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DEFENSE HEALTH CARE

DOD Needs to Address the Expected Benefits, Costs, and Risks for Its Newly Approved Medical Command Structure

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Highlights

Highlights of GAO-08-122, a report to congressional committees

Why GAO Did This Study

The Department of Defense (DOD) operates one of the largest and most complex health systems in the nation and has a dual health care mission—readiness and benefits. The readiness mission provides medical services and support to the armed forces during military operations. The benefits mission provides health care to over 9 million eligible beneficiaries, including active duty personnel, retirees, and dependents worldwide. Past GAO and other reports have recommended changes to the military health system (MHS) structure. GAO was asked to (1) describe the options for structuring a unified medical command recommended in recent studies by DOD and other organizations and (2) assess the extent to which DOD has identified the potential impact these options would have on the current MHS. GAO analyzed studies and reports prepared by DOD's Joint/Unified Medical Command Working Group, the Defense Business Board, and the Center for Naval Analyses, and interviewed department officials.

What GAO Recommends

GAO is recommending that DOD address the expected benefits, costs, and risks for implementing the fourth option and provide Congress the results of its assessment. In commenting on a draft of this report, DOD concurred with GAO's recommendations.

To view the full product, including the scope and methodology, click on GAO-08-122. For more information, contact Henry L. Hinton, Jr. at (202) 512-4300 or hintonh@gao.gov.

What GAO Found

DOD considered options to address the department's dual health care mission that differed in their approaches to both command structure and operations. In April 2006, the Joint/Unified Medical Command Working Group identified three options: (1) establishing a unified medical command on par with other functional combatant commands; (2) establishing two separate commands—a Medical Command, which would provide operational/deployable medicine, and a Healthcare Command, which would provide beneficiary health care through the military treatment facilities and civilian providers; and (3) designating one of the military services to provide all health care services across the department. Subsequently, in November 2006, a fourth option was presented that would consolidate key common services and functions, which are currently performed within each of the services, such as finance, information management and technology, human capital management, support and logistics, and force health sustainment. This option would leave the existing structures of the Army, Navy, and Air Force medical departments over all military treatment facilities essentially unchanged. The Deputy Secretary of Defense approved this fourth option in November 2006.

Although DOD initiated steps to evaluate the impact that some restructuring options might have on the MHS, it did not perform a comprehensive cost-benefit analysis of all potential options. GAO's *Business Process Reengineering Assessment Guide* establishes that a comprehensive analysis of alternative processes should include a performance-based, risk-adjusted analysis of benefits and costs for each alternative. The working group used several methods to determine some of the benefits, costs, and risks of implementing its three proposed options. For example, it used the Center for Naval Analyses to determine the cost implications for each option, and it solicited the views of key stakeholders. However, based on the working group's methodology, the group intended to conduct a more detailed cost-benefit analysis of whichever of the three options senior DOD leadership selected, but the group's work ceased once the fourth option was formally approved. While DOD approved the fourth option, DOD has not demonstrated that its decision to move forward with the fourth option was based on a sound business case. Based on GAO's review of DOD's business case, DOD has described only what it believes its chosen option will accomplish. The business case does not demonstrate how DOD determined the fourth option to be better than the other three in terms of its potential impact on medical readiness, quality of care, beneficiaries' access to care, costs, implementation time, and risks because DOD does not provide evidence of any analysis it has performed of the fourth option or a sound business case justifying this choice. Without such analysis and documentation, DOD is not in a sound position to assure the Secretary of Defense and Congress that it made an informed decision when it chose the fourth option over the other three or that its chosen option will have the desired impact on DOD's MHS.