

Subject: Defense Health Program							DoD Serial Number: FY 04-34 PA	
Appropriation Title: Defense Health Program, Operation and Maintenance, 04/04; Defense Health Program, Procurement, 04/06; Reserve Personnel, Army, 04/04; and Reserve Personnel, Air Force, 04/04							Includes Transfer? Yes	

Component Serial Number: Line Item a	<i>(Amounts in Thousands of Dollars)</i>							
	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 transfers \$121.776 million from Reserve Personnel, Army, 04/04, appropriation, \$1.777 million from Reserve Personnel, Air Force, 04/04, appropriation, and \$7.429 million from Defense Health Program, Procurement, 04/06, appropriation to Defense Health Program, Operation and Maintenance, 04/04, appropriation for proper execution. **This action uses general transfer authority pursuant to section 8005 of Public Law 108-87, the DoD Appropriations Act, 2004; and section 1001 of Public Law 108-136, the National Defense Authorization Act for FY 2004, and is determined to be necessary in the national interest.** This action reprograms funding in support of higher priority items, based on unforeseen military requirements, than those for which the funds were originally appropriated, and the items have not been denied by Congress. The action also involves a congressional special interest item for the private sector care sub-appropriation.

<u>FY 2004 REPROGRAMMING INCREASE:</u>				<u>+130,982</u>	
<u>Defense Health Program, 04/04</u>				<u>+130,982</u>	
<u>Budget Activity 1: Operation and Maintenance</u>					
Private Sector Care	7,420,972		8,079,139	+123,553	8,202,692

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 and execution. The principal 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 beneficiaries, the increased cost per health care encounter, and the rising cost of pharmaceuticals. This reprogramming increase makes available an additional \$123.553 million to the Defense Health Program private sector care sub-appropriation to support this increasing requirement.

<u>Budget Activity 1: Operation and Maintenance</u>					
Direct Care	7,455,915		9,095,953	+7,429	9,103,382

Explanation: The reprogramming increase makes \$7.429 million available to support the increased requirement for access to health care for beneficiaries in Army medical treatment facilities. Growing stress on the Defense Health Program has resulted from the growing cost of health care in general. The \$7.429 million will provide for an increase in laboratory and radiology services, medical supplies, pharmaceuticals and other health care provided services.

Approved (Signature and Date)

AUG 13 2004

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FY 2004 REPROGRAMMING DECREASES: **-130,982**

Reserve Personnel, Army, 04/04 **-121,776**

Budget Activity 1: Unit and Individual Training
3,572,226 3,572,226 -121,776 3,450,450

Explanation: The program is under-executing and the Army Reserve has identified this funding as currently not required to accomplish Reserve training. Reserve personnel are mobilized in support of the Global War on Terrorism and therefore unavailable for unit/individual training events.

Reserve Personnel, Air Force, 04/04 **-1,777**

Budget Activity 1: Unit and Individual Training
807,838 782,839 -1,777 781,062

Explanation: De-mobilization of Reserve personnel in support of the Global War on Terrorism has not occurred as projected. Therefore, the Air Force Reserve identified this funding as excess to current requirements as Reserve personnel are still mobilized and unavailable for unit/individual training events.

Defense Health Program, 04/06 **-7,429**

Budget Activity 3: Procurement
Other Procurement 328,826 311,679 -7,429 304,250

Explanation: These funds are available because of under-executing procurement of equipment and information technology for the Direct Care system of the Defense Health Program. The Defense Health Program identified this source as an acceptable offset to fund higher priority requirements within the Defense Health Program Operation & Maintenance Direct Care Program.