

**Defense Health Program
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2022 Budget Estimates
Management Activities OP-5 Exhibit**

I. Description of Operations Financed:

This Budget Activity Group is comprised of the Army, Navy, Air Force and Defense Health Agency's Medical Headquarters; and the Defense Health Agency's functions supporting Military Health System worldwide patient care delivery.

Defense Health Agency - Resources required for the Defense Health Agency's (DHA) operating costs supporting delivery of patient care worldwide for members of the Armed Forces, family members, and others entitled to Department of Defense (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 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 Army Medical Command, the Navy Bureau of Medicine and Surgery, and the Air Force Medical Service.

**Defense Health Program
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2022 Budget Estimates
Management Activities OP-5 Exhibit**

III. Financial Summary (\$ in Thousands):

	FY 2020 <u>Actuals</u>	Budget <u>Request</u>	FY 2021 <u>Congressional Action</u>			Current <u>Estimate</u>	FY 2022 <u>Request</u>
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>		
<u>A. BA Subactivities</u>							
Defense Health Agency	\$188,755	\$249,465	\$0	0.00%	\$249,465	\$249,465	\$253,449
Management Headquarters	<u>\$111,301</u>	<u>\$81,162</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$81,162</u>	<u>\$81,162</u>	<u>\$81,689</u>
Total	\$300,056	\$330,627	\$0	0.00%	\$330,627	\$330,627	\$335,138

1. FY 2020 actuals includes \$17,089K CARES Act COVID-19 funding.

2. FY 2020 actuals includes (-\$45,671K) reprogrammed to Information Management/Information Technology for unfunded requirements.

**Defense Health Program
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2022 Budget Estimates
Management Activities OP-5 Exhibit**

III. Financial Summary (\$ in Thousands): (Cont.)

<u>B. Reconciliation Summary</u>	<u>Change FY 2021/FY 2021</u>	<u>Change FY 2021/FY 2022</u>
BASELINE FUNDING	\$330,627	\$330,627
Congressional Adjustments (Distributed)	0	
Congressional Adjustments (Undistributed)	0	
Adjustments to Meet Congressional Intent	0	
Congressional Adjustments (General Provisions)	0	
SUBTOTAL APPROPRIATED AMOUNT	330,627	
Fact-of-Life Changes (2021 to 2021 Only)	0	
SUBTOTAL BASELINE FUNDING	330,627	
Supplemental	0	
Reprogrammings	0	
Price Changes		7,060
Functional Transfers		0
Program Changes		-2,549
CURRENT ESTIMATE	330,627	335,138
Less: Wartime Supplemental	0	
NORMALIZED CURRENT ESTIMATE	\$330,627	\$335,138

**Defense Health Program
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2022 Budget Estimates
 Management Activities OP-5 Exhibit**

III. Financial Summary (\$ in Thousands): (Cont.)

FY 2021 President's Budget Request (Amended, if applicable)	\$330,627
1. Congressional Adjustments	\$0
a) Distributed Adjustments	\$0
b) Undistributed Adjustments	\$0
c) Adjustments to Meet Congressional Intent.....	\$0
d) General Provisions	\$0
FY 2021 Appropriated Amount	\$330,627
2. War-Related and Disaster Supplemental Appropriations.....	\$0
a) OCO Supplemental Funding	\$0
3. Fact-of-Life Changes.....	\$0
a) Functional Transfers.....	\$0
b) Technical Adjustments	\$0
c) Emergent Requirements.....	\$0
FY 2021 Baseline Funding	\$330,627
4. Reprogrammings (Requiring 1415 Actions)	\$0

**Defense Health Program
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2022 Budget Estimates
Management Activities OP-5 Exhibit**

III. Financial Summary (\$ in Thousands): (Cont.)

a) Increases	\$0
b) Decreases	\$0
Revised FY 2021 Estimate	\$330,627
5. Less: Item 2, War-Related and Disaster Supplemental Appropriation and Item 4, Reprogrammings	\$0
a) Less: OCO Supplemental Funding.....	\$0
FY 2021 Normalized Current Estimate	\$330,627
6. Price Change	\$7,060
7. Functional Transfers.....	\$0
a) Transfers In	\$0
b) Transfers Out	\$0
8. Program Increases	\$4,363
a) Annualization of New FY 2021 Program	\$0
b) One-Time FY 2022 Increases	\$0
c) Program Growth in FY 2022.....	\$4,363
1) a. Federal Employee Retirement System – Agency Contribution Rate Assumption:.....	\$1,993
Increases civilian personnel costs to reflect the revised Federal Employee Retirement System (FERS) Agency Contribution for FY 2022 in accordance with Office of Management and Budget (OMB) Circular No. A-11. The FERS FY 2022 regular employee rate is 18.4%, which is a 1.1% increase above the FY 2021 rate of 17.3%. The FY 2021 Management Activities	

**Defense Health Program
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2022 Budget Estimates
Management Activities OP-5 Exhibit**

III. Financial Summary (\$ in Thousands): (Cont.)

baseline civilian funding is \$210,737K. The FY 2021 Management Activities baseline civilian staffing is 1,529 FTEs.

2) b. Fiscal Year 2022 Performance Awards:\$1,526

Increases the FY 2022 civilian personnel awards budget at the aggregate level for General Schedule (GS) and Wage Grade (WG) employees in accordance with the Office of Management and Budget (OMB) Circular No. A-11 direction to increase civilian awards spending by no less than one (1) percentage point of FY 2020 GS and WG salary spending. Increase reflects additional civilian award funding of one (1) percentage point of the GS and WG salary spending above the FY 2020 awards budget of 1.5%. The FY 2021 Management Activities baseline civilian funding is \$210,737K. The FY 2021 Management Activities baseline civilian staffing is 1,529 FTEs.

3) c. Civilian Pay Raise Assumption:\$844

Increase required to fund civilian personnel costs for the net effect of the Civilian Pay Raise Assumptions which was increased from 1.0% to 2.7%. The FY 2021 Management Activities baseline civilian funding is \$210,737K. The FY 2021 Management Activities baseline civilian staffing is 1,529 FTEs.

9. Program Decreases\$-6,912

a) Annualization of FY 2021 Program Decreases\$0

b) One-Time FY 2021 Increases\$0

c) Program Decreases in FY 2022\$-6,912

1) a. Defense Health Program Reform Management – Services Efficiencies:\$-2,644

Reduces Management Activities contract requirements funding through Military Health System enterprise-wide efforts to consolidate contracts and to increase contract standardization, elimination of duplicative contracts, leveraging market buying power, and continued use of nationwide contracting sources. The Defense Health Agency and the Services' Medical Activities conducted a comprehensive review of contracts requirements that resulted in savings derived from reform efforts in category management and Service commodity efficiencies within the Defense Health Program appropriation. Funds are reduced from the Management Headquarters program element. The FY 2021 Management Headquarters baseline funding request is \$81,162K. The FY 2021 Management Headquarters baseline contractor staffing is 105 CMEs.

**Defense Health Program
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2022 Budget Estimates
 Management Activities OP-5 Exhibit**

III. Financial Summary (\$ in Thousands): (Cont.)

2) b. Military Health System Management Headquarters Reform:.....\$-3,475

Continues the implementation of the Military Health System organizational reforms required by the National Defense Authorization Acts of FY 2017 and FY 2019 focused on efforts to reduce redundant and unnecessary headquarters overhead while building a structure that drives improved outcomes for readiness, health, quality and cost. Reform efforts reduces the Defense Health Agency contract requirements in the Defense Health Agency (-\$3,475K) program element. The FY 2021 Management Activities baseline funding is \$330,627K. The FY 2021 Management Activities Baseline contractor staffing is 438 CMEs.

3) c. Financial Establishment of Defense Health Agency Safety Program:.....\$-793

Realigns Management Activities funding and FTEs (-\$793K; -3 FTEs) from the Defense Health Agency program element to Consolidated Health Support to establish the Defense Health Agency's Safety Program. Funds transferred support civilian salaries and associated costs for travel, supplies and contracts. The FY 2021 Defense Health Agency program element baseline funding request is \$249,465K. The FY 2021 Defense Health Agency program element baseline civilian staffing is 1,182 FTEs. The FY 2021 Defense Health Agency program element baseline contractor staffing is 333 CMEs.

FY 2022 Budget Request\$335,138

**Defense Health Program
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2022 Budget Estimates
Management Activities OP-5 Exhibit**

IV. Performance Criteria and Evaluation Summary:

Refer to the Personnel Summary in Section V.

**Defense Health Program
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2022 Budget Estimates
Management Activities OP-5 Exhibit**

V. Personnel Summary:

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>Change FY 2020/ FY 2021</u>	<u>Change FY 2021/ FY 2022</u>
Active Military End Strength (E/S) (Total)	632	727	719	95	-8
Officer	403	483	494	80	11
Enlisted	229	244	225	15	-19
Active Military Average Strength (A/S) (Total)	843	680	724	-163	44
Officer	563	443	489	-120	46
Enlisted	280	237	235	-43	-2
Civilian FTEs (Total)	1,523	1,529	1,674	6	145
U.S. Direct Hire	1,520	1,524	1,669	4	145
Total Direct Hire	1,520	1,524	1,669	4	145
Foreign National Indirect Hire	3	5	5	2	0
Average Annual Civilian Salary (\$ in thousands)	127.7	137.8	139.4	10.1	1.6
Contractor FTEs (Total)	589	438	330	-151	-108

Personnel Summary Explanations:

Explanation of changes in Active Military End Strength: The increase from FY 2020 to FY 2021 (+95) includes transfers from the military departments for Major Headquarters Activities (Army: +56, Navy: +3, Air Force: +36). The decrease from FY 2021 to FY 2022 (-8) includes transfers from the military departments for Major Headquarters Activities (Navy: -6, Air Force: -2).

Explanation of changes in Civilian FTEs: The net increase from FY 2020 to FY 2021 (+6) results from Service headquarters execution adjustments (-18: DHA-FOD: +290, Army: -151, Navy: -58, and Air Force: -99); Army technical adjustments for medical readiness mission transfer to the Department of the Army (+25); Military Health System Major Headquarters reduction (Army: -24, Air Force: -1); and realignment of the Office of the General Counsel's FTEs to the Defense Health Agency, (+24) from National Capital Region Medical Directorate, Base Operations. The net increase from FY 2021 to FY 2022 (+145) reflects an increase in civilian FTEs in support of section 702 of the FY 2017 National Defense Authorization Act (+147); and Defense Health Agency internal realignments for the Management Information Platform (+1) and for the Safety and Occupational Health Program (-3).

**Defense Health Program
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2022 Budget Estimates
Management Activities OP-5 Exhibit**

V. Personnel Summary: (Cont.)

Explanation of changes in Contractor FTEs: The decrease from FY 2020 to FY 2021 (-151) reflects execution adjustments to equipment maintenance contracts (-121) based on FY 2020 actuals, and the net impact of decreases to other services from non-federal sources (-19), IT contracts support services (-8), and advisory and assistance services contracts (-3) for the continued consolidation of services at the Defense Health Agency in accordance with the FY 2017 National Defense Authorization Act Section 702. The decrease from FY 2021 to FY 2022 (-108) reflects continued decreases to advisory and assistance services contracts for ongoing consolidation of services at the Defense Health Agency in accordance with the FY 2017 National Defense Authorization Act Section 702 and realignment of contract dollars to funds civilian personnel increases.

**Defense Health Program
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2022 Budget Estimates
Management Activities OP-5 Exhibit**

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

	FY 2020 Program	Change from FY 2020 to FY 2021		FY 2021 Program	Change from FY 2021 to FY 2022		FY 2022 Program
		Price Growth	Program Growth		Price Growth	Program Growth	
101 EXEC, GEN'L & SPEC SCHEDS	193,504	2,980	13,260	209,744	4,761	17,149	231,654
103 WAGE BOARD	701	11	-216	496	11	684	1,191
107 VOLUNTARY SEP INCENTIVES	40	1	-1	40	1	-1	40
110 UNEMPLOYMENT COMPENSATION	0	0	0	0	0	5,830	5,830
0199 TOTAL CIVILIAN PERSONNEL COMPENSATION	194,245	2,992	13,043	210,280	4,773	23,662	238,715
308 TRAVEL OF PERSONS	3,065	61	1,827	4,953	94	-1,011	4,036
0399 TOTAL TRAVEL	3,065	61	1,827	4,953	94	-1,011	4,036
412 NAVY MANAGED SUPPLY, MATL	0	0	2	2	0		2
417 LOCAL PURCH SUPPLIES & MAT	71	1	421	493	9	-2	500
0499 TOTAL DEFENSE WORKING CAPITAL FUND SUPPLIES AND MATERIALS	71	1	423	495	9	-2	502
707 AMC TRAINING	118	-8	-110	0	0	0	0
771 COMMERCIAL TRANSPORT	50	1	221	272	5	-34	243
0799 TOTAL TRANSPORTATION	168	-7	111	272	5	-34	243
901 FOREIGN NATIONAL INDIRECT HIRE (FNIH)	268	5	184	457	10	-1	466
914 PURCHASED COMMUNICATIONS (NON-FUND)	0	0	10	10	0		10
915 RENTS (NON-GSA)	0	0	29	29	1	0	30
917 POSTAL SERVICES (U.S.P.S)	0	0	439	439	8	1	448
920 SUPPLIES & MATERIALS (NON-FUND)	1,984	40	-852	1,172	22	-97	1,097
921 PRINTING & REPRODUCTION	760	15	-149	626	12	-48	590
922 EQUIPMENT MAINTENANCE BY CONTRACT	2	0	236	238	5	-10	233
923 FACILITIES SUST, REST, & MOD BY CONTRACT	1,070	21	-1,091	0	0	0	0
925 EQUIPMENT PURCHASES (NON-FUND)	502	10	2,788	3,300	63	3	3,366
932 MGT PROF SUPPORT SVCS	46,362	927	20,422	67,711	1,287	-22,980	46,018
933 STUDIES, ANALYSIS & EVAL	18,349	367	-11,437	7,279	138	-302	7,115

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Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2022 Budget Estimates
Management Activities OP-5 Exhibit**

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	FY 2020 <u>Program</u>	Change from FY 2020 to FY 2021		FY 2021 <u>Program</u>	Change from FY 2021 to FY 2022		FY 2022 <u>Program</u>
		<u>Price Growth</u>	<u>Program Growth</u>		<u>Price Growth</u>	<u>Program Growth</u>	
934 ENGINEERING & TECH SVCS	50	1	-51	0	0	0	0
936 TRAINING AND LEADERSHIP DEVELOPMENT (OTHER CONTRACTS)	208	4	-212	0	0	0	0
955 OTHER COSTS (MEDICAL CARE)	158	6	-155	9	0		9
964 OTHER COSTS (SUBSISTENCE AND SUPPORT OF PERSONS)	5	0	10	15	0	-15	0
986 MEDICAL CARE CONTRACTS	206	8	-214	0	0	0	0
987 OTHER INTRA-GOVT PURCH	7,073	141	5,694	12,908	245	-81	13,072
989 OTHER SERVICES	20,289	406	-2,356	18,339	348	-1,471	17,216
990 IT CONTRACT SUPPORT SERVICES	5,221	104	-3,230	2,095	40	-163	1,972
0999 TOTAL OTHER PURCHASES	102,507	2,055	10,065	114,627	2,179	-25,164	91,642
9999 GRAND TOTAL	300,056	5,102	25,469	330,627	7,060	-2,549	335,138