

Subject: Defense Health Program-TRICARE for Reservists #2 Appropriation Title: Various Appropriations	DoD Serial Number: FY 04-25 PA
	Includes Transfer? Yes

Component Serial Number: Line Item a	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
	b	c	d	e	f	g	h	i

This reprogramming action is submitted for prior approval because it uses general transfer authority pursuant to section 8005 of Public Law 108-87, the Department of Defense Appropriations Act, 2004; section 1001 of Public Law 108-136, the National Defense Authorization Act for Fiscal Year 2004. This action transfers \$419.429 million from various appropriations to the Defense Health Program, Defense, 04/04, appropriation and realigns \$131.842 within the Defense Health Program, 04/04, sub-appropriation. This action reprograms funding in support of a higher priority item, based on unforeseen military requirements, than that for which the funds were originally appropriated. This action meets all administrative and legal requirements of the Congress, and the Congress has not denied any of the items.

FY 2004 REPROGRAMMING INCREASE: **+551,271 +379,933**

Defense Health Program, 04/04 **+551,271 +379,933**
Budget Activity 1: Operation and Maintenance
 Private Sector Care 7,420,972 7,420,972 **+551,271** **7,972,243**
+379,933 **7,800,905**

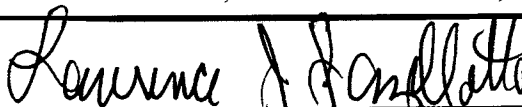
Explanation: This reprogramming supports the increased cost of providing care to the Department's entitled beneficiaries through the Defense Health Program's private sector care sub-appropriation. This area is growing significantly faster than anticipated during development of the FY 2004 budget. The principle factors driving this increase include the increased use of the benefit by previously non-reliant beneficiaries (i.e. eligible beneficiaries who previously elected not to use the benefit), the increased utilization per eligible beneficiary, and the increased cost per health care encounter.

FY 2004 REPROGRAMMING DECREASES: **-551,271 -379,933**

Military Personnel, Army, 04/04 **-160,200**
Budget Activity 2: Pay and Allowances of Enlisted
 Combat-Related Special Compensation 151,000 151,000 **-151,000** -

Budget Activity 6: Other Military Personnel Costs
 Special Compensation for Severely Disabled 9,200 9,200 **-9,200** -

Military Personnel, Navy, 04/04 **-69,433**
Budget Activity 2: Pay and Allowances of Enlisted
 Combat-Related Special Compensation 64,000 64,000 **-64,000** -

Approved (Signature and Date)  APR 30 2004

Subject: Defense Health Program-TRICARE for Reservists #2		DoD Serial Number: FY 04-25 PA
Appropriation Title: Various Appropriations		Includes Transfer? Yes

Component Serial Number:	<i>(Amounts in Thousands of Dollars)</i>							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i

The Private Sector Care shortfall amount was reduced by \$67.0 million that Congress appropriated to Private Sector Care for activities that are currently being executed in Direct Care System. These activities are: \$1.0 million for severance pay to the Region 11 appointing contract paid for by Army DHP direct care funds and \$66.0 million for resource sharing and local support bills paid in the Direct Care System under TRICARE next generation of contracts.

Health Program, 04/06						<u>-39,496</u>	
Budget Activity 3: Procurement							
Other Procurement	328,826		311,679			-39,496	272,183
HAC, SAC, and SASC DENIED SOURCE							311,679

Explanation: To address the FY 2004 private sector care unfunded requirements and to preclude reductions in operations and minimize the impact on readiness while executing the appropriated FY 2004 program, this decrease represents a reduction in equipment and information technology.