG.

Narrative Explanation of changes in Contractor FTEs: Comparison to previous cycles is not

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comparable due to revised methodology used to account for actual number of contractors during this budget cycle.

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

<u>OP 32 Line</u>	<u>FY 2012</u> <u>Actual</u>	<u>Change</u> <u>FY 2012/FY 2013</u>		<u>FY 2013</u> <u>Estimate</u>	<u>Change</u> <u>FY 2013/FY 2014</u>		<u>FY 2014</u> <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
308 Travel of Persons	9,273	185	1,253	10,711	204	-3,933	6,982
<b>399 TOTAL TRAVEL</b>	<b>9,273</b>	<b>185</b>	<b>1,253</b>	<b>10,711</b>	<b>204</b>	<b>-3,933</b>	<b>6,982</b>
412 Navy Managed Supply, Matl	0	0	0	0	0	1	1
416 GSA Supplies & Materials	10	0	-10	0	0	0	0
417 Local Purch Supplies & Mat	480	10	144	634	12	-1	645
<b>499 TOTAL SUPPLIES &amp; MATERIALS</b>	<b>490</b>	<b>10</b>	<b>134</b>	<b>634</b>	<b>12</b>	<b>0</b>	<b>646</b>
601 Army Industrial Operations	455	23	-478	0	0	0	0
633 DLA Document Services	51	3	-22	32	0	1	33
634 Navy Base Support (NAVFEC)	51	6	-57	0	0	0	0
<b>699 TOTAL DWCF PURCHASES</b>	<b>557</b>	<b>32</b>	<b>-557</b>	<b>32</b>	<b>0</b>	<b>1</b>	<b>33</b>
771 Commercial Transport	13	0	220	233	4	0	237
<b>799 TOTAL TRANSPORTATION</b>	<b>13</b>	<b>0</b>	<b>220</b>	<b>233</b>	<b>4</b>	<b>0</b>	<b>237</b>
9xx Civ Pay Reimburs Host	161,035	388	18,070	179,493	1,571	-2	181,062
901 Foreign National Indirect Hire (FNIH)	484	1	0	485	4	0	489
902 Separation Liab (FNIH)	225	1	-51	175	2	-2	175
913 Purchased Utilities (Non-Fund)	6	0	1	7	0	0	7
914 Purchased Communications (Non-Fund)	13	0	1,219	1,232	23	301	1,556
915 Rents (Non-GSA)	0	0	29	29	1	-1	29
917 Postal Services (U.S.P.S)	1	0	374	375	7	2	384
920 Supplies & Materials (Non-Fund)	5,248	105	11,561	16,914	321	-144	17,091
921 Printing & Reproduction	51	1	710	762	14	-12	764
922 Equipment Maintenance By Contract	21	0	391	412	8	1	421
923 Facilities Sust, Rest, & Mod by Contract	0	0	2	2	0	-1	1
925 Equipment Purchases (Non-Fund)	1,148	23	1,752	2,923	56	-90	2,889
932 Mgt Prof Support Svcs	64,479	1,290	-21,854	43,915	834	3,175	47,924
933 Studies, Analysis & Eval	6,542	131	-570	6,103	116	608	6,827

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<u>OP 32 Line</u>	FY 2012 <u>Actual</u>	Change <u>FY 2012/FY 2013</u>		FY 2013 <u>Estimate</u>	Change <u>FY 2013/FY 2014</u>		FY 2014 <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
934 Engineering & Tech Svcs	3,025	61	-2,896	190	4	1	195
955 Other Costs (Medical Care)	0	0	13,513	13,513	527	-1,323	12,717
960 Other Costs (Interest and Dividends)	9	0	-8	1	0	-1	0
964 Other Costs (Subsistence and Support of Persons)	1	0	12	13	0	1	14
986 Medical Care Contracts	117	5	431	553	22	-568	7
987 Other Intra-Govt Purch	9,114	182	12,652	21,948	417	1,218	23,583
988 Grants	229	5	-217	17	0	0	17
989 Other Services	33,988	680	-27,717	6,951	132	34,631	41,714
990 IT Contract Support Services	2,561	51	21,886	24,498	465	-2,479	22,484
<b>999 TOTAL OTHER PURCHASES</b>	<b>288,297</b>	<b>2,924</b>	<b>29,290</b>	<b>320,511</b>	<b>4,524</b>	<b>35,315</b>	<b>360,350</b>
<b>Total</b>	<b>298,630</b>	<b>3,151</b>	<b>30,340</b>	<b>332,121</b>	<b>4,744</b>	<b>31,383</b>	<b>368,248</b>