

# 2010 Military Health System Conference

## How You are Funded by Your Service

Army's Performance Based Budgeting

Sharing Knowledge: Achieving Breakthrough Performance

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# How the Army Funds MTFs



- Began Army-wide MTF Performance Based Budgeting in 2006
- MTF budgets are driven by:
  - Core = 2006 base was initial start point
  - Adjusted annually for
    - Change in Mission
    - Special Programs
    - OCO Requirements
    - **Performance Change**

# Performance Based Budget Adjustments

## Leveraging Financial Incentives to Drive Change



## What The Army Pays For:

### ■ Increased Capacity

- Bringing care into the Army Direct Care System where we can better control the Experience of Care, Cost of Care, Population Health and Readiness
- Adjust MTF budgets for changes in RVUs, RWPs and Mental Health Bed Days and Dental for DWVs.
- Use Army defined rate structure that encourages use of primary care to include behavioral health, OB/GYN and orthopedics and discourages inappropriate use of ER services.

Guaranteed revenue stream and bonuses for improved performance toward organization goals  
– proven very effective

# Performance Based Budget Adjustments

## Leveraging Financial Incentives to Drive Change



### What The Army Pays For (cont.):

#### ■ Quality & Health

- Compliance with select HEDIS measures
- Patient Satisfaction [bonus & penalty]
- Accurate & Timely Documentation [bonus & penalty]
- Dental Readiness

#### ■ Efficiency

- Provider productivity
- Compliance with Length of Stay standards

#### ■ Administrative Performance

- MEPR timeliness [penalty only]
- Completion & accuracy of patient records [bonus & penalty]



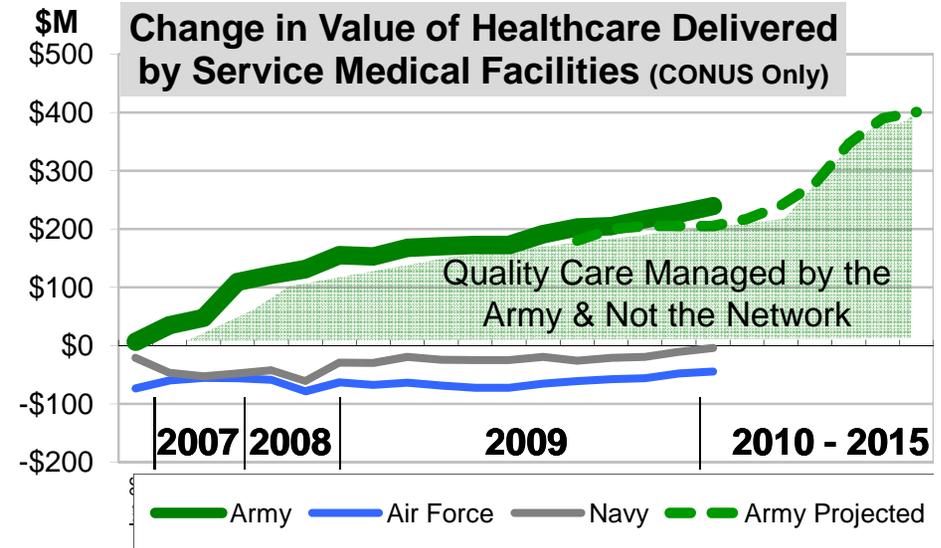
# Effect of Performance Based Budget Adjustments



## FY08 to FY09 Change in Performance

- **CAPACITY**
  - Saw >1M more outpatients
  - Encounters +8%
- **QUALITY & HEALTH**
  - 42% improvement in HEDIS compliance
  - Patient Satisfaction up by 1.8%
- **EFFICIENCY**
  - MTFs within LOS Standard
  - Lowest cost & most efficient Service
- **ADMINISTRATIVE SUPPORT**
  - From worst to best among Services in MEPR Timeliness

### CAPACITY



### QUALITY & HEALTH

