



UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

JUL 9 2001

PERSONNEL AND
READINESS

MEMORANDUM FOR SECRETARY OF THE ARMY
SECRETARY OF THE NAVY
SECRETARY OF THE AIR FORCE

SUBJECT: TRICARE Management Activity (TMA) Charter

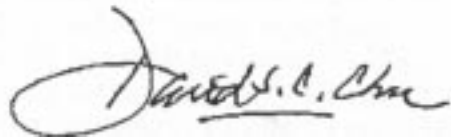
The significant role of the TRICARE Management Activity (TMA) in operating the Military Health System (MHS) as a fully integrated health care system was recognized by issuance of DoD Directive 5136.12 (copy attached) on May 31, 2001. The Assistant Secretary of Defense for Health Affairs (ASD(HA)) remains the responsible officer of the Department for health matters and will continue a close working relationship with the Assistant Secretaries for Manpower and Reserve Affairs of the Military Departments while providing corporate-level policy and oversight for the Department's medical mission. Under the authority and direction of the ASD(HA), the TMA Executive Director manages all financial matters of the Department's medical and dental programs and the execution of policy issued by the ASD(HA) in the administration of the Department's medical and dental programs.

The TMA mission is to manage TRICARE, the Department's medical and dental programs under which members of the uniformed services, their dependents, and other beneficiaries are entitled to DoD health care. The TMA also supports the Military Departments in execution of the Departments' medical mission to provide, and to *maintain readiness* to provide, medical and dental services to members of the Armed Forces during military operations. The TMA Executive Director will work directly with the Surgeons General of the Military Departments to achieve MHS integration in execution of the Department's medical mission and shall issue program direction for execution of policy within the MHS to the Surgeons General.

Although no changes have been made in the organizational structures for operational medicine, we must have transformational change in the business practices to optimize integration and cost-effectiveness of the Department's health care system. Essential to execution of the twin missions of Force Health Protection and delivery of quality health care to our beneficiaries are the requirements for performance based health-plan management, proper alignment of operational incentives with management responsibility and accountability, standardized MHS performance objectives and measurements, and appropriate adoption of commercial practices and competitive contracting. The TMA will be the focal point for this transformation.

The TMA Executive Director, under the authority of the ASD(HA), shall serve as the program manager for TRICARE health and medical resources, supervising and administering TRICARE programs, funding, and other resources within the Department. In that the TMA Executive Director may not affect the military medical command structure or its personnel, we may need to review realignment of the TRICARE Lead Agents and the military departments' medical commands to bring greater efficiencies to our health system.

I look forward to working with the Secretaries of the Military Departments in identifying opportunities for, and addressing challenges to, transforming the MHS into a fully integrated, cost-effective health care system meeting the Department's readiness mission and delivering quality care to our military families.

A handwritten signature in black ink, reading "David S. C. Chiu". The signature is written in a cursive style with a large initial "D".

Attachment:
As Stated