

**DEFENSE HEALTH PROGRAM**  
**Operation and Maintenance**  
**Fiscal Year (FY) 2009 Budget Estimates**  
**In-House Care**

**I. Description of Operations Financed:** This Budget Activity Group (BAG) provides for 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, Inpatient Facilities and Medical Clinics:** Resources medical care in CONUS and OCONUS facilities which are staffed and equipped to provide inpatient and outpatient care for both surgical and non-surgical 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 Pharmaceutical costs in CONUS and OCONUS Military Treatment Facilities.

**Note:** This BAG excludes funding from the military departments for medical readiness activities, organizations and materials.

**II. Force Structure Summary:** The In-House Care (BAG) includes staffing to provide medical and dental care in military facilities which provide the full range of inpatient and ambulatory medical and dental care services. In addition to medical and dental care, this BAG also includes medical center laboratories, alcohol treatment facilities, clinical investigation activities, facility on-the-job training/education programs and federal sharing agreements.

**DEFENSE HEALTH PROGRAM**  
**Operation and Maintenance**  
**Fiscal Year (FY) 2009 Budget Estimates**  
**In-House Care**

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

	FY 2008						
	FY 2007 <u>Actuals</u> <sup>1/ 3</sup>	<u>Budget</u> <u>Request</u>	<u>Congressional Action</u>			<u>Current</u> <u>Estimate</u> <sup>2/ 3</sup>	<u>FY 2009</u> <u>Estimate</u> <sup>3</sup>
			<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>		
<b>A. <u>Subactivities</u></b>							
1. MEDCENS, Hospitals & Clinics (CONUS)	4,174,687	3,155,287	488,267	15%	3,643,554	3,649,285	4,028,745
2. MEDCENS, Hospitals & Clinics (OCONUS)	344,943	263,661	0	0%	263,661	263,689	284,765
3. Pharmaceuticals, In-House (CONUS)	1,149,930	1,456,778	0	0%	1,456,778	1,428,593	1,650,578
4. Pharmaceuticals, In-House (OCONUS)	106,440	130,763	0	0%	130,763	130,763	145,613
5. Dental Care Activities - (CONUS)	373,021	363,193	0	0%	363,193	377,642	404,267
6. Dental Care Activities - (OCONUS)	<u>51,746</u>	<u>56,163</u>	<u>0</u>	<u>0%</u>	<u>56,163</u>	<u>56,540</u>	<u>60,592</u>
<b>Total</b>	6,200,767	5,425,845	488,267	9%	5,914,112	5,906,512	6,574,560

Notes: (\$ in Thousands)

<sup>1</sup>FY 2007 actuals include \$875,879 in O&M funding from Public Law 110-28 - U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, to address the Global War on Terror and other related expenses as follows:

-P.L. 110-28 Title I, Supplemental Appropriations for Defense, International Affairs, and Other Security-Related Needs - Provides \$473,805 in DHP O&M for the Global War on Terror.

-P.L. 110-28 Title III, Additional Defense, International Affairs, and Homeland Security - Provides \$402,074 in DHP O&M for other related expenses.

<sup>2</sup>FY 2008 Current Estimate does not include \$411,172 in funding from P.L. 110-161 Consolidated Appropriations Act, 2008, Division L, Supplemental Appropriations, Defense, Title V, Other Department of Defense Programs.

<sup>3</sup>The In-House Care BAG received \$1,344,746 from the DoD Medicare Eligible Retiree Health Care Fund in FY 2007. Projections for the In-House Care BAG are approximately \$1,273,150 in FY 2008 and approximately \$1,359,209 in FY 2009. These amounts are not included in the table above.

DEFENSE HEALTH PROGRAM  
 Operation and Maintenance  
 Fiscal Year (FY) 2009 Budget Estimates  
 In-House Care

III. Financial Summary (\$ in thousands)

<b>B. <u>Reconciliation Summary</u></b>	<u>Change</u> <u>FY 2008/FY 2008</u>	<u>Change</u> <u>FY 2008/FY 2009</u>
<b>Baseline Funding</b>	<b>5,425,845</b>	<b>5,906,512</b>
Congressional Adjustments (Distributed)	80,200	n/a
Congressional Adjustments (Undistributed)	0	n/a
Adjustments to Meet Congressional Intent	408,067	n/a
Congressional Adjustments (General Provisions)	0	n/a
<b>Subtotal Appropriated Amount</b>	<b>5,914,112</b>	<b>n/a</b>
Fact-of-Life Changes (CY to CY Only)	-7,600	n/a
<b>Subtotal Baseline Funding</b>	<b>5,906,512</b>	<b>n/a</b>
Anticipated Supplemental	411,172	n/a
Reprogrammings	0	n/a
Price Changes		334,631
Functional Transfers	n/a	509,401
Program Changes	n/a	-175,984
<b>Current Estimate</b>	<b>6,317,684</b>	<b>6,574,560</b>
Less: Wartime Supplemental	-411,172	n/a
<b>Normalized Current Estimate</b>	<b>5,906,512</b>	<b>6,574,560</b>

**DEFENSE HEALTH PROGRAM**  
**Operation and Maintenance**  
**Fiscal Year (FY) 2009 Budget Estimates**  
**In-House Care**

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

<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
<b>FY 2008 President's Budget Request (Amended, if applicable)</b>		<b>5,425,845</b>
1. Congressional Adjustments		488,267
a. Distributed Adjustments	459,240	
1) Madigan Army Medical Trauma Unit	1,000	
2) Battlefield Wounded Treatment Medicine	1,200	
3) Wounded Warrior Assistance	70,000	
4) Bethesda Hospital Emergency Preparedness Partnership	4,800	
5) Comprehensive Cancer Screening and Diagnostics	1,200	
6) Warrior Transition Unit Support for the 4/25th Airborne Brigade Combat Team.	2,000	
7) Efficiency Wedge Restoral	379,040	
b. Undistributed Adjustments	0	
c. Adjustments to meet Congressional Intent	0	29,027
1) Army & Marine Corps Ground Force Augmentation from Private Sector Care	29,027	
d. General Provisions	0	
<b>2008 Appropriated Amount</b>		<b>5,914,112</b>
2. Fact of Life Changes		-7,600
a. Functional Transfers	0	
b. Technical Adjustments	0	
1) Increases		-7,600
2) Decreases		
a) Realigns funding to Consolidated Health Support, Education and Training and Base Operations/Communications to properly reflect Military Treatment Facility efficiencies.	-7,600	
c. Emergent Requirements		0
<b>FY 2008 Baseline Funding</b>		<b>5,906,512</b>

**DEFENSE HEALTH PROGRAM**  
**Operation and Maintenance**  
**Fiscal Year (FY) 2009 Budget Estimates**  
**In-House Care**

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

<b><u>C. Reconciliation of Increases and Decreases</u></b>	<b><u>Amount</u></b>	<b><u>Totals</u></b>
3. Reprogrammings/Supplementals	0	411,172
a. Anticipated War-Related and Disaster Supplemental Appropriations	411,172	
1) P.L. 110-161 Consolidated Appropriations Act, 2008, Title V, Division L, Supplemental Appropriations for Operation Enduring Freedom and for other purposes \$411,172 of the \$575,701 additional amount for Defense Health Program O&M.	411,172	
b. Reprogramming Actions		
<b>Revised FY 2008 Estimate</b>	0	<b>6,317,684</b>
4. Less: War-Related and/or Disaster Supplemental Appropriations.		-411,172
<b>FY 2008 Normalized Current Estimate</b>		<b>5,906,512</b>
5. Price Change		334,631
6. Functional Transfers		509,401
a. Transfers In		514,000
1) Reversal of Medical Treatment Facility efficiencies.	514,000	
b. Transfers Out		-4,599
1) Transfer of funding for Emergency Medical Service support from Navy DHP to Navy Line.	-4,599	

**DEFENSE HEALTH PROGRAM**  
**Operation and Maintenance**  
**Fiscal Year (FY) 2009 Budget Estimates**  
**In-House Care**

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

7. Program Increases		<b>609,492</b>
a. Annualization of New FY 2008 Program		0
b. One-Time FY 2009 Increases		30,597
1) One-time reversal of funding from DHP Procurement in FY08 to support Federal Drug Administration test trials for certification of Adenovirus.	9,785	
2) Foreign currency adjustment.	9,831	
3) Initial outfitting and transition costs for medical/dental (Fort Campbell, Fort Irwin) MILCON projects.	10,981	
c. Program Growth in FY 2009		578,895
1) Conversion of military positions to civilian.	101,085	
2) Realigns funding from Base Operations/Communications for patient Appointment and Referral Management program.	669	
3) Increased resources supporting Ground Forces Augmentation.	313,127	
4) Adjustments supporting Office of Management and Budget economic assumptions revising nonpay and nonfuel inflation.	3,303	
5) Increased contract requirements associated with the delivery of healthcare for more healthcare providers.	82,711	
6) Realigns funding to In-House Care BAG for migrating pharmacy workload due to beneficiary co-payment structure based on recommendations from the Department of Defense Task Force on the Future of Military Health Care.	78,000	
8. Program Decreases		<b>-785,476</b>
a. Annualization of FY 2008 Program Decreases		0
b. One-Time FY 2008 Increases		-485,233
1) Madigan Army Medical Trauma Unit	-1,057	
2) Battlefield Wounded Treatment Medicine	-1,268	
3) Wounded Warrior Assistance	-73,962	
4) Bethesda Hospital Emergency Preparedness Partnership	-5,072	
5) Comprehensive Cancer Screening and Diagnostics	-1,268	

**DEFENSE HEALTH PROGRAM**  
**Operation and Maintenance**  
**Fiscal Year (FY) 2009 Budget Estimates**  
**In-House Care**

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

6) Warrior Transition Unit Support for the 4/25th Airborne Brigade Combat Team	-2,113	
7) Efficiency Wedge Restoral	-400,494	
c. Program Decreases in FY 2009		<b>-300,243</b>
1) Reduction due to decreased demand for Medical Treatment Facility pharmaceuticals, which was applied to partially offset Medical Treatment Facility efficiencies in FY 2009.	-265,799	
2) Reduction in costs due to increased Medical Treatment Facilities efficiencies.	-5,600	
3) Realigns funding to Base Operations/Communications Budget Activity Group for Sustainment, Restoration and Modernization to reflect proper program execution.	-11,798	
4) Realigns savings associated with military end strength reductions to offset increased Private Sector Care requirements.	-17,046	
<b>FY 2009 Budget Request</b>		<b>6,574,560</b>

**DEFENSE HEALTH PROGRAM**  
**Operation and Maintenance**  
**Fiscal Year (FY) 2009 Budget Estimates**  
**In-House Care**

**IV. Performance Criteria and Evaluation Summary**

**Population by Service Obligation - World Wide**

Average Eligible Population

	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>Change FY2007/FY2008</b>	<b>Change FY2007/FY2008</b>
<b>Catchment Area</b>					
Army	1,704,951	1,718,262	1,733,218	13,311	14,957
Coast Guard	61,861	61,457	61,741	-404	284
Air Force	939,898	912,205	899,241	-27,693	-12,964
Marine Corps	429,635	435,224	443,562	5,589	8,338
Navy	850,602	847,801	838,447	-2,801	-9,354
Navy Afloat	297,698	279,366	278,070	-18,332	-1,297
Other/Unknown	<u>10,449</u>	<u>10,409</u>	<u>10,420</u>	<u>-40</u>	<u>11</u>
Subtotal	4,295,092	4,264,723	4,264,698	-30,370	-25
<b>Non-Catchment Area</b>					
Army	1,816,844	1,838,569	1,855,222	21,725	16,653
Coast Guard	131,073	132,852	134,325	1,780	1,473
Air Force	1,625,833	1,632,583	1,622,230	6,751	-10,353
Marine Corps	270,213	275,296	278,736	5,083	3,440
Navy	907,952	921,227	928,345	13,275	7,118
Navy Afloat	72,764	65,325	62,792	-7,439	-2,533
Other/Unknown	<u>19,715</u>	<u>19,918</u>	<u>20,106</u>	<u>203</u>	<u>188</u>
Subtotal	4,844,392	4,885,770	4,901,754	41,378	15,985



**DEFENSE HEALTH PROGRAM**  
**Operation and Maintenance**  
**Fiscal Year (FY) 2009 Budget Estimates**  
**In-House Care**

**IV. Performance Criteria and Evaluation Summary**

	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>Change FY2007/FY2008</b>	<b>Change FY2007/FY2008</b>
Total Average Eligible Population					
Army	3,521,795	3,556,831	3,588,440	35,036	31,609
Coast Guard	192,933	194,309	196,066	1,376	1,757
Air Force	2,565,730	2,544,788	2,521,471	-20,942	-23,317
Marine Corps	699,848	710,520	722,298	10,672	11,778
Navy	1,758,554	1,769,028	1,766,792	10,474	-2,236
Navy Afloat	370,462	344,691	340,862	-25,771	-3,830
Other/Unknown	30,163	30,327	30,526	164	199
Subtotal	9,139,484	9,150,492	9,166,452	11,008	15,960

Note: The data are derived from the Managed Care Forecasting and Analysis System (MCFAS) -- Data Version FY2006.0. MCFAS does not recognize the Ground Forces Augmentation until FY 2010.

	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>Change FY2007/FY2008</b>	<b>Change FY2007/FY2008</b>
DHP Requirements (\$000s)	22,825,984	22,569,501	23,117,359	-256,483	547,858
Beneficiaries (000s)	9,139	9,150	9,166	11	16
Enrollees (000s)	3,550	3,393	3,454	-157	61

**DEFENSE HEALTH PROGRAM**  
**Operation and Maintenance**  
**Fiscal Year (FY) 2009 Budget Estimates**  
**In-House Care**

<u>V. Personnel Summary</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2007/ FY 2008</u>	<u>FY 2008/ FY 2009</u>
<u>Active Military End Strength (E/S)</u>	56,841	56,540	54,303	-301	-2,237
<u>(Total)</u>					
Officer	17,447	19,449	19,101	2,002	-348
Enlisted	39,394	37,091	35,202	-2,303	-1,889
 <u>Active Military Average Strength (A/S)</u>					
<u>(Total)</u>	58,676	56,691	55,422	-1,985	-1,269
Officer	18,685	18,448	19,275	-237	827
Enlisted	39,991	38,243	36,147	-1,749	-2,096
 <u>Civilian FTEs (Total)</u>	33,366	36,055	37,902	2,689	1,847
U.S. Direct Hire	31,750	34,390	36,234	2,640	1,844
Foreign National Direct Hire	<u>495</u>	<u>461</u>	<u>464</u>	<u>-34</u>	<u>3</u>
Total Direct Hire	32,245	34,851	36,698	2,606	1,847
Foreign National Indirect Hire	1,121	1,204	1,204	83	0
(Reimbursable Included Above - memo)	954	691	691	-263	0
Memo: Reimbursable Civilians Included					
<u>Average Annual Civilian Salary (\$000)</u>	66	68	70		

DEFENSE HEALTH PROGRAM  
Operation and Maintenance  
Fiscal Year (FY) 2009 Budget Estimates  
In-House Care

VII. OP 32 Line Items as Applicable (Dollars in thousands - see next page):