

The Military Health System

Our Priorities and Challenges

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Discussion

- The Future of Military Medicine
- The Defense Health Agency
- TRICARE and Children's Hospitals



MILITARY HEALTH SYSTEM (MHS)

A Changing World

“We are only beginning to see the dramatic shifts underway that will define our future and shape our interactions in the world ... and require our national security institutions to adapt and to adjust...

We will need to more efficiently match our resources to our most important national security requirements. We can do things better. We must do things better – and we will.”

- Secretary Hagel
Center for Strategic and Intl Studies
November 2013



MILITARY HEALTH SYSTEM (MHS)

The National Security Environment

And the Future of Military Medicine

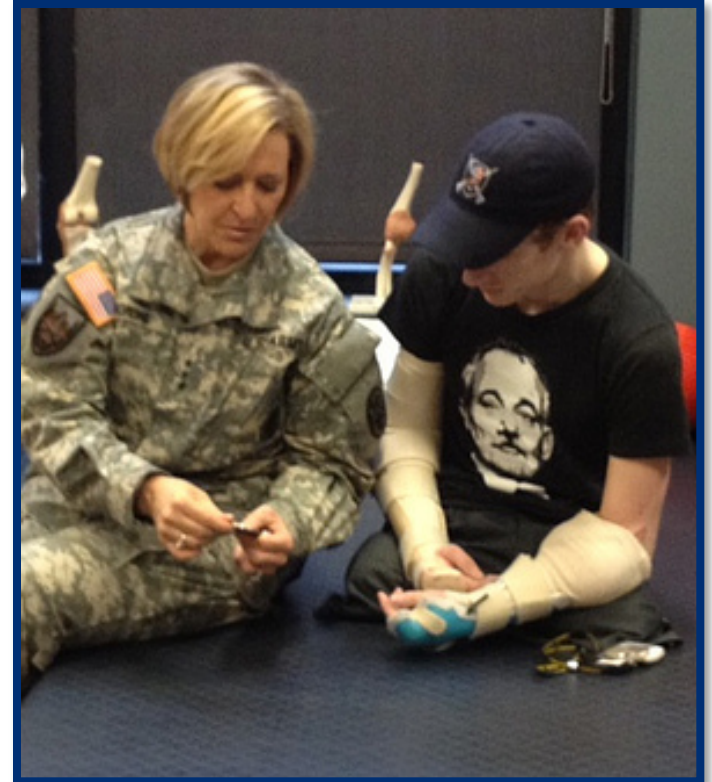
- Military force structure is going to be smaller (both US and allies) – and includes medical forces
- Ready medical forces require sustained, complex medical patient caseload
 - We need to continue to be the provider of choice for our patients...or engage with our private sector partners in new ways
- Even though the current conflict is concluding, the medical needs of our forces is not
- We are changing our organization, our infrastructure and our engagement with the broader federal and civilian medical community



MILITARY HEALTH SYSTEM (MHS)

Value of Military Medicine for Society

- Military medical advances
 - WWI: Field laboratories, IV saline, blood transfusion, tetanus antitoxin
 - WWII: Sulfa, burn dressing
 - Korea Vietnam: Streptomycin, MASH units helicopter and advanced aeromedical transport
 - Afghanistan / Iraq: Far forward surgical capability, combat casualty aeromedical transport (CCAT), blood clotting bandages, prosthetic advances, regenerative medicine
- We inform, and are informed by, the broader American medical community – a bilateral flow of evidence-based medicine



MILITARY HEALTH SYSTEM (MHS)

Our Strategic Framework: The Quadruple Aim

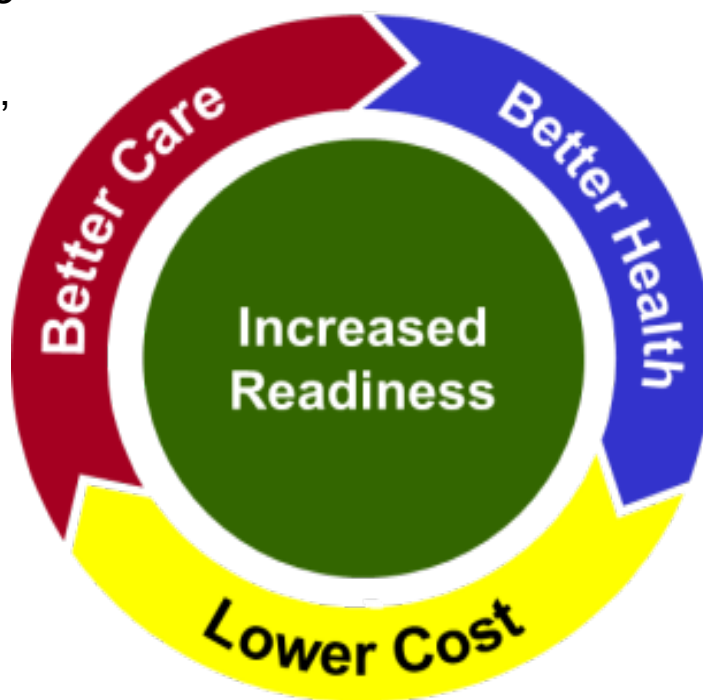
Improved Readiness

Ensuring that the total military force is medically ready to deploy and that the medical force is ready to deliver health care anytime, anywhere in support of the full range of military operations, including humanitarian missions.

Better Care

Providing a care experience that is patient and family centered, compassionate, convenient, equitable, safe and always of the highest quality.

MILITARY HEALTH SYSTEM (MHS)



Better Health

Reducing the generators of ill health by encouraging healthy behaviors and decreasing the likelihood of illness through focused prevention and the development of increased resilience.

Lower Cost

Creating value by focusing on quality, eliminating waste, and reducing unwarranted variation; considering the total cost of care over time, not just the cost of an individual health care activity.



Military Health System Strategic Pillars

1. Modernize Management with Enterprise Focus
2. Define Medical Capabilities and Manpower Relevant for the Future
3. Rebalance Force Structure
4. Invest in Strategic Partnerships
5. Reform Medical Benefit
6. Global Health Engagement



MILITARY HEALTH SYSTEM (MHS)

MHS Reform: What We are Undertaking

- Creating a more **globally integrated** health system – built on our battlefield successes
- Driving enterprise-wide shared services; **standardized clinical and business processes** that produce better health and better health care
- This is a once-in-a-generation opportunity; and critical to a **better, stronger, more relevant** medical force



MILITARY HEALTH SYSTEM (MHS)

Defense Health Agency: Vision and Mission

Vision

A joint, integrated, premier system of health, supporting those who serve in the defense of our country.

Key Mission Aspects

The Defense Health Agency (DHA):

- Is a Combat Support Agency supporting the Military Services
- Supports the delivery of integrated, affordable, and high quality health services to beneficiaries of the Military Health System (MHS)
- Executes responsibility for shared services, functions, and activities of the MHS
- Serves as the program manager for the TRICARE health plan, medical resources, and as the market manager for the National Capital Region (NCR) enhanced Multi-Service Market
- Manages the execution of policy as issued by the Assistant Secretary of Defense for Health Affairs
- Exercises authority, direction, and control over the inpatient facilities and their subordinate clinics assigned to the DHA in the NCR Directorate.



MILITARY HEALTH SYSTEM (MHS)

A Week in the Life of TRICARE

22,500 inpatient admissions

- 5,000 direct care
- 17,500 purchased care

1.9 million outpatient visits

- 800,000 direct care
- 1.1 million purchased care

2,500 births

- 1000 direct care
- 1,500 purchased care

4.5 million claims processed

- 2.6 million prescriptions

- 920,000 direct care
- 1.5 million retail pharmacies
- 250,000 home delivery

285,000 behavioral health outpatient services

- 55,000 direct care
- 230,000 purchased care

171,000 E.R. visits

- 27,000 direct care
- 144,000 purchased care



MILITARY HEALTH SYSTEM (MHS)

5-yr Contract Value

North ~ \$17B

South ~ \$22B

West ~ \$17B

Overseas ~ \$5.3B

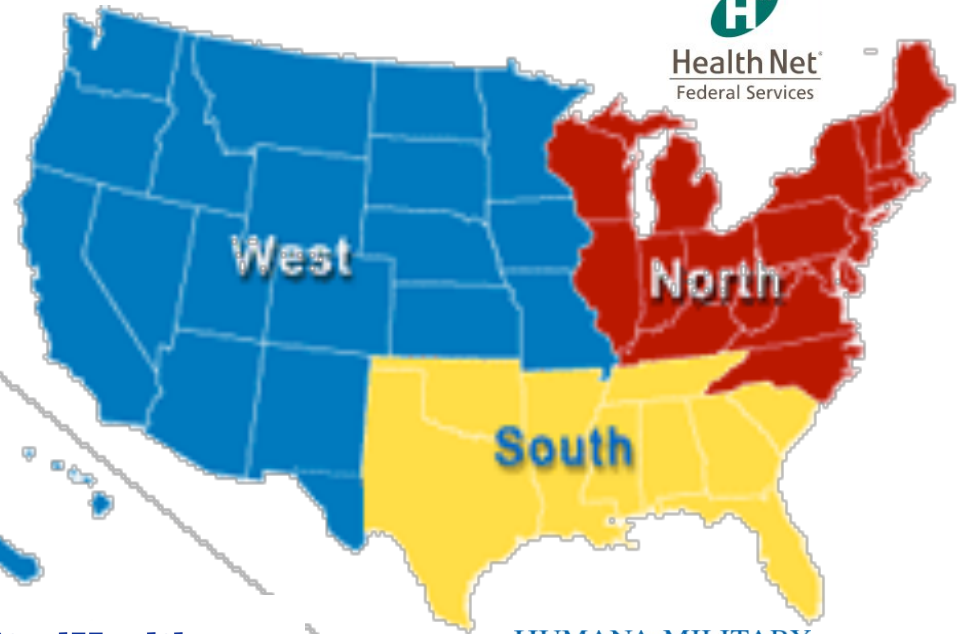
Pharmacy ~ \$42B



TRICARE
Overseas



UnitedHealthcare



Health Net
Federal Services

HUMANA MILITARY
HEALTHCARE SERVICES



National Pharmacy Contract:



EXPRESS SCRIPTS®

Major TRICARE Contractors

Geographic Coverage & 5 year contract value



MILITARY HEALTH SYSTEM (MHS)

TRICARE Pediatrics

1.9 Million



Number of children (0-17)

\$4.4 Billion

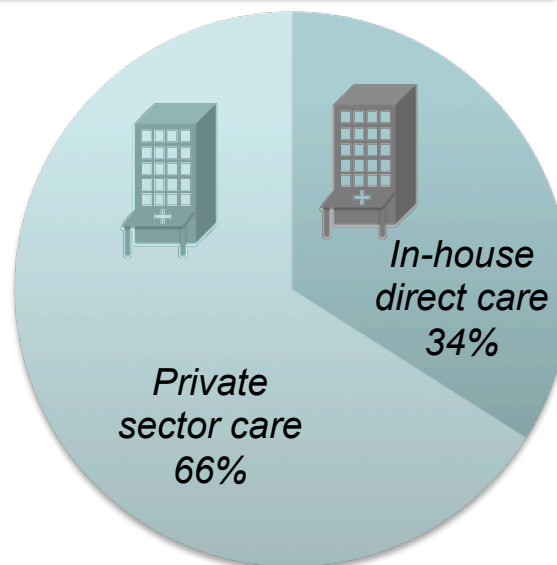
Total annual cost of Pediatric care



Pharmacy 14%

Outpatient 31%

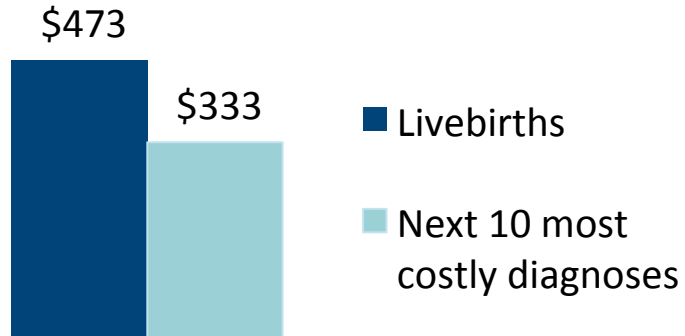
Inpatient 55%



MILITARY HEALTH SYSTEM (MHS)

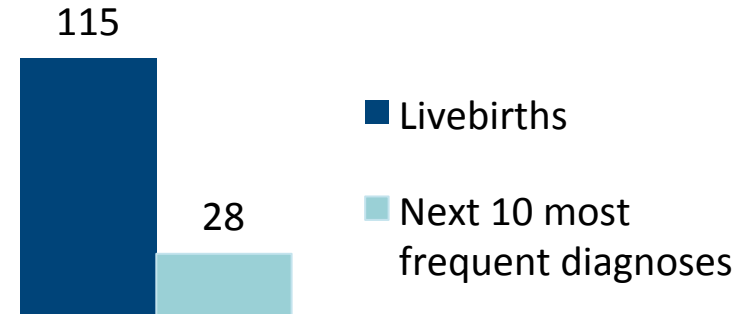
TRICARE Pediatrics

Diagnoses by Cost (\$M)



Next 10 Discharge Diagnoses	Cost (\$M)
Mood disorders	\$107
Cardiac and circulatory congenital anomalies	\$51
Short gestation; low birth weight; and fetal growth retardation	\$37
Other perinatal conditions	\$36
Other congenital anomalies	\$26
Pneumonia	\$19
Complication of device; implant or graft	\$15
Appendicitis	\$14
Leukemias	\$14
Respiratory distress syndrome	\$14

Diagnoses by Volume (000s)



Next 10 Discharge Diagnoses	Volume
Mood disorders	10,246
Pneumonia	2,875
Acute bronchitis	2,544
Asthma	2,481
Other perinatal conditions	2,246
Hemolytic jaundice and perinatal jaundice	2,027
Epilepsy; convulsions	1,790
Appendicitis	1,556
Fluid and electrolyte disorders	1,357
Skin and subcutaneous tissue infections	1,268

TRICARE and Children's Hospitals

Healthcare/Related Support for Children of the Armed Forces

- 2013 National Defense Authorization, Section 735
 - Study on the Healthcare and Related Support for Children of the Armed Forces
 - Report due to Congress by July 2014
- Wide-spread advocacy input
 - Children's Hospital Association
 - American Academy of Pediatrics
 - Easter Seals
 - National Military Family Association
 - Military Special Needs Network
 - Military Officers Association of America
 - Specialized Training of Military Parents
 - Family Voices
 - Autism Speaks



MILITARY HEALTH SYSTEM (MHS)

TRICARE Successes

Healthcare/Related Support for Children of the Armed Forces

- TRICARE offers a very comprehensive benefit (to include pediatrics)
- DoD is a pioneer and leader in developing EHR templates that embed age-appropriate screening and preventive medicine counseling in accordance with AAP guidelines
- DoD is a leader in promulgating evidence-based clinical practice guidelines (and includes age-appropriate guidance for asthma for pediatrics)



MILITARY HEALTH SYSTEM (MHS)

TRICARE Successes

Healthcare/Related Support for Children of the Armed Forces

- Worldwide patient-centered medical home model with embedded behavioral health providers in the direct care system
- Comprehensive behavioral health benefit for children and adolescents
 - Outpatient care: no copays for TRICARE Prime Active Duty Family Members
 - Acute inpatient care
 - Psychiatric partial hospitalization
 - Residential treatment care



MILITARY HEALTH SYSTEM (MHS)

TRICARE Reimbursement to Children's Hospitals

Healthcare/Related Support for Children of the Armed Forces

- Reimbursement Policies

- Inpatient Prospective Payment

- \$2,635 + /claim differential



- Outpatient Care

- Exempt from Outpatient Prospective Payment System
 - Facility Charges = lower of negotiated rate or billed charge



TRICARE Complex Care Management

Healthcare/Related Support for Children of the Armed Forces

- Complex Care Management for Children
 - >10,000 use the TRICARE ECHO Program
 - 85% = children with Autism Spectrum Disorder (ASD)
 - Applied Behavioral Analysis (ABA)
 - All TRICARE-eligible beneficiaries ASD may receive ABA under the TRICARE Basic Program from Board Certified Behavior Analysts
 - ECHO Autism Demonstration Program
 - for Active Duty Family Members
 - has contributed to military family readiness and service member retention
 - ABA Pilot for Non-Active Duty Family Members
 - Pilot concludes – July 2014



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TRICARE Issues

Healthcare/Related Support for Children of the Armed Forces

- Preventative Services
- Coordination with Other Federal, State, Local resources
- Community Mental Health Center policies
- Intensive Outpatient Programs (IOPs)



MILITARY HEALTH SYSTEM (MHS)

Summary

- Children's Hospitals are a critical and valued partner to the Department of Defense and the people we serve
- We are proud of our system of care, our benefit, and our commitment to continuous learning
- We continue to adjust our policies, regulations, and recommend changes to the law based on the best available science



MILITARY HEALTH SYSTEM (MHS)