

# Innovation Investment Process

## Executive Summary

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### OBJECTIVE

The Innovation Investment Process (IIP) is a corporate driven process that allows senior Military Health System (MHS) leaders and stakeholders to expeditiously select for implementation large-scale initiatives that will generate significant efficiencies within the MHS.

The intent of the IIP is to:

- Reduce the impact of the efficiency wedge on overall MHS operations;
- Encourage corporate level innovation; and
- Demonstrate to Congress and other stakeholders that the MHS is doing everything possible to reduce health care costs as a part of the overall “Sustain the Benefit” initiative contained in the Quadrennial Defense Review (QDR).

### OVERVIEW OF IIP CONCEPT

- The IIP is contained in the QDR Medical Transformation Roadmap Initiative 11 for performance-based financing. The roadmap has been approved by the Senior Military Medical Advisory Council (SMMAC) and Military Health System Executive Review (MHSER) and was signed by the Under Secretary of Defense for Personnel and Readiness in January 2006.
- The IIP uses the best possible information from the MHS, leveraged with private sector methodologies, and applies accepted economic methodologies tailored to the MHS environment.
- A contractor with expertise in health care analysis provides analytic support to the senior leadership, including performing business case analyses and developing implementation plans for promising initiatives.
- The range of possible initiatives includes, but is not limited to:
  - Reduction in the cost of delivering health care in the MTFs or private sector.
  - Cost savings in other functions, such as readiness, training, and contracting.
  - Partnerships with Veterans Administration and other federal, state or private sector entities.
- IIP initiatives may require additional legal authority. These initiatives, if approved, will be submitted in the next year’s President’s Budget along with the appropriate authorization language.

## OVERVIEW OF IIP PROCESS

- The governance structure includes a Board of Directors (BoD) consisting of the Service Surgeons General, Joint Staff Surgeon, and senior leadership from HA/TMA, the Office of the Secretary of Defense, Comptroller, and the Office of Management and Budget.
- The BoD is supported by a Proponency Group (PG) (appointed by the BoD) and a contractor.
- The PG and contractor partner to review ideas and concepts for initiatives, develop proposals for BoD review, and create full blown initiatives from proposals receiving BoD approval.
- Funding for IIP initiatives is determined at the time of approval. The source will be either a reprogramming of current year funds or submission in the next year's President's Budget.