

**Defense Health Program  
Fiscal Year (FY) 2016 Budget Estimates  
Operation and Maintenance  
In-House Care**

**I. Description of Operations Financed:** This Budget Activity Group provides 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, Hospitals and Clinics** - Resources medical care in CONUS and OCONUS facilities which are staffed and equipped to provide inpatient and outpatient care for both surgical and medical 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.

**II. Force Structure Summary:**

The In-House Care Budget Activity Group includes staffing to provide medical and dental care in military facilities which provide the full range 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 for TRICARE Regional Offices, deployable medical and dental units and health care resources devoted exclusively to teaching.

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

	FY 2015						
	FY 2014	Budget	Congressional Action			Current	FY 2016
			<u>Actual</u>	<u>Request</u>	<u>Amount</u>		
<b>A. BA Subactivities</b>							
1. MEDCENS, Hospitals & Clinics (CONUS)	6,136,439	6,111,692	-107,131	-1.8	6,004,561	6,004,561	6,442,816
2. MEDCENS, Hospitals & Clinics (OCONUS)	427,103	472,527	0	0.0	472,527	472,527	503,688
3. Pharmaceuticals (CONUS)	1,392,576	1,527,596	-26,715	-1.8	1,500,881	1,500,881	1,480,323
4. Pharmaceuticals (OCONUS)	119,662	142,889	0	0.0	142,889	142,889	132,683
5. Dental Care (CONUS)	428,553	481,951	0	0.0	481,951	481,951	461,647
6. Dental Care (OCONUS)	46,906	62,431	0	0.0	62,431	62,431	61,141
<b>Total</b>	<b>8,551,239</b>	<b>8,799,086</b>	<b>-133,846</b>	<b>-1.5</b>	<b>8,665,240</b>	<b>8,665,240</b>	<b>9,082,298</b>

1. FY 2014 actuals include \$352.2M for Overseas Contingency Operations (OCO).
2. FY 2014 does not reflect Department of Defense (DoD) Medicare-Eligible Retiree Health Care Fund (MERHCF) of \$1,361.3M (O&M only).
3. FY 2014 Omnibus Reprogramming -\$255.0M (In-House Care, Base) to Procurement, and -\$14.9M (In-House Care, OCO) to DoD. Total Omnibus Reprogramming from the In-House Care Budget Activity Group was -\$269.9M.
4. FY 2015 estimate excludes \$65.9M for OCO.
5. FY 2015 does not reflect DoD MERHCF of \$1,400.7M (O&M only).
6. FY 2016 request excludes OCO.
7. FY 2016 does not reflect DoD MERHCF of \$1,444.0M (O&M only).

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<b>B. <u>Reconciliation Summary</u></b>	<b>Change</b>	<b>Change</b>
	<b><u>FY 2015/FY 2015</u></b>	<b><u>FY 2015/FY 2016</u></b>
<b>Baseline Funding</b>	<b>8,799,086</b>	<b>8,665,240</b>
Congressional Adjustments (Distributed)	-118,116	
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)	-15,730	
<b>Subtotal Appropriated Amount</b>	<b>8,665,240</b>	
Fact-of-Life Changes (2015 to 2015 Only)		
<b>Subtotal Baseline Funding</b>	<b>8,665,240</b>	
Supplemental	65,902	
Reprogrammings		
Price Changes		203,667
Functional Transfers		-818
Program Changes		214,209
<b>Current Estimate</b>	<b>8,731,142</b>	<b>9,082,298</b>
Less: Wartime Supplemental	-65,902	
<b>Normalized Current Estimate</b>	<b>8,665,240</b>	

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<u>C. Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
<b>FY 2015 President's Budget Request (Amended, if applicable)</b>		<b>8,799,086</b>
1. Congressional Adjustments		-133,846
a. Distributed Adjustments		
1) One-Time Congressional Increase for SOCOM Behavioral Health.	14,800	
2) One-Time Congressional Increase for CVN-73 Refueling and Remodeling.	880	
3) One-Time Congressional Decrease for Army Identified Excess.	-76,000	
4) One-Time Congressional Decrease for Benefit Reform Proposal (Consolidation of TRICARE Prime).	-30,000	
5) One-Time Congressional Decrease for Pharmacy Benefit Reform Proposal.	-26,715	
6) One-Time Congressional Decrease for NICOE Satellite Overstated Growth.	-704	
7) One-Time Congressional Decrease for FECA Expense Transfer not properly accounted for.	-377	
b. Undistributed Adjustments		
c. Adjustments to Meet Congressional Intent		
d. General Provisions		
1) Section 8080 - Decrease for Favorable Foreign Currency Exchange Rates.	-15,730	
<b>FY 2015 Appropriated Amount</b>		<b>8,665,240</b>
2. OCO and Other Supplemental Enacted		65,902
a. OCO and Other Supplemental Requested		
1) OCO	65,902	
3. Fact-of-Life Changes		
<b>FY 2015 Baseline Funding</b>		<b>8,731,142</b>
4. Reprogrammings (Requiring 1415 Actions)		
<b>Revised FY 2015 Estimate</b>		<b>8,731,142</b>

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5. Less: OCO and Other Supplemental Appropriations and Reprogrammings (Items 2 and 4)		-65,902
<b>FY 2015 Normalized Current Estimate</b>		<b>8,665,240</b>
6. Price Change		203,667
7. Functional Transfers		-818
a. Transfers In		
b. Transfers Out		
1) Transfer of Advanced Life Support Services (ALS) from Naval Hospital (NH) Lemoore to Commander, Navy Region Southwest (CNRSW) Fire and Emergency Services (F&ES): Transfers funding from the Defense Health Program to Navy for provision of ALS Services. Naval Air Station Lemoore F&ES, organized as part of the CNRSW F&ES, will provide ALS ambulance services to areas previously covered by the ALS contract service provided by NH Lemoore. The action ensures continuation of required capabilities while eliminating duplication of effort and providing more efficient use of resources.	-818	
8. Program Increases		385,273
a. Annualization of New FY 2015 Program		
b. One-Time FY 2016 Increases		
1) Reversal of FY 2015 One-Time Congressional Decrease (Army Identified Excess).	77,748	
2) Reversal of FY 2015 One-Time Congressional Decrease (Benefit Reform - Consolidation of TRICARE Prime).	30,690	
3) Reversal of FY 2015 One-Time Congressional Decrease (Pharmacy Benefit Reform).	27,329	
4) Reversal of FY 2015 General Provisions (Section 8080 - Favorable Foreign Currency Exchange Rates).	16,092	

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5) Reversal of FY 2015 One-Time Congressional Decrease (NICOE Satellite Overstated Growth).	720	
6) Reversal of FY 2015 One-Time Congressional Decrease (FECA Expense Transfer-- Not Properly Accounted For).	386	
c. Program Growth in FY 2016		
1) Equipment - Air Force Medical Service (AFMS): Internal funding realignment by the AFMS from pharmacy to equipment to improve the organization's life-cycle replacement rate. The FY 2015 In-House Care equipment baseline funding is \$334.1M.	45,659	
2) FY 2015 Health Benefit Reform - Refills of Maintenance Medications Through Military Treatment Facility (MTF) Pharmacies or National Mail-Order Pharmacy Program: Provides additional pharmacy funds for projected increased demand within the MTF pharmacies based on a policy change outlined in the FY 2015 National Defense Authorization Act, Section 702 which requires eligible beneficiaries to refill non-generic prescription maintenance medications through MTF pharmacies (In-House Care Budget Activity Group) or the National Mail-Order Pharmacy Program (Private Sector Care Budget Activity Group). The FY 2015 In-House Care pharmacy baseline funding is \$1,643.8M.	36,490	
3) FY 2016 Health Benefit Reform - Pharmacy Co-Pays: Provides additional pharmacy funds for projected increased demand within the MTF pharmacies due to an expected shift in beneficiaries' preference for MTF pharmacies as a result of proposed legislation increasing retail pharmacy co-pays. The FY 2015 In-	30,528	

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House Care pharmacy baseline funding is \$1,643.8M.		
4) FY 2016 Health Benefit Reform - Consolidated Health Plan Proposal: Start-up costs to consolidate the TRICARE health plan into a single plan to replace the current TRICARE Prime, Standard and Extra health insurance-like plans. This new plan will allow for better management of healthcare by building a shared commitment with our beneficiaries by providing greater choice and flexibility in their healthcare benefit. The FY 2015 In-House Care Continental United States (CONUS) Medical Care baseline funding is \$6,004.6M. The FY 2015 In-House Care baseline staffing is 48,874 civilian FTEs and 13,678 contractors.	29,719	
5) Healthcare Services - Air Force Medical Service (AFMS): Realigns funding from the IM/IT and Education and Training Budget Activity Groups to purchase approximately 180 contract providers and support staff to enable the AFMS to maintain services at Military Treatment Facilities, thereby mitigating the impact of patients seeking care in the private sector. The FY 2015 Air Force In-House Care baseline funding is \$1,433.8M. The FY 2015 Air Force In-House Care baseline staffing is 4,925 civilian FTEs and 2,875 contractors.	18,618	
6) Clinical Pharmacists and Telehealth Services: Realigns funding from the Consolidated Health Support Budget Activity Group to the In-House Care Budget Activity Group for contract clinical pharmacists and	17,250	

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<b>C. <u>Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
equipment to enhance the capability to more efficiently provide telehealth consultations over a greater geographic area. The FY 2015 Army In-House Care baseline funding is \$4,356.9M. The FY 2015 Army In-House Care baseline staffing is 32,343 civilian FTEs and 4,945 contractors.		
7) Increased Supply Requirements - Air Force Medical Service (AFMS): Provides additional funding for supplies to match the level required to support healthcare services based on an AFMS reconciliation of budget requirements against actual execution. The FY 2015 Air Force In-House Care supplies baseline funding is \$39.7M.	17,167	
8) One More Civilian Paid Day: Adjusts civilian payroll for one additional pay day in FY 2016. The FY 2015 In-House Care civilian pay baseline funding is \$4,138.4M. The FY 2015 In-House Care baseline staffing is 48,874 civilian FTEs.	16,090	
9) Travel: This funding is for emerging world-wide healthcare support requirements, continuing education for clinical currency of DoD mission, and Military Health System staff credentialing requirements. The FY 2015 In-House Care travel baseline funding is \$64.5M.	8,613	
10) Initial Outfitting and Transition (IO&T): Incremental funding to support IO&T requirements for programmed projects such as the Pope Dental Clinic Repair at Fort Bragg, NC; Clinic Modernization at Minot Air Force Base, ND; Restoration of Pharmacies at Naval Hospital, Bremerton, WA; Dental/Medical	7,619	

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**C. Reconciliation of Increases and Decreases**

**Amount**

**Totals**

Clinic Replacement at Spandahlem Air Base, Germany; Labor & Delivery Modernization at Eglin Air Force Base, FL; and Patient Centered Medical Home Reconfiguration at Fort Benning, GA. The FY 2015 In-House Care IO&T baseline funding is \$220.0M.

11) Tri-Service Workflow (TSWF) and Content Advisory Group (CAG): 4,555

Funds expansion of ongoing TSWF and CAG efforts to standardize the provision of quality health care services and the associated electronic clinical documentation through standardized electronic patient documentation templates. These standardized templates simultaneously enhance provider efficiency and patient safety by influencing provider workflow, while standardizing the clinical notes to facilitate continuity of care. By directing patient care through evidence based guidelines, the templates advocate for appropriate patient care and result in a cost avoidance to the Military Health System. Clinical teams in the outpatient setting utilizing these templates have shown better clinical results in mental health, MRIs, heart attack and stroke, reducing unnecessary hospitalization, procedures and improving patient compliance resulting in significant cost avoidance. The FY 2015 Continental United States (CONUS) Medical Care baseline funding is \$6,004.6M. The FY 2015 In-House Care baseline staffing is 48,874 civilian FTEs and 13,678 contractors.

9. Program Decreases

-171,064

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<b>C. <u>Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
a. Annualization of FY 2015 Program Decreases		
b. One-Time FY 2015 Increases		
1) Reversal of FY 2015 One-Time Congressional Increase (SOCOM Behavioral Health).	-15,140	
2) Reversal of FY 2015 One-Time Congressional Increase (CVN-73 Refueling and Remodeling).	-900	
c. Program Decreases in FY 2016		
1) Pharmacy Realignment - Air Force Medical Service (AFMS):	-99,687	
Internal realignments by the AFMS within the In-House Care Budget Activity Group from pharmacy to equipment and medical care contracts in support of direct patient care. The FY 2015 Air Force In-House Care pharmacy baseline funding is \$532.9M.		
2) Defense Health Agency Shared Services' Savings - Pharmacy and Medical Logistics (MEDLOG):	-21,012	
Savings of \$11.8M due to the Pharmacy Shared Service (from centralized drug purchasing rules, formulary management, suspending coverage of newly approved FDA drugs and centralization of pharmacy automation contracts); and \$9.2M in savings due to the MEDLOG Shared Service (from a focus on Supply Management, Equipment Management and MEDLOG Services). The consolidation of like services across the Military Health System will produce savings by reducing redundancies and consolidating key functional and business support areas. The FY 2015 Defense Health Program In-House Care baseline funding is \$6,477.1M. The FY 2015 In-House Care baseline staffing is 48,874 civilian FTEs and 13,678		

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contractors.		
3) Support Operation of Defense Health Agency Shared Service - Health Information Technology (HIT): Realigns funding to the IM/IT Budget Activity Group in support of the organization of HIT. Funding is realigned for supplies, travel and contract support related to Information Management that transitions from the Components to the Defense Health Agency to enable the Shared Service to achieve the planned cost reductions. The FY 2015 In-House Care baseline funding is \$6,477.1M. The FY 2015 In-House Care baseline staffing is 48,874 civilian FTEs and 13,678 contractors.	-17,799	
4) Temporary Disability Retirement List (TDRL): Realigns funding to the Consolidated Health Support Budget Activity Group to expedite service member medical status determinations for those members that have been placed on the TDRL due to a long-lasting or permanent change from a wound, illness or injury by reducing the cycle time of the two evaluation boards reviewing a Service member's case file documentation. A Medical Evaluation Board (MEB) will review the Service member's record to decide if he/she meets medical retention standards. After the MEB, a Physical Evaluation Board will be convened to determine the Service member's disposition—return to duty, separation or retirement, either permanent or temporary. The FY 2015 In-House Care baseline funding is \$6,477.1M. The FY 2015 In-House Care baseline staffing is 48,874 civilian FTEs and 13,678	-7,521	

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contractors.		
5) Traumatic Brain Injury/Psychological Health (TBI/PH) and Wounded, Ill and Injured (WII): Resource requirements have decreased for the TBI/PH and WII programs. Current data shows the number of redeployments have dropped by 26% with a corresponding decrease in associated workload. The FY 2015 In-House Care baseline funding is \$6,477.1M. The FY 2015 In-House Care baseline staffing is 48,874 civilian FTEs and 13,678 contractors.	-6,290	
6) Civilian Human Resources Service Center (CHRSC): Realigns funding from Navy's - Defense Health Program (Bureau of Medicine and Surgery) In-House Care Budget Activity Group to the Defense Health Agency - National Capital Region Medical Directorate's Base Operations/Communications Budget Activity Group in support of the CHRSC. The FY 2015 Continental United States (CONUS) Medical Care baseline funding is \$6,004.6M. The FY 2015 In-House Care baseline staffing is 48,874 civilian FTEs and 13,678 contractors.	-1,600	
7) 20% Headquarters Reduction: Continuation of incremental 20% reduction to Defense Health Program headquarters in compliance with the Department of Defense July 31, 2013 memorandum, "20% Headquarters Reduction," signed by the Deputy Secretary of Defense. For the In-House Care Budget Activity Group, the reductions are primarily in contract personnel. The FY 2015 Continental United States (CONUS) Medical Care baseline funding is	-1,007	

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<p>\$6,004.6M. The FY 2015 In-House Care baseline staffing is 48,874 civilian FTEs and 13,678 contractors.</p> <p>8) Support Operation of Defense Health Agency Shared Service - Medical Logistics (MEDLOG):  Realigns funding to the Consolidated Health Support Budget Activity Group in support of the MEDLOG Shared Service. Funding is realigned to support the transition of one civilian FTE to the Shared Service. The FY 2015 In-House Care baseline funding is \$6,477.1M. The FY 2015 In-House Care baseline staffing is 48,874 civilian FTEs and 13,678 contractors.</p>	-108	
<b>FY 2016 Budget Request</b>		<b>9,082,298</b>

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

Population by Service - World Wide\*

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Change</u> <u>FY</u> <u>2014/2015</u>	<u>Change</u> <u>FY</u> <u>2015/2016</u>
Average Eligible Population					
Catchment Area					
Army	1,839,785	1,753,268	1,717,596	-86,517	-35,672
Coast Guard	67,821	66,328	65,795	-1,493	-533
Air Force	891,788	855,272	858,520	-36,516	3,248
Marine Corps	442,367	431,459	429,337	-10,908	-2,122
Navy	855,098	822,092	828,555	-33,006	6,463
Navy Afloat	253,485	250,473	254,677	-3,012	4,204
Other/Unknown	<u>20,924</u>	<u>28,356</u>	<u>30,154</u>	<u>7,432</u>	<u>1,798</u>
Subtotal	4,371,268	4,207,248	4,184,634	-164,020	-22,614

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

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Change FY 2014/2015</u>	<u>Change FY 2015/2016</u>
Non-Catchment Area					
Army	2,028,198	1,972,396	1,968,613	-55,802	-3,783
Coast Guard	145,281	142,140	141,321	-3,141	-819
Air Force	1,710,269	1,661,999	1,670,693	-48,270	8,694
Marine Corps	301,218	290,426	290,338	-10,792	-88
Navy	893,654	864,168	869,017	-29,486	4,849
Navy Afloat	53,185	52,590	53,443	-595	853
Other/Unknown	<u>31,406</u>	<u>38,986</u>	<u>40,878</u>	<u>7,580</u>	<u>1,892</u>
Subtotal	5,163,211	5,022,705	5,034,303	-140,506	11,598

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	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Change FY 2014/2015</u>	<u>Change FY 2015/2016</u>
Total Average Eligible Population					
Army	3,867,983	3,725,664	3,686,209	-142,319	-39,455
Coast Guard	213,102	208,468	207,116	-4,634	-1,352
Air Force	2,602,057	2,517,271	2,529,213	-84,786	11,942
Marine Corps	743,585	721,885	719,675	-21,700	-2,210
Navy	1,748,752	1,686,260	1,697,572	-62,492	11,312
Navy Afloat	306,670	303,063	308,120	-3,607	5,057
Other/Unknown	<u>52,330</u>	<u>67,342</u>	<u>71,032</u>	<u>15,012</u>	<u>3,690</u>
Total	9,534,479	9,229,953	9,218,937	-304,526	-11,016
*Note: The data are derived from DEERS (December 2014). Numbers may not sum to totals due to rounding.					
DHP Requirements (in millions of dollars)	30,219.2	30,012.0	30,889.9	-207	878
Beneficiaries (000's)	9,534	9,230	9,219	-304	-11
Enrollees (000's)	3,231	3,390	3,429	159	39

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

Direct Care System Workload*	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Change FY 2014/2015</u>	<u>Change FY 2015/2016</u>
Inpatient Admissions, Non-Weighted (SIDR Dispositions-All)	258,261	244,900	247,084	-13,361	2,185
Inpatient Admissions, Weighted (MS-DRG RWPs, Non Mental Health)	207,956	215,050	217,067	7,094	2,018
Inpatient Admissions, Occupied Bed Days (Mental Health Only)	87,259	89,297	91,795	2,038	2,498
Average length of Stay (All Bed Days/ All Dispositions-All Diagnosis)	3.15	3.03	3.07	-0.12	0.04
Ambulatory Visits, Non-Weighted (Encounters, CAPER)	38,188,888	39,099,293	39,573,218	910,405	473,925
Ambulatory Visits, Weighted (Adj Provider Aggregate RVUs, CAPER)	80,074,777	84,396,247	85,369,983	4,321,471	973,736
Ambulatory Procedures, Weighted (Aggregate Weight APCs, CAPER)	11,006,494	10,548,774	10,607,991	-457,721	59,217
Pharmacy (Number of Prescriptions Filled)	47,471,897	47,726,048	47,648,773	254,151	-77,275

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Dental Workload (Dental Weighted Values  
(DWVs) \*

				<b>Change</b>	<b>Change</b>
	<u><b>FY 2014</b></u>	<u><b>FY 2015</b></u>	<u><b>FY 2016</b></u>	<u><b>FY</b></u>	<u><b>FY</b></u>
				<u><b>2014/2015</b></u>	<u><b>2015/2016</b></u>
CONUS	12,218,127	13,740,506	13,162,030	1,522,379	-578,476
OCONUS	<u>2,932,028</u>	<u>3,902,529</u>	<u>3,821,746</u>	<u>970,501</u>	<u>-80,783</u>
Total DWVs	15,150,155	17,643,035	16,983,776	2,492,880	-659,259
CONUS					
Active Duty	9,685,520	10,892,336	10,433,768	1,206,816	-458,568
Non-Active Duty	<u>2,532,607</u>	<u>2,848,170</u>	<u>2,728,262</u>	<u>315,563</u>	<u>-119,908</u>
Total CONUS	12,218,127	13,740,506	13,162,030	1,522,379	-578,476
OCONUS					
Active Duty	2,015,363	2,682,448	2,626,921	667,085	-55,527
Non-Active Duty	<u>916,665</u>	<u>1,220,081</u>	<u>1,194,825</u>	<u>303,416</u>	<u>-25,256</u>
Total OCONUS	2,932,028	3,902,529	3,821,746	970,501	-80,783

\*Note: (1) FY 2014 Direct Care Workload data are from M2 and FY 2015-2016 data are from Service Business Plans; (2) Dental Workload data provided by Service Dental Treatment Commands.

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<b>V. <u>Personnel Summary</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>Change FY 2014/ FY 2015</u></b>	<b><u>Change FY 2015/ FY 2016</u></b>
<u>Active Military End Strength (E/S) (Total)</u>	46,705	46,028	45,674	-677	-354
Officer	17,042	16,889	16,765	-153	-124
Enlisted	29,663	29,139	28,909	-524	-230
<u>Active Military Average Strength (A/S) (Total)</u>	46,546	46,367	45,851	-179	-516
Officer	17,016	16,966	16,827	-50	-139
Enlisted	29,530	29,401	29,024	-129	-377
<u>Civilian FTEs (Total)</u>	43,588	48,874	48,059	5,286	-815
U.S. Direct Hire	42,190	47,225	46,396	5,035	-829
Foreign National Direct Hire	573	609	609	36	0
Total Direct Hire	42,763	47,834	47,005	5,071	-829
Foreign National Indirect Hire	825	1,040	1,054	215	14
Memo: Reimbursable Civilians Included	103	207	207	104	0
Average Annual Civilian Salary (\$ in thousands)	85.1	86.3	87.3	1.2	1.0
<u>Contractor FTEs (Total)</u>	13,453	13,678	13,105	225	-573

Explanation of changes in Active Military End Strength: The change from FY 2014 to FY 2015 (-677) includes Army internal reprogrammings (-70) and Navy reductions (-315) and Air Force reductions (-292) to meet requirements of the Budget Control Act. The change from FY 2015 to FY 2016 (-354) includes Army internal realignments (-6), Navy internal realignments (-6) and Air Force reductions (-342) to meet requirements of the Budget Control Act.

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Explanation of changes in Civilian FTEs: FY 2014-2015 change is not an increase in staffing, but a reflection of the FY 2014 Actuals executing at a lower level than what was programmed due to the impacts of Sequestration in FY 2013 followed by a furlough and Continuing Resolution in FY 2014. FY 2015-2016 decrease reflects actions from a civilian workforce analysis based on Department of Defense guidance to shape a properly sized and highly capable workforce.

Explanation of changes in Contractor FTEs: FY 2014-2015 change is not an increase in contractors, but similar to the civilians, a reflection of the FY 2014 Actuals executing at a lower level. FY 2015-2016 decrease reflects efforts to become more efficient in the reliance on contractor support via consolidation of requirements.

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

<u>OP 32 Line</u>	<u>FY 2014</u>	<u>Foreign</u>	<u>Change</u>		<u>FY 2015</u>	<u>Foreign</u>	<u>Change</u>		<u>FY 2016</u>
	<u>Actual</u>	<u>Currency</u>	<u>FY 2014/FY 2015</u>		<u>Estimate</u>	<u>Currency</u>	<u>FY 2015/FY 2016</u>		<u>Estimate</u>
		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds	3,659,211	0	36,593	442,570	4,138,374	0	50,695	-74,473	4,114,596
<b>199 TOTAL CIV COMPENSATION</b>	<b>3,659,211</b>	<b>0</b>	<b>36,593</b>	<b>442,570</b>	<b>4,138,374</b>	<b>0</b>	<b>50,695</b>	<b>-74,473</b>	<b>4,114,596</b>
308 Travel of Persons	58,750	0	1,057	4,643	64,450	60	1,097	8,613	74,220
<b>399 TOTAL TRAVEL</b>	<b>58,750</b>	<b>0</b>	<b>1,057</b>	<b>4,643</b>	<b>64,450</b>	<b>60</b>	<b>1,097</b>	<b>8,613</b>	<b>74,220</b>
401 DLA Energy (Fuel Products)	393	0	9	-82	320	0	-23	49	346
402 Service Fund Fuel	3	0	0	33	36	0	-3	-24	9
411 Army Supply	0	0	0	5,047	5,047	0	129	-5,176	0
412 Navy Managed Supply, Matl	588	0	7	-7	588	0	20	-8	600
416 GSA Supplies & Materials	7,373	0	133	482	7,988	188	139	-138	8,177
417 Local Purch Supplies & Mat	9,261	0	166	39,396	48,823	0	830	175	49,828
422 DLA Mat Supply Chain (Medical)	18,837	0	-75	214	18,976	0	76	289	19,341
<b>499 TOTAL SUPPLIES &amp; MATERIALS</b>	<b>36,455</b>	<b>0</b>	<b>240</b>	<b>45,083</b>	<b>81,778</b>	<b>188</b>	<b>1,168</b>	<b>-4,833</b>	<b>78,301</b>
502 Army Fund Equipment	4,984	0	63	-4,487	560	0	0	10	570
503 Navy Fund Equipment	2,008	0	24	-1,833	199	0	0	4	203
505 Air Force Fund Equip	53,473	0	0	-12,521	40,952	0	0	788	41,740
506 DLA Mat Supply Chain (Const & Equip)	9,196	0	64	-5,658	3,602	0	36	-3,436	202
507 GSA Managed Equipment	2,709	0	49	7,502	10,260	0	174	-1,475	8,959
<b>599 TOTAL EQUIPMENT PURCHASES</b>	<b>72,370</b>	<b>0</b>	<b>200</b>	<b>-16,997</b>	<b>55,573</b>	<b>0</b>	<b>210</b>	<b>-4,109</b>	<b>51,674</b>

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OP 32 Line	FY 2014	Foreign	Change		FY 2015	Foreign	Change		FY 2016
	<u>Actual</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>
601 Army Industrial Operations	175	0	5	-180	0	0	0	0	0
611 Navy Surface Warfare Ctr	0	0	0	812	812	0	12	4	828
633 DLA Document Services	1,046	0	59	654	1,759	0	-38	71	1,792
677 DISA Telecomm Svcs - Reimbursable	206	0	16	-157	65	0	1	0	66
696 DFAS Financial Operation (Other Defense Agencies)	3,041	0	54	-3,095	0	0	0	0	0
<b>699 TOTAL DWCF PURCHASES</b>	<b>4,468</b>	<b>0</b>	<b>134</b>	<b>-1,966</b>	<b>2,636</b>	<b>0</b>	<b>-25</b>	<b>75</b>	<b>2,686</b>
706 AMC Channel Passenger	117	0	2	-119	0	0	0	0	0
719 SDDC Cargo Ops-Port hndlg	2	0	0	15	17	0	7	-4	20
771 Commercial Transport	6,165	0	111	715	6,991	0	119	13	7,123
<b>799 TOTAL TRANSPORTATION</b>	<b>6,284</b>	<b>0</b>	<b>113</b>	<b>611</b>	<b>7,008</b>	<b>0</b>	<b>126</b>	<b>9</b>	<b>7,143</b>
901 Foreign National Indirect Hire (FNIH)	39,434	0	395	18,173	58,002	0	711	1,165	59,878
902 Separation Liab (FNIH)	3,013	0	30	-30	3,013	0	37	-37	3,013
912 Rental Payments to GSA (SLUC)	820	0	15	-807	28	0	0	1	29
913 Purchased Utilities (Non-Fund)	1,770	0	32	7,438	9,240	0	157	62	9,459
914 Purchased Communications (Non-Fund)	1,852	0	33	4,137	6,022	0	102	9	6,133
915 Rents (Non-GSA)	12,733	0	229	4,975	17,937	0	305	2,190	20,432

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OP 32 Line	FY 2014	Foreign	Change		FY 2015	Foreign	Change		FY 2016
	<u>Actual</u>	Currency	<u>FY 2014/FY 2015</u>		<u>Estimate</u>	Currency	<u>FY 2015/FY 2016</u>		<u>Estimate</u>
		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	
917 Postal Services (U.S.P.S)	1,084	0	19	-328	775	0	13	3	791
920 Supplies & Materials (Non-Fund)	762,752	0	28,222	-351,935	439,039	233	16,253	55,318	510,843
921 Printing & Reproduction	6,074	0	110	2,961	9,145	0	155	-117	9,183
922 Equipment Maintenance By Contract	155,208	0	2,794	-36,361	121,641	0	2,068	12,824	136,533
923 Facilities Sust, Rest, & Mod by Contract	175,510	0	3,159	-40,195	138,474	0	2,354	371	141,199
924 Pharmaceutical Drugs	1,512,238	0	55,953	75,579	1,643,770	0	60,819	-91,583	1,613,006
925 Equipment Purchases (Non-Fund)	364,960	0	13,503	-100,208	278,255	49	10,297	40,870	329,471
930 Other Depot Maintenance (Non-Fund)	10	0	0	-10	0	0	0	0	0
932 Mgt Prof Support Svcs	8,437	0	152	2,317	10,906	0	185	-1,812	9,279
933 Studies, Analysis & Eval	7,481	0	135	13,013	20,629	0	351	6,465	27,445
934 Engineering & Tech Svcs	676	0	12	-688	0	0	0	0	0
937 Locally Purchased Fuel (Non-Fund)	70	0	2	285	357	0	-26	60	391
955 Other Costs (Medical Care)	252,944	0	9,359	-53,498	208,805	1,568	7,784	90,016	308,173
960 Other Costs (Interest and Dividends)	947	0	17	-964	0	0	0	0	0
964 Other Costs (Subsistence and Support of	4,220	0	76	-2,081	2,215	0	38	6	2,259

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<u>OP 32 Line</u>	FY 2014	Foreign	Change		FY 2015	Foreign	Change		FY 2016
	<u>Actual</u>	Currency	<u>FY 2014/FY 2015</u>		<u>Estimate</u>	Currency	<u>FY 2015/FY 2016</u>		<u>Estimate</u>
		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>		<u>Rate Diff</u>	<u>Price</u>	<u>Program</u>	
Persons)									
986 Medical Care Contracts	1,097,159	0	40,594	-69,523	1,068,230	2,135	39,604	135,617	1,245,586
987 Other Intra-Govt Purch	96,052	0	1,729	-24,721	73,060	0	1,242	570	74,872
988 Grants	2,584	0	47	-2,631	0	0	0	0	0
989 Other Services	174,631	0	3,144	4,381	182,156	211	3,100	30,755	216,222
990 IT Contract Support Services	31,042	0	559	-7,879	23,722	0	403	5,356	29,481
<b>999 TOTAL OTHER PURCHASES</b>	<b>4,713,701</b>	<b>0</b>	<b>160,320</b>	<b>-558,600</b>	<b>4,315,421</b>	<b>4,196</b>	<b>145,952</b>	<b>288,109</b>	<b>4,753,678</b>
<b>Total</b>	<b>8,551,239</b>	<b>0</b>	<b>198,657</b>	<b>-84,656</b>	<b>8,665,240</b>	<b>4,444</b>	<b>199,223</b>	<b>213,391</b>	<b>9,082,298</b>